




UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
**FORM 10-Q**

(Mark One)

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the quarterly period ended March 31, 2023
- or
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File No.	Exact Name of Registrant as Specified in its Charter, Address of Principal Executive Office and Telephone Number	State of Incorporation	I.R.S. Employer Identification No.	Former name, former address and former fiscal year, if changed since last report
1-14201	SEMPRA ENERGY 488 8th Avenue San Diego, California 92101 (619) 696-2000 	California	33-0732627	No change
1-03779	SAN DIEGO GAS & ELECTRIC COMPANY 8330 Century Park Court San Diego, California 92123 (619) 696-2000 	California	95-1184800	No change
1-01402	SOUTHERN CALIFORNIA GAS COMPANY 555 West 5th Street Los Angeles, California 90013 (213) 244-1200 	California	95-1240705	No change

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
SEMPRA ENERGY:		
Common Stock, without par value	SRE	New York Stock Exchange
5.75% Junior Subordinated Notes Due 2079, \$25 par value	SREA	New York Stock Exchange
SAN DIEGO GAS & ELECTRIC COMPANY:		
None		
SOUTHERN CALIFORNIA GAS COMPANY:		
None		

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Sempra Energy	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
San Diego Gas & Electric Company	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Southern California Gas Company	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Sempra Energy	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
San Diego Gas & Electric Company	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Southern California Gas Company	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Sempra Energy:

Large Accelerated Filer     Accelerated Filer     Non-accelerated Filer     Smaller Reporting Company     Emerging Growth Company

San Diego Gas & Electric Company:

Large Accelerated Filer     Accelerated Filer     Non-accelerated Filer     Smaller Reporting Company     Emerging Growth Company

Southern California Gas Company:

Large Accelerated Filer     Accelerated Filer     Non-accelerated Filer     Smaller Reporting Company     Emerging Growth Company

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

Sempra Energy	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
San Diego Gas & Electric Company	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
Southern California Gas Company	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Sempra Energy	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
San Diego Gas & Electric Company	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
Southern California Gas Company	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>

Indicate the number of shares outstanding of each of the issuers’ classes of common stock, as of the latest practicable date.

Common stock outstanding on April 28, 2023:

Sempra Energy	314,650,534 shares
San Diego Gas & Electric Company	Wholly owned by Enova Corporation, which is wholly owned by Sempra Energy
Southern California Gas Company	Wholly owned by Pacific Enterprises, which is wholly owned by Sempra Energy

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This combined Form 10-Q is separately filed by Sempra Energy doing business as Sempra, San Diego Gas & Electric Company and Southern California Gas Company. Information contained herein relating to any one of these individual reporting entities is filed by such entity on its own behalf. Each such reporting entity makes statements herein only as to itself and its consolidated entities and makes no statement whatsoever as to any other entity.

You should read this report in its entirety as it pertains to each respective reporting entity. No one section of the report deals with all aspects of the subject matter. A separate Part I – Item 1 is provided for each reporting entity, except for the Notes to Condensed Consolidated Financial Statements, which are combined for all of the reporting entities. All Items other than Part I – Item 1 are combined for the three reporting entities.

None of the website references in this report are active hyperlinks, and the information contained on or that can be accessed through any such website is not and shall not be deemed to be part of or incorporated by reference in this report or any other document that we file with or furnish to the SEC.

The following terms and abbreviations appearing in this report have the meanings indicated below.

**GLOSSARY**

AB	California Assembly Bill
ADIA	Black Silverback ZC 2022 LP (assignee of Black River B 2017 Inc.), a wholly owned affiliate of Abu Dhabi Investment Authority
AFUDC	allowance for funds used during construction
Annual Report	Annual Report on Form 10-K for the year ended December 31, 2022
AOCI	accumulated other comprehensive income (loss)
ARO	asset retirement obligation
ASEA	Agencia de Seguridad, Energía y Ambiente (Mexico's National Agency for Industrial Safety and Environmental Protection)
ASR	accelerated share repurchase
Bcf	billion cubic feet
Bechtel	Bechtel Energy Inc. (formerly known as Bechtel Oil, Gas and Chemicals, Inc.)
bps	basis points
Cameron LNG JV	Cameron LNG Holdings, LLC
Cameron LNG Phase 1 facility	Cameron LNG JV liquefaction facility
Cameron LNG Phase 2 project	Cameron LNG JV liquefaction expansion project
CCA	Community Choice Aggregation
CCM	cost of capital adjustment mechanism
CFE	Comisión Federal de Electricidad (Mexico's Federal Electricity Commission)
CFIN	Cameron LNG FINCO, LLC, a wholly owned and unconsolidated affiliate of Cameron LNG JV
ConocoPhillips	ConocoPhillips Company
COVID-19	coronavirus disease 2019
CPUC	California Public Utilities Commission
CRE	Comisión Reguladora de Energía (Mexico's Energy Regulatory Commission)
CRR	congestion revenue right
DOE	U.S. Department of Energy
ECA LNG	ECA LNG Phase 1 and ECA LNG Phase 2, collectively
ECA LNG Phase 1	ECA LNG Holdings B.V.
ECA LNG Phase 2	ECA LNG II Holdings B.V.
ECA Regas Facility	Energía Costa Azul, S. de R.L. de C.V. LNG regasification facility
Ecogas	Ecogas México, S. de R.L. de C.V.
Edison	Southern California Edison Company, a subsidiary of Edison International
EFH	Energy Future Holdings Corp. (renamed Sempra Texas Holdings Corp.)
EPC	engineering, procurement and construction
EPS	earnings per common share
ETR	effective income tax rate
FEED	front-end engineering design
FERC	Federal Energy Regulatory Commission
Fitch	Fitch Ratings, Inc.
FTA	Free Trade Agreement
GCIM	Gas Cost Incentive Mechanism
GHG	greenhouse gas
GRC	General Rate Case
HOA	Heads of Agreement
IEnova	Infraestructura Energética Nova, S.A.P.I. de C.V.
IMG	Infraestructura Marina del Golfo
INEOS	INEOS Energy Trading LTD., a subsidiary of INEOS Ltd.
IOU	investor-owned utility
IRA	Inflation Reduction Act of 2022
IRS	U.S. Internal Revenue Service
ISO	Independent System Operator
JV	joint venture

**GLOSSARY (CONTINUED)**

KKR Denali	KKR Denali Holdco LLC, an affiliate of Kohlberg Kravis Roberts & Co. L.P.
KKR Pinnacle	KKR Pinnacle Investor L.P. (as successor-in-interest to KKR Pinnacle Aggregator L.P.), an affiliate of Kohlberg Kravis Roberts & Co. L.P.
LA Superior Court	Los Angeles County Superior Court
Leak	the leak at the SoCalGas Aliso Canyon natural gas storage facility injection-and-withdrawal well, SS25, discovered by SoCalGas on October 23, 2015
LIBOR	London Interbank Offered Rate
LNG	liquefied natural gas
MD&A	Management's Discussion and Analysis of Financial Condition and Results of Operations
MMBtu	million British thermal units (of natural gas)
Moody's	Moody's Investors Service, Inc.
MOU	Memorandum of Understanding
Mtpa	million tonnes per annum
MWh	megawatt hour
NCI	noncontrolling interest(s)
NDT	nuclear decommissioning trusts
O&M	operation and maintenance expense
OCI	other comprehensive income (loss)
OII	Order Instituting Investigation
Oncor	Oncor Electric Delivery Company LLC
Oncor Holdings	Oncor Electric Delivery Holdings Company LLC
ORLEN	Polski Koncern Naftowy Orlen S.A. (formerly Polish Oil & Gas Company)
OSC	Order to Show Cause
PA LNG Phase 1 project	initial phase of the Port Arthur LNG liquefaction project
PA LNG Phase 2 project	second phase of the Port Arthur LNG liquefaction project
PBOP	postretirement benefits other than pension
Port Arthur LNG	Port Arthur LNG, LLC, an indirect subsidiary of SI Partners that indirectly owns the PA LNG Phase 1 project
PP&E	property, plant and equipment
PPA	power purchase agreement
PUCT	Public Utility Commission of Texas
RBS	The Royal Bank of Scotland plc
RBS SEE	RBS Sempra Energy Europe
RBS Sempra Commodities	RBS Sempra Commodities LLP
ROE	return on equity
RSU	restricted stock unit
S&P	S&P Global Ratings, a division of S&P Global Inc.
SB	California Senate Bill
SDG&E	San Diego Gas & Electric Company
SDSRA	Senior Debt Service Reserve Account
SEC	U.S. Securities and Exchange Commission
SED	Safety and Enforcement Division of the CPUC
SEDATU	Secretaría de Desarrollo Agrario, Territorial y Urbano (Mexico's agency in charge of agriculture, land and urban development)
SEFE	SEFE Marketing & Trading México S. de R.L. de C.V. (formerly known as Gazprom Marketing & Trading México S. de R.L. de C.V.)
Sempra	Sempra Energy doing business as Sempra, together with its consolidated entities unless otherwise stated or indicated by the context
Sempra California	San Diego Gas & Electric Company and Southern California Gas Company, collectively
SENER	Secretaría de Energía de México (Mexico's Ministry of Energy)
series C preferred stock	Sempra's 4.875% fixed-rate reset cumulative redeemable perpetual preferred stock, series C
SI Partners	Sempra Infrastructure Partners, LP, the holding company for most of Sempra's subsidiaries not subject to California or Texas utility regulation
SoCalGas	Southern California Gas Company
SOFR	Secured Overnight Financing Rate
SONGS	San Onofre Nuclear Generating Station

**GLOSSARY (CONTINUED)**

SPA	sale and purchase agreement
Support Agreement	support agreement, dated July 28, 2020 and amended on June 29, 2021, among Sempra and Sumitomo Mitsui Banking Corporation
TAG	TAG Norte Holding, S. de R.L. de C.V.
TdM	Termoeléctrica de Mexicali
Technip Energies	TP Oil & Gas Mexico, S. De R.L. De C.V., an affiliate of Technip Energies N.V.
TO5	Electric Transmission Owner Formula Rate, effective June 1, 2019
U.S. GAAP	generally accepted accounting principles in the United States of America
VAT	value-added tax
VIE	variable interest entity
Wildfire Fund	the fund established pursuant to AB 1054
Wildfire Legislation	AB 1054 and AB 111

References in this report to “we,” “our,” “us,” “our company” and “Sempra” are to Sempra and its consolidated entities, collectively, unless otherwise stated or indicated by the context. All references in this report to our reportable segments are not intended to refer to any legal entity with the same or similar name.

Throughout this report, we refer to the following as Condensed Consolidated Financial Statements and Notes to Condensed Consolidated Financial Statements when discussed together or collectively:

- the Condensed Consolidated Financial Statements and related Notes of Sempra;
- the Condensed Financial Statements and related Notes of SDG&E; and
- the Condensed Financial Statements and related Notes of SoCalGas.

## INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

We make statements in this report that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on assumptions with respect to the future, involve risks and uncertainties, and are not guarantees. Future results may differ materially from those expressed or implied in any forward-looking statement. These forward-looking statements represent our estimates and assumptions only as of the filing date of this report. We assume no obligation to update or revise any forward-looking statement as a result of new information, future events or otherwise.

Forward-looking statements can be identified by words such as “believes,” “expects,” “intends,” “anticipates,” “contemplates,” “plans,” “estimates,” “projects,” “forecasts,” “should,” “could,” “would,” “will,” “confident,” “may,” “can,” “potential,” “possible,” “proposed,” “in process,” “construct,” “develop,” “opportunity,” “initiative,” “target,” “outlook,” “optimistic,” “poised,” “maintain,” “continue,” “progress,” “advance,” “goal,” “aim,” “commit,” or similar expressions, or when we discuss our guidance, priorities, strategy, goals, vision, mission, opportunities, projections, intentions or expectations.

Factors, among others, that could cause actual results and events to differ materially from those expressed or implied in any forward-looking statement include risks and uncertainties relating to:

- California wildfires, including potential liability for damages regardless of fault and any inability to recover all or a substantial portion of costs from insurance, the Wildfire Fund, rates from customers or a combination thereof
- decisions, investigations, inquiries, regulations, issuances or revocations of permits, consents, approvals or other authorizations, renewals of franchises, and other actions by (i) the CPUC, CRE, DOE, FERC, PUCT, and other governmental and regulatory bodies and (ii) the U.S., Mexico and states, counties, cities and other jurisdictions therein and in other countries in which we do business
- the success of business development efforts, construction projects and acquisitions and divestitures, including risks in (i) being able to make a final investment decision, (ii) completing construction projects or other transactions on schedule and budget, (iii) realizing anticipated benefits from any of these efforts if completed, and (iv) obtaining the consent or approval of third parties
- litigation, arbitrations, property disputes and other proceedings, and changes to laws and regulations, including those related to the energy industry in Mexico
- cybersecurity threats, including by state and state-sponsored actors, of ransomware or other attacks on our systems or the systems of third-parties with which we conduct business, including the energy grid or other energy infrastructure, all of which have become more pronounced due to recent geopolitical events
- our ability to borrow money on favorable terms and meet our obligations, including due to (i) actions by credit rating agencies to downgrade our credit ratings or place those ratings on negative outlook or (ii) rising interest rates and inflation
- failure of foreign governments, state-owned entities and our counterparties to honor their contracts and commitments
- the impact on affordability of SDG&E’s and SoCalGas’ customer rates and their cost of capital and on SDG&E’s, SoCalGas’ and Sempra Infrastructure’s ability to pass through higher costs to customers due to (i) volatility in inflation, interest rates and commodity prices, (ii) with respect to SDG&E’s and SoCalGas’ businesses, the cost of the clean energy transition in California, (iii) with respect to SDG&E’s business, departing retail load resulting from additional customers transferring to CCA and Direct Access, and (iv) with respect to Sempra Infrastructure’s business, volatility in foreign currency exchange rates
- the impact of climate and sustainability policies, laws, rules, regulations, disclosures and trends, including actions to reduce or eliminate reliance on natural gas, increased uncertainty in the political or regulatory environment for California natural gas distribution companies, the risk of nonrecovery for stranded assets, and our ability to incorporate new technologies
- weather, natural disasters, pandemics, accidents, equipment failures, explosions, terrorism, information system outages or other events that disrupt our operations, damage our facilities or systems, cause the release of harmful materials or fires or subject us to liability for damages, fines and penalties, some of which may not be recoverable through regulatory mechanisms or insurance or may impact our ability to obtain satisfactory levels of affordable insurance
- the availability of electric power, natural gas and natural gas storage capacity, including disruptions caused by failures in the transmission grid, pipeline system or limitations on the withdrawal of natural gas from storage facilities
- Oncor’s ability to reduce or eliminate its quarterly dividends due to regulatory and governance requirements and commitments, including by actions of Oncor’s independent directors or a minority member director
- changes in tax and trade policies, laws and regulations, including tariffs, revisions to international trade agreements and sanctions, such as those imposed in connection with the war in Ukraine, any of which may increase our costs, reduce our competitiveness, impact our ability to do business with certain counterparties, or impair our ability to resolve trade disputes
- other uncertainties, some of which are difficult to predict and beyond our control

We caution you not to rely unduly on any forward-looking statements. You should review and carefully consider the risks, uncertainties and other factors that affect our businesses as described herein, in our Annual Report and in other reports we file with the SEC.



## PART I – FINANCIAL INFORMATION

### ITEM 1. FINANCIAL STATEMENTS

#### SEMPRA ENERGY

#### CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Dollars in millions, except per share amounts; shares in thousands)

	Three months ended March 31,	
	2023	2022
	(unaudited)	
<b>REVENUES</b>		
Utilities:		
Natural gas	\$ 4,412	\$ 2,320
Electric	1,027	1,117
Energy-related businesses	1,121	383
Total revenues	6,560	3,820
<b>EXPENSES AND OTHER INCOME</b>		
Utilities:		
Cost of natural gas	(2,683)	(802)
Cost of electric fuel and purchased power	(114)	(205)
Energy-related businesses cost of sales	(193)	(135)
Operation and maintenance	(1,209)	(1,086)
Aliso Canyon litigation and regulatory matters	—	(92)
Depreciation and amortization	(539)	(493)
Franchise fees and other taxes	(192)	(162)
Other income, net	41	38
Interest income	24	25
Interest expense	(366)	(243)
Income before income taxes and equity earnings	1,329	665
Income tax expense	(376)	(334)
Equity earnings	219	326
Net income	1,172	657
Earnings attributable to noncontrolling interests	(192)	(34)
Preferred dividends	(11)	(11)
Earnings attributable to common shares	\$ 969	\$ 612
<b>Basic EPS:</b>		
Earnings	\$ 3.08	\$ 1.93
Weighted-average common shares outstanding	314,919	316,353
<b>Diluted EPS:</b>		
Earnings	\$ 3.07	\$ 1.93
Weighted-average common shares outstanding	316,124	317,434

See Notes to Condensed Consolidated Financial Statements.

**SEMPRA ENERGY**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**
*(Dollars in millions)*

	Sempra Energy shareholders' equity			Noncontrolling interests (after tax)	Total
	Pretax amount	Income tax (expense) benefit	Net-of-tax amount		
(unaudited)					
Three months ended March 31, 2023 and 2022					
<b>2023:</b>					
Net income	\$ 1,356	\$ (376)	\$ 980	\$ 192	\$ 1,172
Other comprehensive income (loss):					
Foreign currency translation adjustments	10	—	10	4	14
Financial instruments	(61)	16	(45)	(50)	(95)
Pension and other postretirement benefits	(12)	—	(12)	—	(12)
Total other comprehensive loss	(63)	16	(47)	(46)	(93)
Comprehensive income	\$ 1,293	\$ (360)	\$ 933	\$ 146	\$ 1,079
<b>2022:</b>					
Net income	\$ 957	\$ (334)	\$ 623	\$ 34	\$ 657
Other comprehensive income (loss):					
Foreign currency translation adjustments	3	—	3	1	4
Financial instruments	102	(24)	78	20	98
Pension and other postretirement benefits	9	(1)	8	—	8
Total other comprehensive income	114	(25)	89	21	110
Comprehensive income	\$ 1,071	\$ (359)	\$ 712	\$ 55	\$ 767

*See Notes to Condensed Consolidated Financial Statements.*

**SEMPRA ENERGY**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
*(Dollars in millions)*

	March 31, 2023	December 31, 2022 <sup>(1)</sup>
	(unaudited)	
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 534	\$ 370
Restricted cash	85	40
Accounts receivable – trade, net	2,581	2,635
Accounts receivable – other, net	498	685
Due from unconsolidated affiliates	74	54
Income taxes receivable	79	113
Inventories	315	403
Prepaid expenses	255	268
Regulatory assets	115	351
Fixed-price contracts and other derivatives	460	803
Greenhouse gas allowances	143	141
Other current assets	65	49
Total current assets	5,204	5,912
<b>Other assets:</b>		
Restricted cash	84	52
Regulatory assets	2,935	2,588
Greenhouse gas allowances	907	796
Nuclear decommissioning trusts	864	841
Dedicated assets in support of certain benefit plans	511	505
Deferred income taxes	148	135
Right-of-use assets – operating leases	639	655
Investment in Oncor Holdings	13,735	13,665
Other investments	2,001	2,012
Goodwill	1,602	1,602
Other intangible assets	337	344
Wildfire fund	295	303
Other long-term assets	1,482	1,382
Total other assets	25,540	24,880
<b>Property, plant and equipment:</b>		
Property, plant and equipment	66,284	63,893
Less accumulated depreciation and amortization	(16,479)	(16,111)
Property, plant and equipment, net	49,805	47,782
Total assets	\$ 80,549	\$ 78,574

<sup>(1)</sup> Derived from audited financial statements.

See Notes to Condensed Consolidated Financial Statements.

**SEMPRA ENERGY**  
**CONDENSED CONSOLIDATED BALANCE SHEETS (CONTINUED)**
*(Dollars in millions)*

	March 31, 2023	December 31, 2022 <sup>(1)</sup>
	(unaudited)	
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities:</b>		
Short-term debt	\$ 3,037	\$ 3,352
Accounts payable – trade	2,122	1,994
Accounts payable – other	283	275
Due to unconsolidated affiliates	41	—
Dividends and interest payable	667	621
Accrued compensation and benefits	344	484
Regulatory liabilities	427	504
Current portion of long-term debt and finance leases	1,220	1,019
Reserve for Aliso Canyon costs	129	129
Greenhouse gas obligations	143	141
Other current liabilities	1,217	1,380
<b>Total current liabilities</b>	<b>9,630</b>	<b>9,899</b>
<b>Long-term debt and finance leases</b>	<b>25,206</b>	<b>24,548</b>
<b>Deferred credits and other liabilities:</b>		
Due to unconsolidated affiliates	278	301
Regulatory liabilities	3,408	3,341
Greenhouse gas obligations	650	565
Pension and other postretirement benefit plan obligations, net of plan assets	378	410
Deferred income taxes	4,938	4,591
Asset retirement obligations	3,564	3,546
Deferred credits and other	2,252	2,117
<b>Total deferred credits and other liabilities</b>	<b>15,468</b>	<b>14,871</b>
<b>Commitments and contingencies (Note 10)</b>		
<b>Equity:</b>		
<b>Preferred stock (50 million shares authorized):</b>		
Preferred stock, series C (0.9 million shares outstanding)	889	889
Common stock (750 million shares authorized; 315 million and 314 million shares outstanding at March 31, 2023 and December 31, 2022, respectively; no par value)	12,164	12,160
Retained earnings	14,796	14,201
Accumulated other comprehensive income (loss)	(182)	(135)
<b>Total Sempra Energy shareholders' equity</b>	<b>27,667</b>	<b>27,115</b>
Preferred stock of subsidiary	20	20
Other noncontrolling interests	2,558	2,121
<b>Total equity</b>	<b>30,245</b>	<b>29,256</b>
<b>Total liabilities and equity</b>	<b>\$ 80,549</b>	<b>\$ 78,574</b>

<sup>(1)</sup> Derived from audited financial statements.

See Notes to Condensed Consolidated Financial Statements.

**SEMPRA ENERGY**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
*(Dollars in millions)*

	Three months ended March 31,	
	2023	2022
	(unaudited)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 1,172	\$ 657
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	539	493
Deferred income taxes and investment tax credits	253	347
Equity earnings	(219)	(326)
Foreign currency transaction (gains) losses, net	(1)	19
Share-based compensation expense	17	17
Fixed-price contracts and other derivatives	(374)	105
Other	142	50
Net change in working capital components	451	326
Distributions from investments	199	204
Changes in other noncurrent assets and liabilities, net	(199)	(285)
Net cash provided by operating activities	<u>1,980</u>	<u>1,607</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Expenditures for property, plant and equipment	(1,830)	(1,204)
Expenditures for investments	(85)	(85)
Purchases of nuclear decommissioning and other trust assets	(181)	(242)
Proceeds from sales of nuclear decommissioning and other trust assets	199	242
Other	2	(1)
Net cash used in investing activities	<u>(1,895)</u>	<u>(1,290)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Common dividends paid	(360)	(349)
Issuances of common stock	—	3
Repurchases of common stock	(31)	(226)
Issuances of debt (maturities greater than 90 days)	1,986	4,023
Payments on debt (maturities greater than 90 days) and finance leases	(1,803)	(1,048)
Increase (decrease) in short-term debt, net	168	(720)
Advances from unconsolidated affiliates	14	18
Proceeds from sales of noncontrolling interests	265	13
Distributions to noncontrolling interests	(43)	(53)
Contributions from noncontrolling interests	97	6
Settlement of cross-currency swaps	(99)	—
Other	(43)	(29)
Net cash provided by financing activities	<u>151</u>	<u>1,638</u>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	5	—
Increase in cash, cash equivalents and restricted cash	241	1,955
Cash, cash equivalents and restricted cash, January 1	462	581
Cash, cash equivalents and restricted cash, March 31	<u>\$ 703</u>	<u>\$ 2,536</u>

See Notes to Condensed Consolidated Financial Statements.

**SEMPRA ENERGY**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)***(Dollars in millions)*

	Three months ended March 31,	
	2023	2022
	(unaudited)	
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Interest payments, net of amounts capitalized	\$ 305	\$ 233
Income tax payments, net of refunds	50	80
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Accrued capital expenditures	\$ 1,171	\$ 468
Increase in finance lease obligations for investment in PP&E	17	13
Increase in ARO for investment in PP&E	—	23
Common dividends declared but not paid	374	362
Preferred dividends declared but not paid	11	11

*See Notes to Condensed Consolidated Financial Statements.*

**SEMPRA ENERGY**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**
*(Dollars in millions)*

	Preferred stock	Common stock	Retained earnings	Accumulated other comprehensive income (loss)	Sempra Energy shareholders' equity	Non-controlling interests	Total equity
(unaudited)							
Three months ended March 31, 2023							
Balance at December 31, 2022	\$ 889	\$ 12,160	\$ 14,201	\$ (135)	\$ 27,115	\$ 2,141	\$ 29,256
<b>Net income</b>			980		980	192	1,172
<b>Other comprehensive loss</b>				(47)	(47)	(46)	(93)
Share-based compensation expense		17			17		17
Dividends declared:							
Series C preferred stock (\$12.19/share)			(11)		(11)		(11)
Common stock (\$1.19/share)			(374)		(374)		(374)
Repurchases of common stock		(31)			(31)		(31)
Noncontrolling interest activities:							
Contributions						97	97
Distributions						(43)	(43)
Sale		18			18	237	255
Balance at March 31, 2023	\$ 889	\$ 12,164	\$ 14,796	\$ (182)	\$ 27,667	\$ 2,578	\$ 30,245
Three months ended March 31, 2022							
Balance at December 31, 2021	\$ 889	\$ 11,862	\$ 13,548	\$ (318)	\$ 25,981	\$ 1,438	\$ 27,419
<b>Net income</b>			623		623	34	657
<b>Other comprehensive income</b>				89	89	21	110
Share-based compensation expense		17			17		17
Dividends declared:							
Series C preferred stock (\$12.19/share)			(11)		(11)		(11)
Common stock (\$1.15/share)			(362)		(362)		(362)
Issuances of common stock		3			3		3
Repurchases of common stock		(226)			(226)		(226)
Noncontrolling interest activities:							
Contributions						6	6
Distributions						(53)	(53)
Balance at March 31, 2022	\$ 889	\$ 11,656	\$ 13,798	\$ (229)	\$ 26,114	\$ 1,446	\$ 27,560

*See Notes to Condensed Consolidated Financial Statements.*

**SAN DIEGO GAS & ELECTRIC COMPANY**  
**CONDENSED STATEMENTS OF OPERATIONS***(Dollars in millions)*

	Three months ended March 31,	
	2023	2022
	(unaudited)	
Operating revenues:		
Electric	\$ 1,031	\$ 1,120
Natural gas	622	325
Total operating revenues	<u>1,653</u>	<u>1,445</u>
Operating expenses:		
Cost of electric fuel and purchased power	135	221
Cost of natural gas	379	126
Operation and maintenance	427	397
Depreciation and amortization	262	239
Franchise fees and other taxes	96	92
Total operating expenses	<u>1,299</u>	<u>1,075</u>
Operating income	354	370
Other income, net	28	34
Interest income	1	—
Interest expense	(118)	(106)
Income before income taxes	265	298
Income tax expense	(7)	(64)
Net income/Earnings attributable to common shares	<u>\$ 258</u>	<u>\$ 234</u>

*See Notes to Condensed Financial Statements.*



**SAN DIEGO GAS & ELECTRIC COMPANY**  
**CONDENSED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)***(Dollars in millions)*

	Pretax amount	Income tax expense (unaudited)	Net-of-tax amount
Three months ended March 31, 2023 and 2022			
<b>2023:</b>			
Net income/Comprehensive income	\$ 265	\$ (7)	\$ 258
<b>2022:</b>			
Net income/Comprehensive income	\$ 298	\$ (64)	\$ 234

*See Notes to Condensed Financial Statements.*

**SAN DIEGO GAS & ELECTRIC COMPANY**  
**CONDENSED BALANCE SHEETS**
*(Dollars in millions)*

	March 31, 2023	December 31, 2022 <sup>(1)</sup>
	(unaudited)	
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 336	\$ 7
Accounts receivable – trade, net	859	799
Accounts receivable – other, net	115	110
Inventories	143	134
Prepaid expenses	146	179
Regulatory assets	52	247
Fixed-price contracts and other derivatives	101	113
Greenhouse gas allowances	22	22
Other current assets	25	19
<b>Total current assets</b>	<b>1,799</b>	<b>1,630</b>
<b>Other assets:</b>		
Regulatory assets	1,404	1,219
Greenhouse gas allowances	216	196
Nuclear decommissioning trusts	864	841
Right-of-use assets – operating leases	273	281
Wildfire fund	295	303
Other long-term assets	145	146
<b>Total other assets</b>	<b>3,197</b>	<b>2,986</b>
<b>Property, plant and equipment:</b>		
Property, plant and equipment	29,126	28,574
Less accumulated depreciation and amortization	(6,934)	(6,768)
<b>Property, plant and equipment, net</b>	<b>22,192</b>	<b>21,806</b>
<b>Total assets</b>	<b>\$ 27,188</b>	<b>\$ 26,422</b>

<sup>(1)</sup> Derived from audited financial statements.

See Notes to Condensed Financial Statements.

**SAN DIEGO GAS & ELECTRIC COMPANY**  
**CONDENSED BALANCE SHEETS (CONTINUED)**
*(Dollars in millions)*

	March 31, 2023	December 31, 2022 <sup>(1)</sup>
	(unaudited)	
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities:</b>		
Short-term debt	\$ —	\$ 205
Accounts payable	578	744
Due to unconsolidated affiliates	143	135
Interest payable	85	63
Accrued compensation and benefits	84	140
Accrued franchise fees	90	120
Regulatory liabilities	51	110
Current portion of long-term debt and finance leases	891	489
Greenhouse gas obligations	22	22
Asset retirement obligations	106	98
Other current liabilities	264	193
<b>Total current liabilities</b>	<b>2,314</b>	<b>2,319</b>
<b>Long-term debt and finance leases</b>	<b>8,872</b>	<b>8,497</b>
<b>Deferred credits and other liabilities:</b>		
Regulatory liabilities	2,366	2,298
Greenhouse gas obligations	99	81
Pension obligation, net of plan assets	37	42
Deferred income taxes	2,567	2,540
Asset retirement obligations	779	789
Deferred credits and other	829	789
<b>Total deferred credits and other liabilities</b>	<b>6,677</b>	<b>6,539</b>
<b>Commitments and contingencies (Note 10)</b>		
<b>Shareholder's equity:</b>		
Preferred stock (45 million shares authorized; none issued)	—	—
Common stock (255 million shares authorized; 117 million shares outstanding; no par value)	1,660	1,660
Retained earnings	7,672	7,414
Accumulated other comprehensive income (loss)	(7)	(7)
<b>Total shareholder's equity</b>	<b>9,325</b>	<b>9,067</b>
<b>Total liabilities and shareholder's equity</b>	<b>\$ 27,188</b>	<b>\$ 26,422</b>

<sup>(1)</sup> Derived from audited financial statements.  
See Notes to Condensed Financial Statements.

**SAN DIEGO GAS & ELECTRIC COMPANY**  
**CONDENSED STATEMENTS OF CASH FLOWS**
*(Dollars in millions)*

	Three months ended March 31,	
	2023	2022
	(unaudited)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 258	\$ 234
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	262	239
Deferred income taxes and investment tax credits	(11)	4
Other	26	11
Net change in working capital components	(51)	272
Changes in noncurrent assets and liabilities, net	(112)	(90)
Net cash provided by operating activities	<u>372</u>	<u>670</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Expenditures for property, plant and equipment	(624)	(552)
Purchases of nuclear decommissioning trust assets	(145)	(242)
Proceeds from sales of nuclear decommissioning trust assets	156	242
Net cash used in investing activities	<u>(613)</u>	<u>(552)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issuances of debt (maturities greater than 90 days)	792	1,195
Payments on debt (maturities greater than 90 days) and finance leases	(9)	(400)
Decrease in short-term debt, net	(205)	(401)
Debt issuance costs	(8)	(9)
Net cash provided by financing activities	<u>570</u>	<u>385</u>
Increase in cash and cash equivalents	329	503
Cash and cash equivalents, January 1	7	25
Cash and cash equivalents, March 31	<u>\$ 336</u>	<u>\$ 528</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Interest payments, net of amounts capitalized	\$ 94	\$ 81
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Accrued capital expenditures	\$ 186	\$ 164
Increase in finance lease obligations for investment in PP&E	2	5

*See Notes to Condensed Financial Statements.*

**SAN DIEGO GAS & ELECTRIC COMPANY**  
**CONDENSED STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY***(Dollars in millions)*

	Common stock	Retained earnings	Accumulated other comprehensive income (loss)	Total shareholder's equity
			(unaudited)	
			Three months ended March 31, 2023	
Balance at December 31, 2022	\$ 1,660	\$ 7,414	\$ (7)	\$ 9,067
<b>Net income</b>		258		<b>258</b>
Balance at March 31, 2023	\$ 1,660	\$ 7,672	\$ (7)	\$ 9,325
			Three months ended March 31, 2022	
Balance at December 31, 2021	\$ 1,660	\$ 6,599	\$ (10)	\$ 8,249
<b>Net income</b>		234		<b>234</b>
Balance at March 31, 2022	\$ 1,660	\$ 6,833	\$ (10)	\$ 8,483

*See Notes to Condensed Financial Statements.*

**SOUTHERN CALIFORNIA GAS COMPANY**  
**CONDENSED STATEMENTS OF OPERATIONS***(Dollars in millions)*

	Three months ended March 31,	
	2023	2022
	(unaudited)	
Operating revenues	\$ 3,794	\$ 1,993
Operating expenses:		
Cost of natural gas	2,347	677
Operation and maintenance	625	551
Aliso Canyon litigation and regulatory matters	—	92
Depreciation and amortization	206	187
Franchise fees and other taxes	89	62
Total operating expenses	3,267	1,569
Operating income	527	424
Other (expense) income, net	(8)	34
Interest income	4	—
Interest expense	(69)	(40)
Income before income taxes	454	418
Income tax expense	(94)	(84)
Net income/Earnings attributable to common shares	\$ 360	\$ 334

*See Notes to Condensed Financial Statements.*

**SOUTHERN CALIFORNIA GAS COMPANY**  
**CONDENSED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)***(Dollars in millions)*

	Pretax amount	Income tax expense	Net-of-tax amount
	(unaudited)		
	Three months ended March 31, 2023 and 2022		
<b>2023:</b>			
Net income	\$ 454	\$ (94)	\$ 360
Other comprehensive income (loss):			
Pension and other postretirement benefits	1	—	1
Total other comprehensive income	1	—	1
Comprehensive income	\$ 455	\$ (94)	\$ 361
<b>2022:</b>			
Net income	\$ 418	\$ (84)	\$ 334
Other comprehensive income (loss):			
Pension and other postretirement benefits	1	—	1
Total other comprehensive income	1	—	1
Comprehensive income	\$ 419	\$ (84)	\$ 335

*See Notes to Condensed Financial Statements.*

**SOUTHERN CALIFORNIA GAS COMPANY**  
**CONDENSED BALANCE SHEETS**

(Dollars in millions)

	March 31, 2023	December 31, 2022 <sup>(1)</sup>
	(unaudited)	
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 7	\$ 21
Accounts receivable – trade, net	1,422	1,295
Accounts receivable – other, net	132	293
Due from unconsolidated affiliates	76	77
Inventories	130	159
Regulatory assets	63	104
Greenhouse gas allowances	113	111
Other current assets	90	69
Total current assets	<u>2,033</u>	<u>2,129</u>
<b>Other assets:</b>		
Regulatory assets	1,453	1,291
Greenhouse gas allowances	631	551
Right-of-use assets – operating leases	38	42
Other long-term assets	596	583
Total other assets	<u>2,718</u>	<u>2,467</u>
<b>Property, plant and equipment:</b>		
Property, plant and equipment	25,463	25,058
Less accumulated depreciation and amortization	(7,438)	(7,308)
Property, plant and equipment, net	<u>18,025</u>	<u>17,750</u>
<b>Total assets</b>	<u>\$ 22,776</u>	<u>\$ 22,346</u>

<sup>(1)</sup> Derived from audited financial statements.

See Notes to Condensed Financial Statements.



**SOUTHERN CALIFORNIA GAS COMPANY**  
**CONDENSED BALANCE SHEETS (CONTINUED)**
*(Dollars in millions)*

	March 31, 2023	December 31, 2022 <sup>(1)</sup>
	(unaudited)	
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities:</b>		
Short-term debt	\$ 1,023	\$ 900
Accounts payable – trade	677	953
Accounts payable – other	211	176
Due to unconsolidated affiliates	36	36
Accrued compensation and benefits	157	209
Regulatory liabilities	376	394
Current portion of long-term debt and finance leases	318	318
Reserve for Aliso Canyon costs	129	129
Greenhouse gas obligations	113	111
Asset retirement obligations	67	68
Other current liabilities	466	429
<b>Total current liabilities</b>	<b>3,573</b>	<b>3,723</b>
Long-term debt and finance leases	5,792	5,780
<b>Deferred credits and other liabilities:</b>		
Regulatory liabilities	1,042	1,043
Greenhouse gas obligations	504	443
Pension obligation, net of plan assets	251	277
Deferred income taxes	1,440	1,306
Asset retirement obligations	2,701	2,675
Deferred credits and other	414	401
<b>Total deferred credits and other liabilities</b>	<b>6,352</b>	<b>6,145</b>
<b>Commitments and contingencies (Note 10)</b>		
<b>Shareholders' equity:</b>		
Preferred stock (11 million shares authorized; 1 million shares outstanding)	22	22
Common stock (100 million shares authorized; 91 million shares outstanding; no par value)	2,316	2,316
Retained earnings	4,744	4,384
Accumulated other comprehensive income (loss)	(23)	(24)
<b>Total shareholders' equity</b>	<b>7,059</b>	<b>6,698</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 22,776</b>	<b>\$ 22,346</b>

<sup>(1)</sup> Derived from audited financial statements.

See Notes to Condensed Financial Statements.

**SOUTHERN CALIFORNIA GAS COMPANY**  
**CONDENSED STATEMENTS OF CASH FLOWS**
*(Dollars in millions)*

	Three months ended March 31,	
	2023	2022
	(unaudited)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 360	\$ 334
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	206	187
Deferred income taxes and investment tax credits	86	84
Other	77	24
Net change in working capital components	(244)	323
Changes in noncurrent assets and liabilities, net	(159)	(211)
Net cash provided by operating activities	326	741
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Expenditures for property, plant and equipment	(458)	(468)
Net cash used in investing activities	(458)	(468)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issuances of debt (maturities greater than 90 days)	—	697
Payments on finance leases	(5)	(3)
Increase (decrease) in short-term debt, net	123	(385)
Debt issuance costs	—	(6)
Net cash provided by financing activities	118	303
(Decrease) increase in cash and cash equivalents	(14)	576
Cash and cash equivalents, January 1	21	37
Cash and cash equivalents, March 31	\$ 7	\$ 613
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Interest payments, net of amounts capitalized	\$ 65	\$ 43
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Accrued capital expenditures	\$ 219	\$ 185
Increase in finance lease obligations for investment in PP&E	15	8
Increase in ARO for investment in PP&E	—	22

*See Notes to Condensed Financial Statements.*

**SOUTHERN CALIFORNIA GAS COMPANY**  
**CONDENSED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**
*(Dollars in millions)*

	Preferred stock	Common stock	Retained earnings	Accumulated other comprehensive income (loss)	Total shareholders' equity
	(unaudited)				
	Three months ended March 31, 2023				
Balance at December 31, 2022	\$ 22	\$ 2,316	\$ 4,384	\$ (24)	\$ 6,698
<b>Net income</b>			360		<b>360</b>
<b>Other comprehensive income</b>				1	<b>1</b>
Dividends declared:					
Preferred stock (\$0.38/share)			—		—
Balance at March 31, 2023	\$ 22	\$ 2,316	\$ 4,744	\$ (23)	\$ 7,059
	Three months ended March 31, 2022				
Balance at December 31, 2021	\$ 22	\$ 1,666	\$ 3,785	\$ (31)	\$ 5,442
<b>Net income</b>			334		<b>334</b>
<b>Other comprehensive income</b>				1	<b>1</b>
Dividends declared:					
Preferred stock (\$0.38/share)			—		—
Balance at March 31, 2022	\$ 22	\$ 1,666	\$ 4,119	\$ (30)	\$ 5,777

*See Notes to Condensed Financial Statements.*

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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### NOTE 1. GENERAL INFORMATION AND OTHER FINANCIAL DATA

#### **PRINCIPLES OF CONSOLIDATION**

##### ***Sempra***

Sempra's Condensed Consolidated Financial Statements include the accounts of Sempra Energy, a California-based holding company doing business as Sempra, and its consolidated entities. We have four separate reportable segments, which we discuss in Note 11. All references in these Notes to our reportable segments are not intended to refer to any legal entity with the same or similar name.

##### ***SDG&E***

SDG&E's common stock is wholly owned by Enova Corporation, which is a wholly owned subsidiary of Sempra.

##### ***SoCalGas***

SoCalGas' common stock is wholly owned by Pacific Enterprises, which is a wholly owned subsidiary of Sempra.

#### **BASIS OF PRESENTATION**

This is a combined report of Sempra, SDG&E and SoCalGas. We provide separate information for SDG&E and SoCalGas as required. We have eliminated intercompany accounts and transactions within the consolidated financial statements of each reporting entity.

We have prepared our Condensed Consolidated Financial Statements in conformity with U.S. GAAP and in accordance with the interim period reporting requirements of Form 10-Q and applicable rules of the SEC. The financial statements reflect all adjustments that are necessary for a fair presentation of the results for the interim periods. These adjustments are only of a normal, recurring nature. Results of operations for interim periods are not necessarily indicative of results for the entire year or for any other period. We evaluated events and transactions that occurred after March 31, 2023 through the date the financial statements were issued and, in the opinion of management, the accompanying statements reflect all adjustments necessary for a fair presentation.

All December 31, 2022 balance sheet information in the Condensed Consolidated Financial Statements has been derived from our audited 2022 Consolidated Financial Statements in the Annual Report. Certain information and note disclosures normally included in annual financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to the interim period reporting provisions of U.S. GAAP and the SEC.

We describe our significant accounting policies in Note 1 of the Notes to Consolidated Financial Statements in the Annual Report and the impact of the adoption of new accounting standards on those policies in Note 2 below. We follow the same accounting policies for interim period reporting purposes.

The information contained in this report should be read in conjunction with the Annual Report.

##### ***Regulated Operations***

SDG&E, SoCalGas and Sempra Infrastructure's natural gas distribution utility, Ecogas, prepare their financial statements in accordance with the provisions of U.S. GAAP governing rate-regulated operations. We discuss revenue recognition and the effects of regulation at our utilities in Notes 3 and 4 below and in Notes 1, 3 and 4 of the Notes to Consolidated Financial Statements in the Annual Report.

Our Sempra Texas Utilities segment is comprised of our equity method investments in holding companies that own interests in regulated electric transmission and distribution utilities in Texas.

Certain business activities at Sempra Infrastructure are regulated by the CRE and the FERC and meet the regulatory accounting requirements of U.S. GAAP. Pipeline projects currently under construction that meet the regulatory accounting requirements of U.S. GAAP record the impact of AFUDC related to equity. We discuss AFUDC below and in Note 1 of the Notes to Consolidated Financial Statements in the Annual Report.

## CASH, CASH EQUIVALENTS AND RESTRICTED CASH

Cash equivalents are highly liquid investments with original maturities of three months or less at the date of purchase.

Restricted cash includes:

- for Sempra Infrastructure, funds fully drawn against SEFE's letters of credit, including draws associated with its LNG storage and regasification agreement; funds denominated in Mexican pesos to pay for rights-of-way, license fees, permits, topographic surveys and other costs pursuant to trust and debt agreements related to pipeline projects; and certain funds at Port Arthur LNG for which withdrawals and usage are dictated by its debt agreements
- for Parent and other, funds held in a delisting trust for the purpose of purchasing the remaining publicly owned IEnova shares

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported on Sempra's Condensed Consolidated Balance Sheets to the sum of such amounts reported on Sempra's Condensed Consolidated Statements of Cash Flows.

### RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH

(Dollars in millions)

	March 31, 2023	December 31, 2022
Cash and cash equivalents	\$ 534	\$ 370
Restricted cash, current	85	40
Restricted cash, noncurrent	84	52
Total cash, cash equivalents and restricted cash on the Condensed Consolidated Statements of Cash Flows	\$ 703	\$ 462

## CREDIT LOSSES

We are exposed to credit losses from financial assets measured at amortized cost, including trade and other accounts receivable, amounts due from unconsolidated affiliates, our net investment in sales-type leases and a note receivable. We are also exposed to credit losses from off-balance sheet arrangements through Sempra's guarantee related to Cameron LNG JV's SDSRA, which we discuss in Note 5.

We regularly monitor and evaluate credit losses and record allowances for expected credit losses, if necessary, for trade and other accounts receivable using a combination of factors, including past-due status based on contractual terms, trends in write-offs, the age of the receivables and customer payment patterns, historical and industry trends, counterparty creditworthiness, economic conditions and specific events, such as bankruptcies, pandemics and other factors. We write off financial assets measured at amortized cost in the period in which we determine they are not recoverable. We record recoveries of amounts previously written off when it is known that they will be recovered.

In 2021, SDG&E and SoCalGas applied, on behalf of their customers, for financial assistance from the California Department of Community Services and Development under the 2021 California Arrearage Payment Program, which provided funds of \$63 million and \$79 million for SDG&E and SoCalGas, respectively. In the first quarter of 2022, SDG&E and SoCalGas received and applied the amounts directly to eligible customer accounts to reduce past due balances. In June 2022, AB 205 was approved establishing, among other things, the 2022 California Arrearage Payment Program. In December 2022, SDG&E and SoCalGas received funding of \$51 million and \$59 million, respectively, related to this program and, in January 2023, applied the amounts directly to eligible customer accounts to reduce past due balances.

We provide below the changes in allowances for credit losses for trade receivables and other receivables. SDG&E and SoCalGas record changes in the allowances for credit losses related to Accounts Receivable – Trade in regulatory accounts.

<b>CHANGES IN ALLOWANCES FOR CREDIT LOSSES</b>				
<i>(Dollars in millions)</i>				
	2023		2022	
<b>Sempra:</b>				
Allowances for credit losses at January 1	\$	181	\$	136
Provisions for expected credit losses		117		48
Write-offs		(20)		(19)
Allowances for credit losses at March 31	\$	278	\$	165
<b>SDG&amp;E:</b>				
Allowances for credit losses at January 1	\$	78	\$	66
Provisions for expected credit losses		38		21
Write-offs		(11)		(9)
Allowances for credit losses at March 31	\$	105	\$	78
<b>SoCalGas:</b>				
Allowances for credit losses at January 1	\$	98	\$	69
Provisions for expected credit losses		77		26
Write-offs		(9)		(10)
Allowances for credit losses at March 31	\$	166	\$	85

Allowances for credit losses related to trade receivables and other receivables are included in the Condensed Consolidated Balance Sheets as follows:

<b>ALLOWANCES FOR CREDIT LOSSES</b>				
<i>(Dollars in millions)</i>				
	March 31, 2023		December 31, 2022	
<b>Sempra:</b>				
Accounts receivable – trade, net	\$	238	\$	140
Accounts receivable – other, net		40		40
Other long-term assets		—		1
Total allowances for credit losses	\$	278	\$	181
<b>SDG&amp;E:</b>				
Accounts receivable – trade, net	\$	80	\$	52
Accounts receivable – other, net		25		25
Other long-term assets		—		1
Total allowances for credit losses	\$	105	\$	78
<b>SoCalGas:</b>				
Accounts receivable – trade, net	\$	151	\$	83
Accounts receivable – other, net		15		15
Total allowances for credit losses	\$	166	\$	98

As we discuss below in “Note Receivable,” we have an interest-bearing promissory note due from KKR Pinnacle. On a quarterly basis, we evaluate credit losses and record allowances for expected credit losses on this note receivable, including compounded interest and unamortized transaction costs, based on published default rate studies, the maturity date of the instrument and an internally developed credit rating. At March 31, 2023 and December 31, 2022, \$6 million and \$7 million, respectively, of expected credit losses are included in Other Long-Term Assets on Sempra’s Condensed Consolidated Balance Sheets.

As we discuss in Note 5, Sempra provided a guarantee for the benefit of Cameron LNG JV related to amounts withdrawn by Sempra Infrastructure from the SDSRA. On a quarterly basis, we evaluate credit losses and record liabilities for expected credit losses on this off-balance sheet arrangement based on external credit ratings, published default rate studies and the maturity date of the arrangement. At both March 31, 2023 and December 31, 2022, \$6 million of expected credit losses are included in Deferred Credits and Other on Sempra’s Condensed Consolidated Balance Sheets.

## INVENTORIES

The components of inventories are as follows:

### INVENTORY BALANCES

(Dollars in millions)

	Sempra		SDG&E		SoCalGas	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
Natural gas	\$ 41	\$ 106	\$ 1	\$ 1	\$ 24	\$ 74
LNG	7	62	—	—	—	—
Materials and supplies	267	235	142	133	106	85
Total	\$ 315	\$ 403	\$ 143	\$ 134	\$ 130	\$ 159

## NOTE RECEIVABLE

In November 2021, Sempra loaned \$300 million to KKR Pinnacle in exchange for an interest-bearing promissory note that is due in full no later than October 2029 and bears compound interest at 5% per annum, which may be paid quarterly or added to the outstanding principal at the election of KKR Pinnacle. At March 31, 2023 and December 31, 2022, Other Long-Term Assets includes \$320 million and \$316 million, respectively, of outstanding principal, compounded interest and unamortized transaction costs, net of allowance for credit losses, on Sempra's Condensed Consolidated Balance Sheets.

## CAPITALIZED FINANCING COSTS

Capitalized financing costs include capitalized interest costs and AFUDC related to both debt and equity financing of construction projects. We capitalize interest costs incurred to finance capital projects and interest at equity method investments that have not commenced planned principal operations.

The table below summarizes capitalized financing costs, comprised of AFUDC and capitalized interest.

### CAPITALIZED FINANCING COSTS

(Dollars in millions)

	Three months ended March 31,	
	2023	2022
Sempra	\$ 73	\$ 57
SDG&E	31	28
SoCalGas	15	18

## VARIABLE INTEREST ENTITIES

We consolidate a VIE if we are the primary beneficiary of the VIE. Our determination of whether we are the primary beneficiary is based on qualitative and quantitative analyses, which assess:

- the purpose and design of the VIE;
- the nature of the VIE's risks and the risks we absorb;
- the power to direct activities that most significantly impact the economic performance of the VIE; and
- the obligation to absorb losses or the right to receive benefits that could be significant to the VIE.

We will continue to evaluate our VIEs for any changes that may impact our determination of whether an entity is a VIE and if we are the primary beneficiary.

### SDG&E

SDG&E's power procurement is subject to reliability requirements that may require SDG&E to enter into various PPAs that include variable interests. SDG&E evaluates the respective entities to determine if variable interests exist and, based on the qualitative and quantitative analyses described above, if SDG&E, and indirectly Sempra, is the primary beneficiary.

SDG&E has agreements under which it purchases power generated by facilities for which it supplies all of the natural gas to fuel the power plant (i.e., tolling agreements). SDG&E's obligation to absorb natural gas costs may be a significant variable interest. In addition, SDG&E has the power to direct the dispatch of electricity generated by these facilities. Based on our analysis, the

ability to direct the dispatch of electricity may have the most significant impact on the economic performance of the entity owning the generating facility because of the associated exposure to the cost of natural gas, which fuels the plants, and the value of electricity produced. To the extent that SDG&E (1) is obligated to purchase and provide fuel to operate the facility, (2) has the power to direct the dispatch, and (3) purchases all of the output from the facility for a substantial portion of the facility's useful life, SDG&E may be the primary beneficiary of the entity owning the generating facility. SDG&E determines if it is the primary beneficiary in these cases based on a qualitative approach in which it considers the operational characteristics of the facility, including its expected power generation output relative to its capacity to generate and the financial structure of the entity, among other factors. If SDG&E determines that it is the primary beneficiary, SDG&E and Sempra consolidate the entity that owns the facility as a VIE.

In addition to tolling agreements, other variable interests involve various elements of fuel and power costs, and other components of cash flows expected to be paid to or received by our counterparties. In most of these cases, the expectation of variability is not substantial, and SDG&E generally does not have the power to direct activities, including the operation and maintenance activities of the generating facility, that most significantly impact the economic performance of the other VIEs. If our ongoing evaluation of these VIEs were to conclude that SDG&E becomes the primary beneficiary and consolidation by SDG&E becomes necessary, the effects could be significant to the financial position and liquidity of SDG&E and Sempra.

SDG&E determined that none of its PPAs and tolling agreements resulted in SDG&E being the primary beneficiary of a VIE at March 31, 2023 and December 31, 2022. PPAs and tolling agreements that relate to SDG&E's involvement with VIEs are primarily accounted for as finance leases. The carrying amounts of the assets and liabilities under these contracts are included in PP&E, net, and finance lease liabilities with balances of \$1,188 million and \$1,194 million at March 31, 2023 and December 31, 2022, respectively. SDG&E recovers costs incurred on PPAs, tolling agreements and other variable interests through CPUC-approved long-term power procurement plans. SDG&E has no residual interest in the respective entities and has not provided or guaranteed any debt or equity support, liquidity arrangements, performance guarantees or other commitments associated with these contracts other than the purchase commitments described in Note 16 of the Notes to Consolidated Financial Statements in the Annual Report. As a result, SDG&E's potential exposure to loss from its variable interest in these VIEs is not significant.

### ***Sempra Texas Utilities***

Oncor Holdings is a VIE. Sempra is not the primary beneficiary of this VIE because of the structural and operational ring-fencing and governance measures in place that prevent us from having the power to direct the significant activities of Oncor Holdings. As a result, we do not consolidate Oncor Holdings and instead account for our ownership interest as an equity method investment. See Note 6 of the Notes to Consolidated Financial Statements in the Annual Report for additional information about our equity method investment in Oncor Holdings and restrictions on our ability to influence its activities. Our maximum exposure to loss, which fluctuates over time, from our interest in Oncor Holdings does not exceed the carrying value of our investment, which was \$13,735 million and \$13,665 million at March 31, 2023 and December 31, 2022, respectively.

### ***Sempra Infrastructure***

#### ***Cameron LNG JV***

Cameron LNG JV is a VIE principally due to contractual provisions that transfer certain risks to customers. Sempra is not the primary beneficiary of this VIE because we do not have the power to direct the most significant activities of Cameron LNG JV, including LNG production and operation and maintenance activities at the liquefaction facility. Therefore, we account for our investment in Cameron LNG JV under the equity method. The carrying value of our investment, including amounts recognized in AOCI related to interest-rate cash flow hedges at Cameron LNG JV, was \$880 million at March 31, 2023 and \$886 million at December 31, 2022. Our maximum exposure to loss, which fluctuates over time, includes the carrying value of our investment and our obligation under the SDSRA, which we discuss in Note 5.

#### ***CFIN***

As we discuss in Note 5, in July 2020, Sempra entered into a Support Agreement for the benefit of CFIN, which is a VIE. Sempra is not the primary beneficiary of this VIE because we do not have the power to direct the most significant activities of CFIN, including modification, prepayment, and refinance decisions related to the financing arrangement with external lenders and Cameron LNG JV's four project owners as well as the ability to determine and enforce remedies in the event of default. The conditional obligations of the Support Agreement represent a variable interest that we measure at fair value on a recurring basis (see Note 8). Sempra's maximum exposure to loss under the terms of the Support Agreement is \$979 million.



### *ECA LNG Phase 1*

ECA LNG Phase 1 is a VIE because its total equity at risk is not sufficient to finance its activities without additional subordinated financial support. We expect that ECA LNG Phase 1 will require future capital contributions or other financial support to finance the construction of the facility. Sempra is the primary beneficiary of this VIE because we have the power to direct the activities related to the construction and future operation and maintenance of the liquefaction facility. As a result, we consolidate ECA LNG Phase 1. Sempra consolidated \$1,199 million and \$1,099 million of assets at March 31, 2023 and December 31, 2022, respectively, consisting primarily of PP&E, net, and Accounts Receivable – Other attributable to ECA LNG Phase 1 that could be used only to settle obligations of this VIE and that are not available to settle obligations of Sempra, and \$778 million and \$685 million of liabilities at March 31, 2023 and December 31, 2022, respectively, consisting primarily of long-term debt, short-term debt and accounts payable attributable to ECA LNG Phase 1 for which creditors do not have recourse to the general credit of Sempra. Additionally, as we discuss in Note 6, IEnova and TotalEnergies SE have provided guarantees for 83.4% and 16.6%, respectively, of the loan facility supporting construction of the liquefaction facility.

### *Port Arthur LNG*

Port Arthur LNG is a VIE because its total equity at risk is not sufficient to finance its activities without additional subordinated financial support. We expect that Port Arthur LNG will require future capital contributions or other financial support to finance the construction of the PA LNG Phase 1 project. Sempra is the primary beneficiary of this VIE because we have the power to direct the activities related to the construction and future operation and maintenance of the liquefaction facility. As a result, we consolidate Port Arthur LNG. Sempra consolidated \$1,901 million of assets at March 31, 2023 consisting primarily of PP&E, net, attributable to Port Arthur LNG that could be used only to settle obligations of this VIE and that are not available to settle obligations of Sempra, and \$913 million of liabilities at March 31, 2023 consisting primarily of accounts payable and long-term debt attributable to Port Arthur LNG for which creditors do not have recourse to the general credit of Sempra.

## **PENSION AND PBOP**

### *Net Periodic Benefit Cost*

The following tables provide the components of net periodic benefit cost. The components of net periodic benefit cost, other than the service cost component, are included in the Other Income, Net, table below.

#### **NET PERIODIC BENEFIT COST – SEMpra**

*(Dollars in millions)*

	Pension		PBOP	
	Three months ended March 31,			
	2023	2022	2023	2022
Service cost	\$ 28	\$ 41	\$ 4	\$ 7
Interest cost	40	30	9	7
Expected return on assets	(43)	(46)	(17)	(16)
Amortization of:				
Prior service cost (credit)	1	3	(1)	(1)
Actuarial loss (gain)	2	6	(6)	(4)
Net periodic benefit cost (credit)	28	34	(11)	(7)
Regulatory adjustments	29	(27)	11	7
Total expense recognized	\$ 57	\$ 7	\$ —	\$ —

**NET PERIODIC BENEFIT COST – SDG&E**
*(Dollars in millions)*

	Pension		PBOP	
	Three months ended March 31,			
	2023	2022	2023	2022
Service cost	\$ 8	\$ 10	\$ 1	\$ 2
Interest cost	10	7	2	1
Expected return on assets	(10)	(11)	(2)	(2)
Amortization of:				
Actuarial loss (gain)	1	—	(1)	(1)
Net periodic benefit cost	9	6	—	—
Regulatory adjustments	4	(5)	—	—
Total expense recognized	\$ 13	\$ 1	\$ —	\$ —

**NET PERIODIC BENEFIT COST – SOCALGAS**
*(Dollars in millions)*

	Pension		PBOP	
	Three months ended March 31,			
	2023	2022	2023	2022
Service cost	\$ 17	\$ 28	\$ 3	\$ 5
Interest cost	25	20	7	5
Expected return on assets	(29)	(31)	(15)	(13)
Amortization of:				
Prior service cost (credit)	1	2	(1)	(1)
Actuarial loss (gain)	—	4	(5)	(3)
Net periodic benefit cost (credit)	14	23	(11)	(7)
Regulatory adjustments	25	(22)	11	7
Total expense recognized	\$ 39	\$ 1	\$ —	\$ —

**DEDICATED ASSETS IN SUPPORT OF CERTAIN BENEFITS PLANS**

In support of its Supplemental Executive Retirement, Cash Balance Restoration and Deferred Compensation Plans, Sempra maintains dedicated assets, including a Rabbi Trust and investments in life insurance contracts, which totaled \$511 million and \$505 million at March 31, 2023 and December 31, 2022, respectively.

## SEMPRA EARNINGS PER COMMON SHARE

Basic EPS is calculated by dividing earnings attributable to common shares by the weighted-average number of common shares outstanding for the period. Diluted EPS includes the potential dilution of common stock equivalent shares that could occur if securities or other contracts to issue common stock were exercised or converted into common stock.

### EARNINGS PER COMMON SHARE COMPUTATIONS

(Dollars in millions, except per share amounts; shares in thousands)

	Three months ended March 31,	
	2023	2022
<b>Numerator:</b>		
Earnings attributable to common shares	\$ 969	\$ 612
<b>Denominator:</b>		
Weighted-average common shares outstanding for basic EPS <sup>(1)</sup>	314,919	316,353
Dilutive effect of stock options and RSUs <sup>(2)</sup>	1,205	1,081
Weighted-average common shares outstanding for diluted EPS	316,124	317,434
<b>EPS:</b>		
Basic	\$ 3.08	\$ 1.93
Diluted	\$ 3.07	\$ 1.93

<sup>(1)</sup> Includes 360 and 407 fully vested RSUs held in our Deferred Compensation Plan for the three months ended March 31, 2023 and 2022, respectively. These fully vested RSUs are included in weighted-average common shares outstanding for basic EPS because there are no conditions under which the corresponding shares will not be issued.

<sup>(2)</sup> Due to market fluctuations of both Sempra common stock and the comparative indices used to determine the vesting percentage of our total shareholder return performance-based RSUs, which we discuss in Note 10 of the Notes to Consolidated Financial Statements in the Annual Report, dilutive RSUs may vary widely from period-to-period.

The potentially dilutive impact from stock options and RSUs is calculated under the treasury stock method. Under this method, proceeds based on the exercise price and unearned compensation are assumed to be used to repurchase shares on the open market at the average market price for the period, reducing the number of potential new shares to be issued and sometimes causing an antidilutive effect. The computation of diluted EPS for the three months ended March 31, 2023 and 2022 excludes 180,015 and 337,239 potentially dilutive shares, respectively, because to include them would be antidilutive for the period. However, these shares could potentially dilute basic EPS in the future.

In January 2023, pursuant to Sempra's share-based compensation plans, the Compensation and Talent Development Committee of Sempra's board of directors granted 163,287 nonqualified stock options, 325,412 performance-based RSUs and 130,319 service-based RSUs.

We discuss share-based compensation plans and related awards and the terms and conditions of Sempra's equity securities further in Notes 10, 13 and 14 of the Notes to Consolidated Financial Statements in the Annual Report.

## COMPREHENSIVE INCOME

The following tables present the changes in AOCI by component and amounts reclassified out of AOCI to net income, excluding amounts attributable to NCI.

### CHANGES IN ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS) BY COMPONENT<sup>(1)</sup>

(Dollars in millions)

	Foreign currency translation adjustments	Financial instruments	Pension and PBOP	Total accumulated other comprehensive income (loss)
Three months ended March 31, 2023 and 2022				
<b>Sempra:</b>				
Balance at December 31, 2022	\$ (59)	\$ 10	\$ (86)	\$ (135)
OCI before reclassifications	10	(40)	(13)	(43)
Amounts reclassified from AOCI	—	(5)	1	(4)
Net OCI	10	(45)	(12)	(47)
Balance at March 31, 2023	\$ (49)	\$ (35)	\$ (98)	\$ (182)
Balance at December 31, 2021	\$ (79)	\$ (156)	\$ (83)	\$ (318)
OCI before reclassifications	3	74	6	83
Amounts reclassified from AOCI	—	4	2	6
Net OCI	3	78	8	89
Balance at March 31, 2022	\$ (76)	\$ (78)	\$ (75)	\$ (229)
<b>SDG&amp;E:</b>				
Balance at December 31, 2022 and March 31, 2023			\$ (7)	\$ (7)
Balance at December 31, 2021 and March 31, 2022			\$ (10)	\$ (10)
<b>SoCalGas:</b>				
Balance at December 31, 2022		\$ (12)	\$ (12)	\$ (24)
Amounts reclassified from AOCI		—	1	1
Net OCI		—	1	1
Balance at March 31, 2023		\$ (12)	\$ (11)	\$ (23)
Balance at December 31, 2021		\$ (13)	\$ (18)	\$ (31)
Amounts reclassified from AOCI		—	1	1
Net OCI		—	1	1
Balance at March 31, 2022		\$ (13)	\$ (17)	\$ (30)

<sup>(1)</sup> All amounts are net of income tax, if subject to tax, and exclude NCI.

**RECLASSIFICATIONS OUT OF ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)**
*(Dollars in millions)*

Details about accumulated other comprehensive income (loss) components	Amounts reclassified from accumulated other comprehensive income (loss)		Affected line item on Condensed Consolidated Statements of Operations
	Three months ended March 31,		
	2023	2022	
<b>Sempra:</b>			
Financial instruments:			
Interest rate instruments	\$ —	\$ (1)	Interest Expense
Interest rate instruments	(7)	14	Equity Earnings <sup>(1)</sup>
Foreign exchange instruments	—	(1)	Revenues: Energy-Related Businesses
	1	—	Other Income, Net
Foreign exchange instruments	1	(1)	Equity Earnings <sup>(1)</sup>
Interest rate and foreign exchange instruments	(6)	(6)	Other Income, Net
Total, before income tax	(11)	5	
	3	(1)	Income Tax Expense
Total, net of income tax	(8)	4	
	3	—	Earnings Attributable to Noncontrolling Interests
	\$ (5)	\$ 4	
Pension and PBOP <sup>(2)</sup> :			
Amortization of actuarial loss	\$ —	\$ 2	Other Income, Net
Amortization of prior service cost	1	1	Other Income, Net
Total, before income tax	1	3	
	—	(1)	Income Tax Expense
Total, net of income tax	\$ 1	\$ 2	
Total reclassifications for the period, net of income tax and after NCI	\$ (4)	\$ 6	
<b>SoCalGas:</b>			
Pension and PBOP <sup>(2)</sup> :			
Amortization of actuarial loss	\$ —	\$ 1	Other (Expense) Income, Net
Amortization of prior service cost	1	—	Other (Expense) Income, Net
Total reclassifications for the period, net of income tax	\$ 1	\$ 1	

<sup>(1)</sup> Equity earnings at our foreign equity method investees are recognized after tax.

<sup>(2)</sup> Amounts are included in the computation of net periodic benefit cost (see "Pension and PBOP" above).

For the three months ended March 31, 2023 and 2022, reclassifications out of AOCI to net income were negligible for SDG&E.

**SHAREHOLDERS' EQUITY AND NONCONTROLLING INTERESTS**
***Sempra Common Stock Repurchases***

On January 11, 2022, we entered into an ASR program under which we prepaid \$200 million to repurchase shares of our common stock in a share forward transaction. A total of 1,472,756 shares were purchased under this program at an average price of \$135.80 per share. The total number of shares purchased was determined by dividing the \$200 million purchase price by the arithmetic average of the volume-weighted average trading prices of shares of our common stock during the valuation period of January 12, 2022 through February 11, 2022, minus a fixed discount. The ASR program was completed on February 11, 2022.

***Other Noncontrolling Interests***

The following table provides information about NCI held by others in subsidiaries or entities consolidated by us and recorded in Other Noncontrolling Interests in Total Equity on Sempra's Condensed Consolidated Balance Sheets.

**OTHER NONCONTROLLING INTERESTS**
*(Dollars in millions)*

	Percent ownership held by noncontrolling interests		Equity held by noncontrolling interests	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
<b>Sempra Infrastructure:</b>				
SI Partners	30.0 %	30.0 %	\$ 2,198	\$ 2,060
SI Partners subsidiaries <sup>(1)</sup>	0.1 - 30.0	0.1 - 16.6	360	61
Total Sempra			\$ 2,558	\$ 2,121

<sup>(1)</sup> SI Partners has subsidiaries with NCI held by others. Percentage range reflects the highest and lowest ownership percentages among these subsidiaries.

*Sempra Infrastructure*

**Sale of NCI to ConocoPhillips Affiliate.** On March 20, 2023, an indirect subsidiary of SI Partners completed the sale of an indirect 30% NCI in the PA LNG Phase 1 project to an affiliate of ConocoPhillips for aggregate cash consideration of approximately \$265 million, subject to customary post-closing adjustments. As a result of this sale, we recorded a \$237 million increase in equity held by NCI and an increase in Sempra's shareholders' equity of \$18 million, net of \$3 million in transaction costs and \$7 million in tax impacts.

At the closing of the sale of NCI to the ConocoPhillips affiliate, the associated limited liability company agreement was amended and restated to include the ConocoPhillips affiliate as a member of such company and to set forth certain governance and other agreements with respect to the funding of the PA LNG Phase 1 project. Pursuant to the limited liability company agreement, such company will generally be managed by a board of managers, initially constituting three representatives appointed by the indirect subsidiary of SI Partners and two representatives appointed by the ConocoPhillips affiliate.

The indirect subsidiary of SI Partners and the ConocoPhillips affiliate have made certain customary capital contribution commitments to fund their respective pro rata equity share of the total anticipated capital calls for the equity portion of the anticipated development costs of the PA LNG Phase 1 project. In addition, both SI Partners and ConocoPhillips provided guarantees relating to their respective affiliate's commitment to make its pro rata equity share of capital contributions to fund 110% of the development budget of the PA LNG Phase 1 project, in an aggregate amount of up to \$9.0 billion. SI Partners' guarantee covers 70% of this amount plus enforcement costs of its guarantee.

**Sale of NCI to KKR Denali.** On March 20, 2023, an indirect subsidiary of SI Partners entered into an agreement for the sale to KKR Denali of an indirect interest of a minimum of 25% and up to 48.65% in the PA LNG Phase 1 project for aggregate cash consideration of a minimum of \$64 million for a 25% indirect interest and up to \$125 million for the full 48.65% indirect interest, plus KKR Denali's pro rata equity share of development costs incurred prior to the closing that exceed \$439 million, subject to customary post-closing adjustments. We are targeting the closing of the sale of NCI to KKR Denali in the summer of 2023, subject to regulatory approvals and other customary closing conditions. If the closing conditions are satisfied and KKR Denali fails to complete the closing, then KKR Denali must pay a termination fee of \$130 million.

In connection with the closing of the sale of NCI to KKR Denali, the associated limited liability company agreement will be amended and restated to include KKR Denali as a member of such company and to set forth certain governance and other agreements with respect to the funding of the PA LNG Phase 1 project. Pursuant to the limited liability company agreement, (i) the indirect subsidiary of SI Partners (a) will be the managing member; (b) will exclusively hold the right to make decisions with respect to certain expansions, such as the potential PA LNG Phase 2 project; (c) will have certain rights to preferential distributions from specified revenues and expansion true-up payments; and, (d) through a parent entity that is a subsidiary of Sempra, will bear a disproportionately higher allocation of certain capital contribution commitments in certain budgetary overrun scenarios, and (ii) KKR Denali will receive certain investor protection voting rights. The indirect subsidiary of SI Partners and KKR Denali will also make capital contribution commitments to fund their respective equity share of the equity funding amount of anticipated development costs of the PA LNG Phase 1 project, except in those certain budget overrun scenarios discussed above.

Following completion of the sale of NCI to the ConocoPhillips affiliate and subject to closing the sale of NCI to KKR Denali, Sempra would hold an indirect interest in the PA LNG Phase 1 project of between 14.9% and 31.5%, depending on the amount of KKR Denali's investment at closing.

**TRANSACTIONS WITH AFFILIATES**

We summarize amounts due from and to unconsolidated affiliates at Sempra, SDG&E and SoCalGas in the following table.

**AMOUNTS DUE FROM (TO) UNCONSOLIDATED AFFILIATES**

(Dollars in millions)

	March 31, 2023	December 31, 2022
<b>Sempra:</b>		
Tax sharing arrangement with Oncor Holdings	\$ 57	\$ 41
Various affiliates	17	13
Total due from unconsolidated affiliates – current	<u>\$ 74</u>	<u>\$ 54</u>
Sempra Infrastructure <sup>(1)</sup> :		
TAG Pipelines Norte, S. de R.L. de C.V. – 5.5% Note due January 9, 2024	\$ (41)	\$ —
Total due to unconsolidated affiliates – current	<u>\$ (41)</u>	<u>\$ —</u>
Sempra Infrastructure <sup>(1)</sup> :		
TAG Pipelines Norte, S. de R.L. de C.V.:		
5.5% Note due January 9, 2024	\$ —	\$ (40)
5.5% Note due January 14, 2025	(23)	(23)
5.5% Note due July 16, 2025	(21)	(21)
5.5% Note due January 14, 2026	(19)	(19)
5.5% Note due July 14, 2026	(11)	(11)
5.5% Note due January 19, 2027	(14)	—
TAG – 5.74% Note due December 17, 2029	(190)	(187)
Total due to unconsolidated affiliates – noncurrent	<u>\$ (278)</u>	<u>\$ (301)</u>
<b>SDG&amp;E:</b>		
Sempra	\$ (52)	\$ (49)
SoCalGas	(75)	(72)
Various affiliates	(16)	(14)
Total due to unconsolidated affiliates – current	<u>\$ (143)</u>	<u>\$ (135)</u>
Income taxes due (to) from Sempra <sup>(2)</sup>	\$ (8)	\$ 10
<b>SoCalGas:</b>		
SDG&E	\$ 75	\$ 72
Various affiliates	1	5
Total due from unconsolidated affiliates – current	<u>\$ 76</u>	<u>\$ 77</u>
Sempra	\$ (36)	\$ (36)
Total due to unconsolidated affiliates – current	<u>\$ (36)</u>	<u>\$ (36)</u>
Income taxes due to Sempra <sup>(2)</sup>	\$ (25)	\$ (16)

<sup>(1)</sup> U.S. dollar-denominated loans at fixed interest rates. Amounts include principal balances plus accumulated interest outstanding.

<sup>(2)</sup> SDG&E and SoCalGas are included in the consolidated income tax return of Sempra, and their respective income tax expense is computed as an amount equal to that which would result from each company having always filed a separate return. Amounts include current and noncurrent income taxes due to/from Sempra.

The following table summarizes income statement information from unconsolidated affiliates.

### INCOME STATEMENT IMPACT FROM UNCONSOLIDATED AFFILIATES

(Dollars in millions)

	Three months ended March 31,	
	2023	2022
<b>Sempra:</b>		
Revenues	\$ 13	\$ 7
Interest income	—	10
Interest expense	4	4
<b>SDG&amp;E:</b>		
Revenues	\$ 4	\$ 4
Cost of sales	30	24
<b>SoCalGas:</b>		
Revenues	\$ 34	\$ 26
Cost of sales <sup>(1)</sup>	31	—

<sup>(1)</sup> Includes net commodity costs from natural gas transactions with unconsolidated affiliates.

### Guarantees

Sempra provided guarantees related to Cameron LNG JV's SDSRA and CFIN's Support Agreement, which remain outstanding. We discuss these guarantees in Note 5 below and in Note 6 of the Notes to Consolidated Financial Statements in the Annual Report.

### OTHER INCOME, NET

Other Income, Net, consists of the following:

### OTHER INCOME (EXPENSE), NET

(Dollars in millions)

	Three months ended March 31,	
	2023	2022
<b>Sempra:</b>		
Allowance for equity funds used during construction	\$ 33	\$ 35
Investment gains (losses), net <sup>(1)</sup>	12	(13)
Gains on interest rate and foreign exchange instruments, net	5	6
Foreign currency transaction gains (losses), net <sup>(2)</sup>	1	(19)
Non-service components of net periodic benefit cost	(25)	41
Interest on regulatory balancing accounts, net	18	1
Sundry, net	(3)	(13)
Total	\$ 41	\$ 38
<b>SDG&amp;E:</b>		
Allowance for equity funds used during construction	\$ 23	\$ 21
Non-service components of net periodic benefit cost	(4)	11
Interest on regulatory balancing accounts, net	10	1
Sundry, net	(1)	1
Total	\$ 28	\$ 34
<b>SoCalGas:</b>		
Allowance for equity funds used during construction	\$ 10	\$ 13
Non-service components of net periodic benefit cost	(19)	32
Interest on regulatory balancing accounts, net	8	—
Sundry, net	(7)	(11)
Total	\$ (8)	\$ 34

<sup>(1)</sup> Represents net investment gains (losses) on dedicated assets in support of our executive retirement and deferred compensation plans. These amounts are offset by corresponding changes in compensation expense related to the plans, recorded in O&M on the Condensed Consolidated Statements of Operations.

<sup>(2)</sup> Includes losses of \$11 in the three months ended March 31, 2022 from translation to U.S. dollars of a Mexican peso-denominated loan to IMG, which are offset by corresponding amounts included in Equity Earnings on the Condensed Consolidated Statement of Operations.



## INCOME TAXES

We provide our calculations of ETRs in the following table.

### INCOME TAX EXPENSE AND EFFECTIVE INCOME TAX RATES

(Dollars in millions)

	Three months ended March 31,	
	2023	2022
<b>Sempra:</b>		
Income tax expense	\$ 376	\$ 334
Income before income taxes and equity earnings	\$ 1,329	\$ 665
Equity earnings, before income tax <sup>(1)</sup>	132	143
Pretax income	\$ 1,461	\$ 808
Effective income tax rate	26 %	41 %
<b>SDG&amp;E:</b>		
Income tax expense	\$ 7	\$ 64
Income before income taxes	\$ 265	\$ 298
Effective income tax rate	3 %	21 %
<b>SoCalGas:</b>		
Income tax expense	\$ 94	\$ 84
Income before income taxes	\$ 454	\$ 418
Effective income tax rate	21 %	20 %

<sup>(1)</sup> We discuss how we recognize equity earnings in Note 6 of the Notes to Consolidated Financial Statements in the Annual Report.

Sempra, SDG&E and SoCalGas record income taxes for interim periods utilizing a forecasted ETR anticipated for the full year. Unusual and infrequent items and items that cannot be reliably estimated are recorded in the interim period in which they occur, which can result in variability in the ETR.

For SDG&E and SoCalGas, the CPUC requires flow-through rate-making treatment for the current income tax benefit or expense arising from certain property-related and other temporary differences between the treatment for financial reporting and income tax, which will reverse over time. Under the regulatory accounting treatment required for these flow-through temporary differences, deferred income tax assets and liabilities are not recorded to deferred income tax expense, but rather to a regulatory asset or liability, which impacts the ETR. As a result, changes in the relative size of these items compared to pretax income, from period to period, can cause variations in the ETR. The following items are subject to flow-through treatment:

- repairs expenditures related to a certain portion of utility plant fixed assets
- the equity portion of AFUDC, which is non-taxable
- a portion of the cost of removal of utility plant assets
- utility self-developed software expenditures
- depreciation on a certain portion of utility plant assets
- state income taxes

AFUDC related to equity recorded for regulated construction projects at Sempra Infrastructure has similar flow-through treatment.

Under the IRA, beginning in 2023, the scope of projects eligible for investment tax credits was expanded to include standalone energy storage projects. The IRA also provided an election that prospectively permits investment tax credits related to standalone energy storage projects to be returned to utility customers over a period that is shorter than the life of the applicable asset. Under this election, SDG&E recorded a regulatory liability to offset these investment tax credits, which reduced SDG&E's and Sempra's ETR in 2023.

On April 14, 2023, the IRS issued Revenue Procedure 2023-15, which provides a safe harbor method of accounting for gas repairs expenditures. We are assessing the potential impacts of this Revenue Procedure and do not expect it to have a material impact on Sempra's, SDG&E's or SoCalGas' results of operations, financial condition and/or cash flows.

In the three months ended March 31, 2022, we recognized income tax expense of \$120 million for a deferred income tax liability related to outside basis differences in our foreign subsidiaries that we had previously considered to be indefinitely reinvested.

## NOTE 2. NEW ACCOUNTING STANDARDS

There are no recent accounting pronouncements that have had or may have a significant effect on our results of operations, financial condition, cash flows or disclosures.

## NOTE 3. REVENUES

We discuss revenue recognition for revenues from contracts with customers and from sources other than contracts with customers in Note 3 of the Notes to Consolidated Financial Statements in the Annual Report.

The following table disaggregates our revenues from contracts with customers by major service line and market and provides a reconciliation to total revenues by segment. The majority of our revenue is recognized over time.

### DISAGGREGATED REVENUES

(Dollars in millions)

	SDG&E	SoCalGas	Sempra Infrastructure	Consolidating adjustments and Parent and other	Sempra
Three months ended March 31, 2023					
<b>By major service line:</b>					
Utilities	\$ 1,765	\$ 3,841	\$ 30	\$ (38)	\$ 5,598
Energy-related businesses	—	—	312	(21)	291
Revenues from contracts with customers	\$ 1,765	\$ 3,841	\$ 342	\$ (59)	\$ 5,889
<b>By market:</b>					
Gas	\$ 554	\$ 3,841	\$ 204	\$ (35)	\$ 4,564
Electric	1,211	—	138	(24)	1,325
Revenues from contracts with customers	\$ 1,765	\$ 3,841	\$ 342	\$ (59)	\$ 5,889
Revenues from contracts with customers	\$ 1,765	\$ 3,841	\$ 342	\$ (59)	\$ 5,889
Utilities regulatory revenues	(112)	(47)	—	—	(159)
Other revenues	—	—	854	(24)	830
Total revenues	\$ 1,653	\$ 3,794	\$ 1,196	\$ (83)	\$ 6,560
Three months ended March 31, 2022					
<b>By major service line:</b>					
Utilities	\$ 1,501	\$ 1,912	\$ 28	\$ (29)	\$ 3,412
Energy-related businesses	—	—	292	(15)	277
Revenues from contracts with customers	\$ 1,501	\$ 1,912	\$ 320	\$ (44)	\$ 3,689
<b>By market:</b>					
Gas	\$ 330	\$ 1,912	\$ 229	\$ (26)	\$ 2,445
Electric	1,171	—	91	(18)	1,244
Revenues from contracts with customers	\$ 1,501	\$ 1,912	\$ 320	\$ (44)	\$ 3,689
Revenues from contracts with customers	\$ 1,501	\$ 1,912	\$ 320	\$ (44)	\$ 3,689
Utilities regulatory revenues	(56)	81	—	—	25
Other revenues	—	—	104	2	106
Total revenues	\$ 1,445	\$ 1,993	\$ 424	\$ (42)	\$ 3,820

## REVENUES FROM CONTRACTS WITH CUSTOMERS

### *Remaining Performance Obligations*

For contracts greater than one year, at March 31, 2023, we expect to recognize revenue related to the fixed fee component of the consideration as shown below. Sempra's remaining performance obligations primarily relate to capacity agreements for natural gas storage and transportation at Sempra Infrastructure and transmission line projects at SDG&E. SoCalGas did not have any remaining performance obligations at March 31, 2023.

REMAINING PERFORMANCE OBLIGATIONS <sup>(1)</sup>				
<i>(Dollars in millions)</i>				
	Sempra		SDG&E	
2023 (excluding first three months of 2023)	\$	279	\$	3
2024		303		4
2025		364		4
2026		363		4
2027		363		4
Thereafter		4,153		59
<b>Total revenues to be recognized</b>	<b>\$</b>	<b>5,825</b>	<b>\$</b>	<b>78</b>

<sup>(1)</sup> Excludes intercompany transactions.

### *Contract Liabilities from Revenues from Contracts with Customers*

Activities within Sempra's and SDG&E's contract liabilities are presented below. There were no contract liabilities at SoCalGas in the three months ended March 31, 2023 or 2022. As we discuss in Note 16 of the Notes to Consolidated Financial Statements in the Annual Report, Sempra Infrastructure drew against and fully exhausted SEFE's letters of credit in April 2022 due to SEFE's non-renewal of such letters of credit as required under its LNG storage and regasification agreement. Sempra Infrastructure recorded a contract liability for the funds drawn from the letters of credit as payments received in advance.

CONTRACT LIABILITIES				
<i>(Dollars in millions)</i>				
	2023		2022	
<b>Sempra:</b>				
Contract liabilities at January 1	\$	(252)	\$	(278)
Revenue from performance obligations satisfied during reporting period		2		39
Contract liabilities at March 31 <sup>(1)</sup>	\$	(250)	\$	(239)
<b>SDG&amp;E:</b>				
Contract liabilities at January 1	\$	(79)	\$	(83)
Revenue from performance obligations satisfied during reporting period		1		1
Contract liabilities at March 31 <sup>(2)</sup>	\$	(78)	\$	(82)

<sup>(1)</sup> Balances at March 31, 2023 include \$12 in Other Current Liabilities and \$238 in Deferred Credits and Other.

<sup>(2)</sup> Balances at March 31, 2023 include \$4 in Other Current Liabilities and \$74 in Deferred Credits and Other.

### Receivables from Revenues from Contracts with Customers

The table below shows receivable balances associated with revenues from contracts with customers on the Condensed Consolidated Balance Sheets.

#### RECEIVABLES FROM REVENUES FROM CONTRACTS WITH CUSTOMERS

(Dollars in millions)

	March 31, 2023	December 31, 2022
<b>Sempra:</b>		
Accounts receivable – trade, net <sup>(1)</sup>	\$ 2,417	\$ 2,291
Accounts receivable – other, net	12	25
Due from unconsolidated affiliates – current <sup>(2)</sup>	10	9
Other long-term assets <sup>(3)</sup>	4	9
Total	\$ 2,443	\$ 2,334
<b>SDG&amp;E:</b>		
Accounts receivable – trade, net <sup>(1)</sup>	\$ 859	\$ 799
Accounts receivable – other, net	11	12
Due from unconsolidated affiliates – current <sup>(2)</sup>	6	2
Other long-term assets <sup>(3)</sup>	3	6
Total	\$ 879	\$ 819
<b>SoCalGas:</b>		
Accounts receivable – trade, net	\$ 1,422	\$ 1,295
Accounts receivable – other, net	1	13
Other long-term assets <sup>(3)</sup>	1	3
Total	\$ 1,424	\$ 1,311

<sup>(1)</sup> At March 31, 2023 and December 31, 2022, includes \$81 and \$72, respectively, of receivables due from customers that were billed on behalf of CCAs, which are not included in revenues.

<sup>(2)</sup> Amount is presented net of amounts due to unconsolidated affiliates on the Condensed Consolidated Balance Sheets, when right of offset exists.

<sup>(3)</sup> In connection with the COVID-19 pandemic and at the direction of the CPUC, SDG&E and SoCalGas enrolled residential and small business customers with past-due balances in long-term repayment plans.

#### NOTE 4. REGULATORY MATTERS

We discuss regulatory matters in Note 4 of the Notes to Consolidated Financial Statements in the Annual Report and provide updates to those discussions and information about new regulatory matters below. With the exception of regulatory balancing accounts, we generally do not earn a return on our regulatory assets until such time as a related cash expenditure has been made. Upon the occurrence of a cash expenditure associated with a regulatory asset, the related amounts are recoverable through a regulatory account mechanism for which we earn a return authorized by applicable regulators, which generally approximates the three-month commercial paper rate. The periods during which we recognize a regulatory asset while we do not earn a return vary by regulatory asset.

**REGULATORY ASSETS (LIABILITIES)**
*(Dollars in millions)*

	March 31, 2023	December 31, 2022
<b>SDG&amp;E:</b>		
Fixed-price contracts and other derivatives	\$ (28)	\$ (110)
Deferred income taxes recoverable in rates	372	296
Pension and PBOP plan obligations	7	11
Removal obligations	(2,319)	(2,248)
Environmental costs	106	107
Sunrise Powerlink fire mitigation	124	123
Regulatory balancing accounts <sup>(1)(2)</sup> :		
Commodity – electric	184	220
Gas transportation	30	60
Safety and reliability	135	107
Public purpose programs	(100)	(69)
Wildfire mitigation plan	443	375
Liability insurance premium	100	99
Other balancing accounts	(169)	(50)
Other regulatory assets, net <sup>(2)</sup>	154	137
<b>Total SDG&amp;E</b>	<b>(961)</b>	<b>(942)</b>
<b>SoCalGas:</b>		
Deferred income taxes recoverable in rates	208	161
Pension and PBOP plan obligations	(201)	(170)
Employee benefit costs	24	24
Removal obligations	(610)	(616)
Environmental costs	38	38
Regulatory balancing accounts <sup>(1)(2)</sup> :		
Commodity – gas, including transportation	(376)	(257)
Safety and reliability	595	575
Public purpose programs	(132)	(158)
Liability insurance premium	24	23
Other balancing accounts	267	115
Other regulatory assets, net <sup>(2)</sup>	261	223
<b>Total SoCalGas</b>	<b>98</b>	<b>(42)</b>
<b>Sempra Infrastructure:</b>		
Deferred income taxes recoverable in rates	78	78
<b>Total Sempra</b>	<b>\$ (785)</b>	<b>\$ (906)</b>

<sup>(1)</sup> At March 31, 2023 and December 31, 2022, the noncurrent portion of regulatory balancing accounts – net undercollected for SDG&E was \$648 and \$562, respectively, and for SoCalGas was \$754 and \$692, respectively.

<sup>(2)</sup> Includes regulatory assets earning a return authorized by applicable regulators, which generally approximates the three-month commercial paper rate.

**SEMPRA CALIFORNIA**
**CPUC GRC**

The CPUC uses GRCs to set revenues to allow SDG&E and SoCalGas to recover their reasonable operating costs and to provide the opportunity to realize their authorized rates of return on their investments.

In May 2022, SDG&E and SoCalGas filed their 2024 GRC applications requesting CPUC approval of test year revenue requirements for 2024 and attrition year adjustments for 2025 through 2027. SDG&E and SoCalGas requested revenue requirements for 2024 of \$3.0 billion and \$4.4 billion, respectively. SDG&E and SoCalGas proposed post-test year revenue requirement changes using various mechanisms that are estimated to result in annual increases of approximately 8% to 11% at SDG&E and approximately 6% to 8% at SoCalGas. In October 2022, the CPUC issued a scoping ruling that set a schedule for the proceeding, including the expected issuance of a proposed decision in the second quarter of 2024. Intervening parties have proposed various adjustments to SDG&E's and SoCalGas' revenue requirement requests. In April 2023, a proposed decision was issued that would allow SDG&E and SoCalGas to recognize the effects of the GRC final decision retroactive to January 1, 2024.

SDG&E expects to submit separate requests in its GRC for review and recovery of its wildfire mitigation plan costs in mid-2023 for costs incurred from 2019 through 2022 and in mid-2024 for costs incurred in 2023. The results of the GRC may materially and adversely differ from what is contained in the GRC applications.

### **CPUC Cost of Capital**

The CPUC approved the following cost of capital for SDG&E and SoCalGas that became effective on January 1, 2023 and will remain in effect through December 31, 2025, subject to the CCM. The CPUC will open a second phase of this cost of capital proceeding to evaluate the CCM. For the measurement period that ends on September 30, 2023, SDG&E's CCM benchmark rate is 4.367% based on Moody's Baa- utility bond index and SoCalGas' CCM benchmark rate is 4.074% based on Moody's A- utility bond index.

#### **CPUC AUTHORIZED COST OF CAPITAL FOR 2023 – 2025**

SDG&E				SoCalGas			
Authorized weighting	Return on rate base	Weighted return on rate base <sup>(1)</sup>		Authorized weighting	Return on rate base	Weighted return on rate base	
45.25 %	4.05 %	1.83 %	<b>Long-Term Debt</b>	45.60 %	4.07 %	1.86 %	
2.75	6.22	0.17	<b>Preferred Equity</b>	2.40	6.00	0.14	
52.00	9.95	5.17	<b>Common Equity</b>	52.00	9.80	5.10	
<b>100.00 %</b>		<b>7.18 %</b>		<b>100.00 %</b>		<b>7.10 %</b>	

<sup>(1)</sup> Total weighted return on rate base does not sum due to rounding differences.

### **SDG&E**

#### **FERC Rate Matters**

SDG&E files separately with the FERC for its authorized ROE on FERC-regulated electric transmission operations and assets. SDG&E's currently effective TO5 settlement provides for a ROE of 10.60%, consisting of a base ROE of 10.10% plus an additional 50 bps for participation in the California ISO (the California ISO adder). If the FERC issues an order ruling that California IOUs are no longer eligible for the California ISO adder, SDG&E would refund the California ISO adder as of the refund effective date (June 1, 2019) if such a refund is determined to be required by the terms of the TO5 settlement. The TO5 term is effective June 1, 2019 and shall remain in effect until terminated by a notice provided at least six months before the end of the calendar year. Following such notice, SDG&E would file an updated rate request with an effective date of January 1 of the following year.

#### **NOTE 5. INVESTMENTS IN UNCONSOLIDATED ENTITIES**

We generally account for investments under the equity method when we have significant influence over, but do not have control of, these entities. Equity earnings and losses, both before and net of income tax, are combined and presented as Equity Earnings on the Condensed Consolidated Statements of Operations. See Note 11 for information on equity earnings and losses, both before and net of income tax, by segment. See Note 1 for information on how equity earnings and losses before income taxes are factored into the calculations of our pretax income or loss and ETR.

We provide additional information concerning our equity method investments in Notes 5 and 6 of the Notes to Consolidated Financial Statements in the Annual Report.

### **SEMPRA TEXAS UTILITIES**

#### **Oncor Holdings**

We account for our 100% equity ownership interest in Oncor Holdings, which owns an 80.25% interest in Oncor, as an equity method investment. Due to the ring-fence measures, governance mechanisms and commitments in effect, we do not have the power to direct the significant activities of Oncor Holdings and Oncor. See Note 6 of the Notes to Consolidated Financial

Statements in the Annual Report for additional information related to the restrictions on our ability to direct the significant activities of Oncor Holdings and Oncor.

In both the three months ended March 31, 2023 and 2022, Sempra contributed \$85 million to Oncor Holdings, and Oncor Holdings distributed \$85 million to Sempra.

We provide summarized income statement information for Oncor Holdings in the following table.

	SUMMARIZED FINANCIAL INFORMATION – ONCOR HOLDINGS			
	<i>(Dollars in millions)</i>			
	Three months ended March 31,			
	2023		2022	
Operating revenues	\$	1,292	\$	1,249
Operating expenses		(1,024)		(897)
Income from operations		268		352
Interest expense		(123)		(108)
Income tax expense		(24)		(42)
Net income		99		191
Noncontrolling interest held by Texas Transmission Investment LLC		(20)		(38)
Earnings attributable to Sempra <sup>(1)</sup>		79		153

<sup>(1)</sup> Excludes adjustments to equity earnings related to amortization of a tax sharing liability associated with a tax sharing arrangement and changes in basis differences in AOCI within the carrying value of our equity method investment.

## SEMPRA INFRASTRUCTURE

### *Cameron LNG JV*

In the three months ended March 31, 2023 and 2022, Cameron LNG JV distributed to Sempra Infrastructure \$114 million and \$119 million, respectively.

#### *Sempra Promissory Note for SDSRA Distribution*

Cameron LNG JV's debt agreements require Cameron LNG JV to maintain the SDSRA, which is an additional reserve account beyond the Senior Debt Service Accrual Account, where funds accumulate from operations to satisfy senior debt obligations due and payable on the next payment date. Both accounts can be funded with cash or authorized investments. In June 2021, Sempra Infrastructure received a distribution of \$165 million based on its proportionate share of the SDSRA, for which Sempra provided a promissory note and letters of credit to secure a proportionate share of Cameron LNG JV's obligation to fund the SDSRA. Sempra's maximum exposure to loss is replenishment of the amount withdrawn by Sempra Infrastructure from the SDSRA, or \$165 million. We recorded a guarantee liability of \$22 million in June 2021, with an associated carrying value of \$20 million at March 31, 2023, for the fair value of the promissory note, which is being reduced over the duration of the guarantee through Sempra Infrastructure's investment in Cameron LNG JV. The guarantee will terminate upon full repayment of Cameron LNG JV's debt, scheduled to occur in 2039, or replenishment of the amount withdrawn by Sempra Infrastructure from the SDSRA.

#### *Sempra Support Agreement for CFIN*

In July 2020, CFIN entered into a financing arrangement with Cameron LNG JV's four project owners and received aggregate proceeds of \$1.5 billion from two project owners and from external lenders on behalf of the other two project owners (collectively, the affiliate loans), based on their proportionate ownership interest in Cameron LNG JV. CFIN used the proceeds from the affiliate loans to provide a loan to Cameron LNG JV. The affiliate loans mature in 2039. Principal and interest will be paid from Cameron LNG JV's project cash flows from its three-train natural gas liquefaction facility. Cameron LNG JV used the proceeds from its loan to return equity to its project owners. Sempra used its \$753 million share of the proceeds for working capital and other general corporate purposes, including the repayment of indebtedness.

Sempra Infrastructure's \$753 million proportionate share of the affiliate loans, based on SI Partners' 50.2% ownership interest in Cameron LNG JV, was funded by external lenders comprised of a syndicate of eight banks (the bank debt) to whom Sempra has provided a guarantee pursuant to a Support Agreement under which:

- Sempra has severally guaranteed repayment of the bank debt plus accrued and unpaid interest if CFIN fails to pay the external lenders;
- the external lenders may exercise an option to put the bank debt to Sempra Infrastructure upon the occurrence of certain events, including a failure by CFIN to meet its payment obligations under the bank debt;

- the external lenders will put some or all of the bank debt to Sempra Infrastructure on the fifth, tenth, or fifteenth anniversary date of the affiliate loans, except the portion of the debt owed to any external lender that has elected not to participate in the put option six months prior to the respective anniversary date;
- Sempra Infrastructure also has a right to call the bank debt back from, or to refinance the bank debt with, the external lenders at any time; and
- the Support Agreement will terminate upon full repayment of the bank debt, including repayment following an event in which the bank debt is put to Sempra Infrastructure.

In exchange for this guarantee, the external lenders pay a guarantee fee that is based on the credit rating of Sempra's long-term senior unsecured non-credit enhanced debt rating, which guarantee fee Sempra Infrastructure recognizes as interest income as earned. Sempra's maximum exposure to loss is the bank debt plus any accrued and unpaid interest and related fees, subject to a liability cap of 130% of the bank debt, or \$979 million. We measure the Support Agreement at fair value, net of related guarantee fees, on a recurring basis (see Note 8). At March 31, 2023, the fair value of the Support Agreement was \$24 million, of which \$7 million is included in Other Current Assets and \$17 million is included in Other Long-Term Assets on Sempra's Condensed Consolidated Balance Sheet.

## NOTE 6. DEBT AND CREDIT FACILITIES

The principal terms of our debt arrangements are described below and in Note 7 of the Notes to Consolidated Financial Statements in the Annual Report.

### SHORT-TERM DEBT

#### *Committed Lines of Credit*

At March 31, 2023, Sempra had an aggregate capacity of \$9.9 billion under eight primary committed lines of credit, which provide liquidity and support commercial paper programs. Because our commercial paper programs are supported by some of these lines of credit, we reflect the amount of commercial paper outstanding, before reductions of any unamortized discounts, and any letters of credit outstanding as a reduction to the available unused credit capacity in the following table.

#### COMMITTED LINES OF CREDIT

(Dollars in millions)

Borrower	Expiration date of facility	March 31, 2023			
		Total facility	Commercial paper outstanding	Amounts outstanding	Available unused credit
Sempra	October 2027	\$ 4,000	\$ (707)	\$ —	\$ 3,293
SDG&E	October 2027	1,500	—	—	1,500
SoCalGas	October 2027	1,200	(223)	—	977
SI Partners	November 2024	1,000	—	—	1,000
IEnova and SI Partners	September 2023	350	—	(350)	—
IEnova and SI Partners	December 2023	150	—	(8)	142
IEnova and SI Partners	February 2024	1,500	—	(926)	574
Port Arthur LNG	March 2030	200	—	—	200
<b>Total</b>		<b>\$ 9,900</b>	<b>\$ (930)</b>	<b>\$ (1,284)</b>	<b>\$ 7,686</b>

Sempra, SDG&E and SoCalGas each must maintain a ratio of indebtedness to total capitalization (as defined in each of the applicable credit facilities) of no more than 65% at the end of each quarter. At March 31, 2023, each entity was in compliance with this ratio under its respective credit facility.

SI Partners must maintain a ratio of consolidated adjusted net indebtedness to consolidated earnings before interest, taxes, depreciation and amortization (as defined in its credit facilities) of no more than 5.25 to 1.00 at the end of each quarter. At March 31, 2023, SI Partners was in compliance with this ratio.



In March 2023, Port Arthur LNG entered into a seven-year initial working capital facility agreement with a syndicate of four external lenders expiring in March 2030. The credit facility permits borrowings of up to \$200 million, which bear interest by reference to Term SOFR, plus the applicable margin.

### ***Uncommitted Line of Credit***

ECA LNG Phase 1 has an uncommitted line of credit, which is generally used for working capital requirements, with an aggregate capacity of \$200 million of which \$25 million was outstanding at March 31, 2023. The amounts outstanding are before reductions of any unamortized discounts. The facility expires in August 2023 and borrowings can be in U.S. dollars or Mexican pesos. At March 31, 2023, outstanding amounts were borrowed in Mexican pesos and bear interest at a variable rate based on the 28-day Interbank Equilibrium Interest Rate plus 105 bps. Borrowings made in U.S. dollars bear interest at a variable rate based on the 1-month or 3-month LIBOR plus 105 bps.

### ***Uncommitted Letters of Credit***

Outside of our domestic and foreign credit facilities, we have bilateral unsecured standby letter of credit capacity with select lenders that is uncommitted and supported by reimbursement agreements. At March 31, 2023, we had \$533 million in standby letters of credit outstanding under these agreements.

#### **UNCOMMITTED LETTERS OF CREDIT**

*(Dollars in millions)*

	Expiration date range	March 31, 2023	
		Uncommitted letters of credit outstanding	
SDG&E	May 2023 - January 2024	\$	15
SoCalGas	June 2023 - March 2024		20
Sempra Infrastructure	April 2023 - October 2043		330
Parent and other	June 2023 - March 2024		168
Total		\$	533

### ***Term Loan***

In July 2022, SoCalGas entered into an \$800 million, 364-day term loan agreement with a maturity date of July 6, 2023. In August 2022, SoCalGas borrowed \$800 million, net of negligible debt issuance costs, under the term loan agreement. The borrowing bears interest at benchmark rates plus 70 bps and is due in full upon maturity. SoCalGas used the proceeds for payment of a portion of the costs relating to litigation pertaining to the Leak.

### ***Weighted-Average Interest Rates***

The weighted-average interest rates on all short-term debt were as follows:

#### **WEIGHTED-AVERAGE INTEREST RATES**

	March 31, 2023	December 31, 2022
Sempra	5.68 %	5.57 %
SDG&E	—	4.76
SoCalGas	5.37	4.71

## **LONG-TERM DEBT**

### ***SDG&E***

In March 2023, SDG&E issued \$800 million aggregate principal amount of 5.35% first mortgage bonds due in full upon maturity on April 1, 2053 and received proceeds of \$783 million (net of debt discount, underwriting discounts and debt issuance costs of \$17 million). The first mortgage bonds are redeemable prior to maturity, subject to their terms, and in certain circumstances subject to make-whole provisions. SDG&E used the net proceeds for general corporate purposes, including repayment of commercial paper and other indebtedness.

## **Sempra Infrastructure**

### *ECA LNG Phase 1*

ECA LNG Phase 1 has a five-year loan agreement with a syndicate of seven external lenders that matures in December 2025 for an aggregate principal amount of up to \$1.3 billion. IEnova and TotalEnergies SE have provided guarantees for repayment of the loans plus accrued and unpaid interest of 83.4% and 16.6%, respectively. At March 31, 2023 and December 31, 2022, \$634 million and \$575 million, respectively, of borrowings from external lenders were outstanding under the loan agreement, with a weighted-average interest rate of 7.86% and 7.54%, respectively.

### *Port Arthur LNG*

On March 20, 2023, Port Arthur LNG entered into a term loan facility agreement with a syndicate of 21 external lenders for an aggregate principal amount of approximately \$6.8 billion. Proceeds from the loans will be used to finance the cost of construction of the PA LNG Phase 1 project. The loans mature on March 20, 2030 and bear interest by reference to Term SOFR, plus the applicable margin and a credit adjustment spread. The applicable margin prior to completion of the PA LNG Phase 1 project (which occurs upon the satisfaction or waiver of a series of customary operational, technical, environmental and social and other tests and conditions that generally would not be fully met until after the commercial operations date) is 2.00% and on completion and thereafter is 2.25%. The principal amounts outstanding on the loans must be repaid in quarterly installments, commencing on the earlier of (i) the first quarterly payment date occurring more than three calendar months following completion of the PA LNG Phase 1 project and (ii) April 20, 2029. Under the terms of the loan agreement, at least 60% of the projected outstanding balance is required to be hedged during construction and over the underlying 20-year notional amortization period. As we discuss in Note 7, Port Arthur LNG entered into hedging instruments in satisfaction of this requirement on March 21, 2023. An upfront equity funding amount of \$4.7 billion is required to have been contributed to Port Arthur LNG for construction costs as a condition to the initial advance of term loans under the agreement (other than advances for fees, interest, expenses and certain other specified costs). Port Arthur LNG paid \$200 million in debt issuance costs at closing. Additionally, the loan agreement and the related working capital facility agreement that we discuss above require payment of commitment fees calculated at a rate per annum equal to 30% of the applicable margin for Term SOFR loans multiplied by the outstanding debt commitments, and additional administrative fees. At March 31, 2023, \$215 million of borrowings were outstanding under the loan agreement, with an all-in weighted-average interest rate of 5.44%.

In connection with this loan agreement, SI Partners and ConocoPhillips have collectively provided commitments for approximately \$2.8 billion in equity funding for the benefit of Port Arthur LNG for their respective affiliate's share of the equity funding of anticipated construction costs of the PA LNG Phase 1 project in excess of the upfront equity funding amount of \$4.7 billion. The amount of each commitment is based on each of SI Partners' and ConocoPhillips' proportionate indirect ownership interest in Port Arthur LNG of 70% and 30%, respectively. The obligation under these guarantees will be reduced as their respective affiliates fund their direct proportionate interest of capital calls. Such equity funding can be called upon by Port Arthur LNG to fund project costs or, upon the taking of an enforcement action under the terms of Port Arthur LNG's finance documents, to pay its senior debt obligations.

The *pari passu* secured obligations under the related finance documents are secured by a first priority lien (subject to customary permitted encumbrances) in substantially all of the assets of Port Arthur LNG, including the equity interests in, and real property interests of, Port Arthur LNG.

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## **NOTE 7. DERIVATIVE FINANCIAL INSTRUMENTS**

We use derivative instruments primarily to manage exposures arising in the normal course of business. Our principal exposures are commodity market risk, benchmark interest rate risk and foreign exchange rate exposures. Our use of derivatives for these risks is integrated into the economic management of our anticipated revenues, anticipated expenses, assets and liabilities. Derivatives may be effective in mitigating these risks (1) that could lead to declines in anticipated revenues or increases in anticipated expenses, or (2) that could cause our asset values to fall or our liabilities to increase. Accordingly, our derivative activity summarized below generally represents an impact that is intended to offset associated revenues, expenses, assets or liabilities that are not included in the tables below.

In certain cases, we apply the normal purchase or sale exception to derivative instruments and have other commodity contracts that are not derivatives. These contracts are not recorded at fair value and are therefore excluded from the disclosures below.

In all other cases, we record derivatives at fair value on the Condensed Consolidated Balance Sheets. We may have derivatives that are (1) cash flow hedges, (2) fair value hedges, or (3) undesignated. Depending on the applicability of hedge accounting and, for SDG&E and SoCalGas and other operations subject to regulatory accounting, the requirement to pass impacts through to customers, the impact of derivative instruments may be offset in OCI (cash flow hedges), on the balance sheet (regulatory offsets), or recognized in earnings (fair value hedges and undesignated derivatives not subject to rate recovery). We classify cash flows from the principal settlements of cross-currency swaps that hedge exposure related to Mexican peso-denominated debt and amounts related to terminations or early settlements of interest rate swaps as financing activities and settlements of other derivative instruments as operating activities on the Condensed Consolidated Statements of Cash Flows.

## **HEDGE ACCOUNTING**

We may designate a derivative as a cash flow hedging instrument if it effectively converts anticipated cash flows associated with revenues or expenses to a fixed dollar amount. We may utilize cash flow hedge accounting for derivative commodity instruments, foreign currency instruments and interest rate instruments. Designating cash flow hedges is dependent on the business context in which the instrument is being used, the effectiveness of the instrument in offsetting the risk that the future cash flows of a given revenue or expense item may vary, and other criteria.

## **ENERGY DERIVATIVES**

Our market risk is primarily related to natural gas and electricity price volatility and the specific physical locations where we transact. We use energy derivatives to manage these risks. The use of energy derivatives in our various businesses depends on the particular energy market, and the operating and regulatory environments applicable to the business, as follows:

- SDG&E and SoCalGas use natural gas derivatives and SDG&E uses electricity derivatives, for the benefit of customers, with the objective of managing price risk and basis risk, and stabilizing and lowering natural gas and electricity costs. These derivatives include fixed-price natural gas and electricity positions, options, and basis risk instruments, which are either exchange-traded or over-the-counter financial instruments, or bilateral physical transactions. This activity is governed by risk management and transacting activity plans limited by company policy. SDG&E's risk management and transacting activity plans for electricity derivatives are also required to be filed with, and have been approved by, the CPUC. SoCalGas is also subject to certain regulatory requirements and thresholds related to natural gas procurement under the GCIM. Natural gas and electricity derivative activities are recorded as commodity costs that are offset by regulatory account balances and are recovered in rates. Net commodity cost impacts on the Condensed Consolidated Statements of Operations are reflected in Cost of Natural Gas or in Cost of Electric Fuel and Purchased Power.
- SDG&E is allocated and may purchase CRRs, which serve to reduce the regional electricity price volatility risk that may result from local transmission capacity constraints. Unrealized gains and losses do not impact earnings, as they are offset by regulatory account balances. Realized gains and losses associated with CRRs, which are recoverable in rates, are recorded in Cost of Electric Fuel and Purchased Power on the Condensed Consolidated Statements of Operations.
- Sempra Infrastructure may use natural gas and electricity derivatives, as appropriate, in an effort to optimize the earnings of its assets which support the following businesses: LNG, natural gas pipelines and storage, and power generation. Gains and losses associated with undesignated derivatives are recognized in Energy-Related Businesses Revenues on the Condensed Consolidated Statements of Operations.
- From time to time, our various businesses, including SDG&E and SoCalGas, may use other derivatives to hedge exposures such as GHG allowances.

The following table summarizes net energy derivative volumes.

<b>NET ENERGY DERIVATIVE VOLUMES</b>			
<i>(Quantities in millions)</i>			
Commodity	Unit of measure	March 31, 2023	December 31, 2022
<b>Sempra:</b>			
Natural gas	MMBtu	355	254
Electricity	MWh	—	1
Congestion revenue rights	MWh	40	42
<b>SDG&amp;E:</b>			
Natural gas	MMBtu	16	15
Congestion revenue rights	MWh	40	42
<b>SoCalGas:</b>			
Natural gas	MMBtu	248	224

## INTEREST RATE DERIVATIVES

We are exposed to interest rates primarily as a result of our current and expected use of financing. SDG&E and SoCalGas, as well as Sempra and its other subsidiaries and JVs, periodically enter into interest rate derivative agreements intended to moderate our exposure to interest rates and to lower our overall costs of borrowing. In addition, we may utilize interest rate swaps, typically designated as cash flow hedges, to lock in interest rates on outstanding debt or in anticipation of future financings.

In December 2022, Sempra Infrastructure entered into an undesignated contingent interest rate swap to lock in interest rates on up to \$3.5 billion of the variable rate indebtedness from anticipated future project-level debt financing that would be used to pay for construction costs of the PA LNG Phase 1 project. The contingent interest rate swap had a 25-year tenor, and its settlement was conditional upon the closing of project-level debt financing with respect to the PA LNG Phase 1 project. On March 20, 2023, we closed on the project-level debt financing and, shortly thereafter, paid \$14 million to cash settle the contingent interest rate swap.

As we discuss in Note 6, a minimum of 60% of the projected amount of term loans outstanding is required to be hedged under the Port Arthur LNG term loan facility agreement. On March 21, 2023, Port Arthur LNG entered into floating-to-fixed interest rate swaps with 17 counterparties to hedge the variability in cash flows related to the SOFR-based component of interest payments on forecasted loans outstanding under the agreement. The notional amounts of the interest rate swaps generally increase in proportion to the forecasted borrowings up to a maximum amount of \$4.2 billion prior to the maturity of the term loans on March 20, 2030. At March 31, 2023, these interest rate swaps accrued interest based on a \$200 million notional. Under the interest rate swaps, which are designated as cash flow hedges, Port Arthur LNG receives interest at Term SOFR and pays interest at a fixed rate of 3.23% based on amortizing notional amounts maturing in 2048.

The following table presents the net notional amounts of our interest rate derivatives, excluding those in our equity method investments and the contingent interest rate swap.

<b>INTEREST RATE DERIVATIVES</b>				
<i>(Dollars in millions)</i>				
	March 31, 2023		December 31, 2022	
	Notional debt	Maturities	Notional debt	Maturities
<b>Sempra:</b>				
Cash flow hedges	\$ 4,457	2023-2048	\$ 294	2023-2034

## FOREIGN CURRENCY DERIVATIVES

We utilize cross-currency swaps to hedge exposure related to Mexican peso-denominated debt at our Mexican subsidiaries and JVs. These cash flow hedges exchange our Mexican peso-denominated principal and interest payments into the U.S. dollar and swap Mexican fixed interest rates for U.S. fixed interest rates. From time to time, Sempra Infrastructure and its JVs may use other foreign currency derivatives to hedge exposures related to cash flows associated with revenues from contracts denominated in Mexican pesos that are indexed to the U.S. dollar.

We are also exposed to exchange rate movements at our Mexican subsidiaries and JVs, which have U.S. dollar-denominated cash balances, receivables, payables and debt (monetary assets and liabilities) that give rise to Mexican currency exchange rate movements for Mexican income tax purposes. They also have deferred income tax assets and liabilities denominated in the

Mexican peso, which must be translated to U.S. dollars for financial reporting purposes. In addition, monetary assets and liabilities and certain nonmonetary assets and liabilities are adjusted for Mexican inflation for Mexican income tax purposes. We may utilize foreign currency derivatives as a means to manage the risk of exposure to significant fluctuations in our income tax expense and equity earnings from these impacts; however, we generally do not hedge our deferred income tax assets and liabilities or for inflation.

The following table presents the net notional amounts of our foreign currency derivatives, excluding those in our equity method investments.

**FOREIGN CURRENCY DERIVATIVES***(Dollars in millions)*

	March 31, 2023		December 31, 2022	
	Notional amount	Maturities	Notional amount	Maturities
<b>Sempre:</b>				
Cross-currency swaps	\$	—	\$	306
Other foreign currency derivatives		88		111
				2023
				2023-2024

## FINANCIAL STATEMENT PRESENTATION

The Condensed Consolidated Balance Sheets reflect the offsetting of net derivative positions and cash collateral with the same counterparty when a legal right of offset exists. The following tables provide the fair values of derivative instruments on the Condensed Consolidated Balance Sheets, including the amount of cash collateral receivables that were not offset because the cash collateral was in excess of liability positions.

### DERIVATIVE INSTRUMENTS ON THE CONDENSED CONSOLIDATED BALANCE SHEETS

(Dollars in millions)

	March 31, 2023			
	Current assets: Fixed-price contracts and other derivatives <sup>(1)</sup>	Other long-term assets	Other current liabilities	Deferred credits and other
<b>Sempra:</b>				
Derivatives designated as hedging instruments:				
Interest rate instruments	\$ 10	\$ 29	\$ —	\$ (73)
Foreign exchange instruments	—	—	(13)	—
Derivatives not designated as hedging instruments:				
Commodity contracts not subject to rate recovery	217	23	(208)	(28)
Associated offsetting commodity contracts	(197)	(23)	197	23
Commodity contracts subject to rate recovery	38	26	(52)	(12)
Associated offsetting commodity contracts	(21)	(3)	21	3
Net amounts presented on the balance sheet	47	52	(55)	(87)
Additional cash collateral for commodity contracts not subject to rate recovery	317	—	—	—
Additional cash collateral for commodity contracts subject to rate recovery	95	—	—	—
Total <sup>(2)</sup>	\$ 459	\$ 52	\$ (55)	\$ (87)
<b>SDG&amp;E:</b>				
Derivatives not designated as hedging instruments:				
Commodity contracts subject to rate recovery	\$ 35	\$ 26	\$ (21)	\$ (3)
Associated offsetting commodity contracts	(19)	(3)	19	3
Net amounts presented on the balance sheet	16	23	(2)	—
Additional cash collateral for commodity contracts subject to rate recovery	84	—	—	—
Total <sup>(2)</sup>	\$ 100	\$ 23	\$ (2)	\$ —
<b>SoCalGas:</b>				
Derivatives not designated as hedging instruments:				
Commodity contracts subject to rate recovery	\$ 3	\$ —	\$ (31)	\$ (9)
Associated offsetting commodity contracts	(2)	—	2	—
Net amounts presented on the balance sheet	1	—	(29)	(9)
Additional cash collateral for commodity contracts subject to rate recovery	11	—	—	—
Total	\$ 12	\$ —	\$ (29)	\$ (9)

<sup>(1)</sup> Included in Other Current Assets for SoCalGas.

<sup>(2)</sup> Normal purchase contracts previously measured at fair value are excluded.

**DERIVATIVE INSTRUMENTS ON THE CONDENSED CONSOLIDATED BALANCE SHEETS (CONTINUED)**
*(Dollars in millions)*

	December 31, 2022			
	Current assets: Fixed-price contracts and other derivatives <sup>(1)</sup>	Other long-term assets	Other current liabilities	Deferred credits and other
<b>Sempra:</b>				
Derivatives designated as hedging instruments:				
Interest rate instruments	\$ 10	\$ 33	\$ —	\$ —
Foreign exchange instruments	—	—	(7)	(1)
Interest rate and foreign exchange instruments	—	—	(105)	—
Derivatives not designated as hedging instruments:				
Commodity contracts not subject to rate recovery	480	133	(399)	(132)
Associated offsetting commodity contracts	(301)	(39)	301	39
Commodity contracts subject to rate recovery	138	27	(97)	(2)
Associated offsetting commodity contracts	(27)	(2)	27	2
Interest rate instrument	33	—	—	—
Net amounts presented on the balance sheet	333	152	(280)	(94)
Additional cash collateral for commodity contracts not subject to rate recovery	451	—	—	—
Additional cash collateral for commodity contracts subject to rate recovery	18	—	—	—
Total <sup>(2)</sup>	\$ 802	\$ 152	\$ (280)	\$ (94)
<b>SDG&amp;E:</b>				
Derivatives not designated as hedging instruments:				
Commodity contracts subject to rate recovery	\$ 107	\$ 27	\$ (13)	\$ (2)
Associated offsetting commodity contracts	(12)	(2)	12	2
Net amounts presented on the balance sheet	95	25	(1)	—
Additional cash collateral for commodity contracts subject to rate recovery	17	—	—	—
Total <sup>(2)</sup>	\$ 112	\$ 25	\$ (1)	\$ —
<b>SoCalGas:</b>				
Derivatives not designated as hedging instruments:				
Commodity contracts subject to rate recovery	\$ 31	\$ —	\$ (84)	\$ —
Associated offsetting commodity contracts	(15)	—	15	—
Net amounts presented on the balance sheet	16	—	(69)	—
Additional cash collateral for commodity contracts subject to rate recovery	1	—	—	—
Total	\$ 17	\$ —	\$ (69)	\$ —

<sup>(1)</sup> Included in Other Current Assets for SoCalGas.

<sup>(2)</sup> Normal purchase contracts previously measured at fair value are excluded.

The following table includes the effects of derivative instruments designated as cash flow hedges on the Condensed Consolidated Statements of Operations and in OCI and AOCI.

<b>CASH FLOW HEDGE IMPACTS</b>									
<i>(Dollars in millions)</i>									
	Pretax (loss) gain recognized in OCI				Location	Pretax gain (loss) reclassified from AOCI into earnings			
	Three months ended March 31,					Three months ended March 31,			
	2023	2022				2023	2022		
<b>Sempra:</b>									
Interest rate instruments	\$	(77)	\$	22	Interest Expense	\$	—	\$	1
Interest rate instruments		(17)		94	Equity Earnings <sup>(1)</sup>		7		(14)
Foreign exchange instruments		(6)		(3)	Revenues: Energy-Related Businesses		—		1
Foreign exchange instruments		(5)		(2)	Other Income, Net		(1)		—
Interest rate and foreign exchange instruments		7		9	Equity Earnings <sup>(1)</sup>		(1)		1
Interest rate and foreign exchange instruments					Other Income, Net		6		6
<b>Total</b>	<b>\$</b>	<b>(98)</b>	<b>\$</b>	<b>120</b>		<b>\$</b>	<b>11</b>	<b>\$</b>	<b>(5)</b>

<sup>(1)</sup> Equity earnings at our foreign equity method investees are recognized after tax.

For Sempra, we expect that net gains before NCI of \$33 million, which are net of income tax expense, that are currently recorded in AOCI (with net gains of \$19 million attributable to NCI) related to cash flow hedges will be reclassified into earnings during the next 12 months as the hedged items affect earnings. SoCalGas expects that \$1 million of losses, net of income tax benefit, that are currently recorded in AOCI related to cash flow hedges will be reclassified into earnings during the next 12 months as the hedged items affect earnings. Actual amounts ultimately reclassified into earnings depend on the interest rates in effect when derivative contracts mature.

For all forecasted transactions, the maximum remaining term over which we are hedging exposure to the variability of cash flows at March 31, 2023 is approximately 25 years for Sempra. The maximum remaining term for which we are hedging exposure to the variability of cash flows at our equity method investees is 17 years.

The following table summarizes the effects of derivative instruments not designated as hedging instruments on the Condensed Consolidated Statements of Operations.

<b>UNDESIGNATED DERIVATIVE IMPACTS</b>					
<i>(Dollars in millions)</i>					
	Location	Pretax gain (loss) on derivatives recognized in earnings			
		Three months ended March 31,			
		2023	2022		
<b>Sempra:</b>					
Commodity contracts not subject to rate recovery	Revenues: Energy-Related Businesses	\$	449	\$	(77)
Commodity contracts subject to rate recovery	Cost of Natural Gas		(27)		—
Commodity contracts subject to rate recovery	Cost of Electric Fuel and Purchased Power		9		18
Interest rate instrument	Interest Expense		(47)		—
<b>Total</b>		<b>\$</b>	<b>384</b>	<b>\$</b>	<b>(59)</b>
<b>SDG&amp;E:</b>					
Commodity contracts subject to rate recovery	Cost of Electric Fuel and Purchased Power	\$	9	\$	18
<b>SoCalGas:</b>					
Commodity contracts subject to rate recovery	Cost of Natural Gas	\$	(27)	\$	—



## CREDIT RISK RELATED CONTINGENT FEATURES

For Sempra, SDG&E and SoCalGas, certain of our derivative instruments contain credit limits which vary depending on our credit ratings. Generally, these provisions, if applicable, may reduce our credit limit if a specified credit rating agency reduces our ratings. In certain cases, if our credit ratings were to fall below investment grade, the counterparty to these derivative liability instruments could request immediate payment or demand immediate and ongoing full collateralization.

For Sempra, the total fair value of this group of derivative instruments in a liability position at March 31, 2023 and December 31, 2022 was \$42 million and \$106 million, respectively. For SoCalGas, the total fair value of this group of derivative instruments in a liability position at March 31, 2023 and December 31, 2022 was \$38 million and \$69 million, respectively. SDG&E did not have this group of derivative instruments in a liability position at March 31, 2023 or December 31, 2022. At March 31, 2023, if the credit ratings of Sempra or SoCalGas were reduced below investment grade, \$42 million and \$38 million, respectively, of additional assets could be required to be posted as collateral for these derivative contracts.

For Sempra, SDG&E and SoCalGas, some of our derivative contracts contain a provision that would permit the counterparty, in certain circumstances, to request adequate assurance of our performance under the contracts. Such additional assurance, if needed, is not material and is not included in the amounts above.

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## NOTE 8. FAIR VALUE MEASUREMENTS

We discuss the valuation techniques and inputs we use to measure fair value and the definition of the three levels of the fair value hierarchy in Note 1 of the Notes to Consolidated Financial Statements in the Annual Report.

### RECURRING FAIR VALUE MEASURES

The three tables below, by level within the fair value hierarchy, set forth our financial assets and liabilities that were accounted for at fair value on a recurring basis at March 31, 2023 and December 31, 2022. We classify financial assets and liabilities in their entirety based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of fair-valued assets and liabilities, and their placement within the fair value hierarchy. We have not changed the valuation techniques or types of inputs we use to measure recurring fair value since December 31, 2022.

The fair value of commodity derivative assets and liabilities is presented in accordance with our netting policy, as we discuss in Note 7 under “Financial Statement Presentation.”

The determination of fair values, shown in the tables below, incorporates various factors, including but not limited to, the credit standing of the counterparties involved and the impact of credit enhancements (such as cash deposits, letters of credit and priority interests).

Our financial assets and liabilities that were accounted for at fair value on a recurring basis in the tables below include the following:

- Nuclear decommissioning trusts reflect the assets of SDG&E’s NDT, excluding accounts receivable and accounts payable. A third-party trustee values the trust assets using prices from a pricing service based on a market approach. We validate these prices by comparison to prices from other independent data sources. Securities are valued using quoted prices listed on nationally recognized securities exchanges or based on closing prices reported in the active market in which the identical security is traded (Level 1). Other securities are valued based on yields that are currently available for comparable securities of issuers with similar credit ratings (Level 2).
- For commodity contracts, interest rate instruments and foreign exchange instruments, we primarily use a market or income approach with market participant assumptions to value these derivatives. Market participant assumptions include those about risk, and the risk inherent in the inputs to the valuation techniques. These inputs can be readily observable, market corroborated, or generally unobservable. We have exchange-traded derivatives that are valued based on quoted prices in active markets for the identical instruments (Level 1). We also may have other commodity derivatives that are valued using industry standard models that consider quoted forward prices for commodities, time value, current market and contractual prices for the underlying instruments, volatility factors, and other relevant economic measures (Level 2). Level 3 recurring items relate to CRRs and long-term, fixed-price electricity positions at SDG&E, as we discuss below in “Level 3 Information – SDG&E.”
- Rabbi Trust investments include short-term investments that consist of money market and mutual funds that we value using a market approach based on closing prices reported in the active market in which the identical security is traded (Level 1).

- As we discuss in Note 5, in July 2020, Sempra entered into a Support Agreement for the benefit of CFIN. We measure the Support Agreement, which includes a guarantee obligation, a put option and a call option, net of related guarantee fees, at fair value on a recurring basis. We use a discounted cash flow model to value the Support Agreement, net of related guarantee fees. Because some of the inputs that are significant to the valuation are less observable, the Support Agreement is classified as Level 3, as we describe below in “Level 3 Information – Sempra Infrastructure.”

**RECURRING FAIR VALUE MEASURES – SEMPRA**
*(Dollars in millions)*

	Level 1	Level 2	Level 3	Total
Fair value at March 31, 2023				
<b>Assets:</b>				
Nuclear decommissioning trusts:				
Short-term investments, primarily cash equivalents	\$ 18	\$ 1	\$ —	\$ 19
Equity securities	312	4	—	316
Debt securities:				
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies	24	13	—	37
Municipal bonds	—	266	—	266
Other securities	—	230	—	230
Total debt securities	24	509	—	533
Total nuclear decommissioning trusts <sup>(1)</sup>	354	514	—	868
Short-term investments held in Rabbi Trust	48	—	—	48
Interest rate instruments	—	39	—	39
Commodity contracts not subject to rate recovery	—	20	—	20
Effect of netting and allocation of collateral <sup>(2)</sup>	317	—	—	317
Commodity contracts subject to rate recovery	7	3	30	40
Effect of netting and allocation of collateral <sup>(2)</sup>	79	10	6	95
Support Agreement, net of related guarantee fees	—	—	24	24
<b>Total</b>	<b>\$ 805</b>	<b>\$ 586</b>	<b>\$ 60</b>	<b>\$ 1,451</b>
<b>Liabilities:</b>				
Interest rate instruments	\$ —	\$ 73	\$ —	\$ 73
Foreign exchange instruments	—	13	—	13
Commodity contracts not subject to rate recovery	—	16	—	16
Commodity contracts subject to rate recovery	—	40	—	40
<b>Total</b>	<b>\$ —</b>	<b>\$ 142</b>	<b>\$ —</b>	<b>\$ 142</b>

<sup>(1)</sup> Excludes receivables (payables), net.

<sup>(2)</sup> Includes the effect of the contractual ability to settle contracts under master netting agreements and with cash collateral, as well as cash collateral not offset.

**RECURRING FAIR VALUE MEASURES – SEMPRO (CONTINUED)**
*(Dollars in millions)*

	Level 1	Level 2	Level 3	Total
	Fair value at December 31, 2022			
<b>Assets:</b>				
Nuclear decommissioning trusts:				
Short-term investments, primarily cash equivalents	\$ 10	\$ 1	\$ —	\$ 11
Equity securities	293	4	—	297
Debt securities:				
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies	27	13	—	40
Municipal bonds	—	270	—	270
Other securities	—	227	—	227
Total debt securities	27	510	—	537
Total nuclear decommissioning trusts <sup>(1)</sup>	330	515	—	845
Short-term investments held in Rabbi Trust	55	—	—	55
Interest rate instruments	—	76	—	76
Commodity contracts not subject to rate recovery	—	273	—	273
Effect of netting and allocation of collateral <sup>(2)</sup>	451	—	—	451
Commodity contracts subject to rate recovery	82	19	35	136
Effect of netting and allocation of collateral <sup>(2)</sup>	12	—	6	18
Support Agreement, net of related guarantee fees	—	—	17	17
<b>Total</b>	<b>\$ 930</b>	<b>\$ 883</b>	<b>\$ 58</b>	<b>\$ 1,871</b>
<b>Liabilities:</b>				
Foreign exchange instruments	\$ —	\$ 8	\$ —	\$ 8
Interest rate and foreign exchange instruments	—	105	—	105
Commodity contracts not subject to rate recovery	—	191	—	191
Commodity contracts subject to rate recovery	—	70	—	70
<b>Total</b>	<b>\$ —</b>	<b>\$ 374</b>	<b>\$ —</b>	<b>\$ 374</b>

<sup>(1)</sup> Excludes receivables (payables), net.

<sup>(2)</sup> Includes the effect of the contractual ability to settle contracts under master netting agreements and with cash collateral, as well as cash collateral not offset.

**RECURRING FAIR VALUE MEASURES – SDG&E**
*(Dollars in millions)*

	Level 1	Level 2	Level 3	Total
Fair value at March 31, 2023				
<b>Assets:</b>				
Nuclear decommissioning trusts:				
Short-term investments, primarily cash equivalents	\$ 18	\$ 1	\$ —	\$ 19
Equity securities	312	4	—	316
Debt securities:				
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies	24	13	—	37
Municipal bonds	—	266	—	266
Other securities	—	230	—	230
Total debt securities	24	509	—	533
Total nuclear decommissioning trusts <sup>(1)</sup>	354	514	—	868
Commodity contracts subject to rate recovery	7	2	30	39
Effect of netting and allocation of collateral <sup>(2)</sup>	78	—	6	84
<b>Total</b>	<b>\$ 439</b>	<b>\$ 516</b>	<b>\$ 36</b>	<b>\$ 991</b>
<b>Liabilities:</b>				
Commodity contracts subject to rate recovery	\$ —	\$ 2	\$ —	\$ 2
<b>Total</b>	<b>\$ —</b>	<b>\$ 2</b>	<b>\$ —</b>	<b>\$ 2</b>

Fair value at December 31, 2022

<b>Assets:</b>				
Nuclear decommissioning trusts:				
Short-term investments, primarily cash equivalents	\$ 10	\$ 1	\$ —	\$ 11
Equity securities	293	4	—	297
Debt securities:				
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies	27	13	—	40
Municipal bonds	—	270	—	270
Other securities	—	227	—	227
Total debt securities	27	510	—	537
Total nuclear decommissioning trusts <sup>(1)</sup>	330	515	—	845
Commodity contracts subject to rate recovery	82	3	35	120
Effect of netting and allocation of collateral <sup>(2)</sup>	11	—	6	17
<b>Total</b>	<b>\$ 423</b>	<b>\$ 518</b>	<b>\$ 41</b>	<b>\$ 982</b>
<b>Liabilities:</b>				
Commodity contracts subject to rate recovery	\$ —	\$ 1	\$ —	\$ 1
<b>Total</b>	<b>\$ —</b>	<b>\$ 1</b>	<b>\$ —</b>	<b>\$ 1</b>

<sup>(1)</sup> Excludes receivables (payables), net.

<sup>(2)</sup> Includes the effect of the contractual ability to settle contracts under master netting agreements and with cash collateral, as well as cash collateral not offset.

**RECURRING FAIR VALUE MEASURES – SOCALGAS**
*(Dollars in millions)*

	Level 1	Level 2	Level 3	Total
Fair value at March 31, 2023				
<b>Assets:</b>				
Commodity contracts subject to rate recovery	\$ —	\$ 1	\$ —	\$ 1
Effect of netting and allocation of collateral <sup>(1)</sup>	1	10	—	11
<b>Total</b>	<b>\$ 1</b>	<b>\$ 11</b>	<b>\$ —</b>	<b>\$ 12</b>
<b>Liabilities:</b>				
Commodity contracts subject to rate recovery	\$ —	\$ 38	\$ —	\$ 38
<b>Total</b>	<b>\$ —</b>	<b>\$ 38</b>	<b>\$ —</b>	<b>\$ 38</b>

	Level 1	Level 2	Level 3	Total
Fair value at December 31, 2022				
<b>Assets:</b>				
Commodity contracts subject to rate recovery	\$ —	\$ 16	\$ —	\$ 16
Effect of netting and allocation of collateral <sup>(1)</sup>	1	—	—	1
<b>Total</b>	<b>\$ 1</b>	<b>\$ 16</b>	<b>\$ —</b>	<b>\$ 17</b>
<b>Liabilities:</b>				
Commodity contracts subject to rate recovery	\$ —	\$ 69	\$ —	\$ 69
<b>Total</b>	<b>\$ —</b>	<b>\$ 69</b>	<b>\$ —</b>	<b>\$ 69</b>

<sup>(1)</sup> Includes the effect of the contractual ability to settle contracts under master netting agreements and with cash collateral, as well as cash collateral not offset.

**Level 3 Information**
**SDG&E**

The table below sets forth reconciliations of changes in the fair value of CRRs and long-term, fixed-price electricity positions classified as Level 3 in the fair value hierarchy for Sempra and SDG&E.

**LEVEL 3 RECONCILIATIONS<sup>(1)</sup>**
*(Dollars in millions)*

	Three months ended March 31,	
	2023	2022
Balance at January 1	\$ 35	\$ 54
Realized and unrealized (losses) gains	(4)	7
Settlements	(1)	(3)
Balance at March 31	\$ 30	\$ 58
Change in unrealized (losses) gains relating to instruments still held at March 31	\$ (2)	\$ 9

<sup>(1)</sup> Excludes the effect of the contractual ability to settle contracts under master netting agreements.

Inputs used to determine the fair value of CRRs and fixed-price electricity positions are reviewed and compared with market conditions to determine reasonableness.

CRRs are recorded at fair value based almost entirely on the most current auction prices published by the California ISO, an objective source. Annual auction prices are published once a year, typically in the middle of November, and are the basis for valuing CRRs settling in the following year. For the CRRs settling from January 1 to December 31, the auction price inputs, at a given location, were in the following ranges for the years indicated below:

#### CONGESTION REVENUE RIGHTS AUCTION PRICE INPUTS

Settlement year	Price per MWh				Median price per MWh
2023	\$	(3.09)	to	\$	10.71
2022		(3.67)	to		6.96

The impact associated with discounting is negligible. Because these auction prices are a less observable input, these instruments are classified as Level 3. The fair value of these instruments is derived from auction price differences between two locations. Positive values between two locations represent expected future reductions in congestion costs, whereas negative values between two locations represent expected future charges. Valuation of our CRRs is sensitive to a change in auction price. If auction prices at one location increase (decrease) relative to another location, this could result in a significantly higher (lower) fair value measurement. We summarize CRR volumes in Note 7.

Long-term, fixed-price electricity positions that are valued using significant unobservable data are classified as Level 3 because the contract terms relate to a delivery location or tenor for which observable market rate information is not available. The fair value of the net electricity positions classified as Level 3 is derived from a discounted cash flow model using market electricity forward price inputs. The range and weighted-average price of these inputs at March 31 were as follows:

#### LONG-TERM, FIXED-PRICE ELECTRICITY POSITIONS PRICE INPUTS

Settlement year	Price per MWh				Weighted-average price per MWh
2023	\$	28.55	to	\$	150.00
2022		26.55	to		137.80

A significant increase (decrease) in market electricity forward prices would result in a significantly higher (lower) fair value. We summarize long-term, fixed-price electricity position volumes in Note 7.

Realized gains and losses associated with CRRs and long-term, fixed-price electricity positions, which are recoverable in rates, are recorded in Cost of Electric Fuel and Purchased Power on the Condensed Consolidated Statements of Operations. Because unrealized gains and losses are recorded as regulatory assets and liabilities, they do not affect earnings.

#### Sempra Infrastructure

The table below sets forth reconciliations of changes in the fair value of Sempra's Support Agreement for the benefit of CFIN classified as Level 3 in the fair value hierarchy for Sempra.

#### LEVEL 3 RECONCILIATIONS

(Dollars in millions)

	Three months ended March 31,	
	2023	2022
Balance at January 1	\$ 17	\$ 7
Realized and unrealized gains <sup>(1)</sup>	9	8
Settlements	(2)	(3)
Balance at March 31 <sup>(2)</sup>	\$ 24	\$ 12
Change in unrealized gains relating to instruments still held at March 31	\$ 9	\$ 7

<sup>(1)</sup> Net gains are included in Interest Income and net losses are included in Interest Expense on Sempra's Condensed Consolidated Statements of Operations.

<sup>(2)</sup> Includes \$7 in Other Current Assets and \$17 in Other Long-term Assets at March 31, 2023 on Sempra's Condensed Consolidated Balance Sheet.

The fair value of the Support Agreement, net of related guarantee fees, is based on a discounted cash flow model using a probability of default and survival methodology. Our estimate of fair value considers inputs such as third-party default rates, credit ratings, recovery rates, and risk-adjusted discount rates, which may be readily observable, market corroborated or generally unobservable inputs. Because CFIN's credit rating and related default and survival rates are unobservable inputs that are significant to the valuation, the Support Agreement, net of related guarantee fees, is classified as Level 3. We assigned CFIN an internally developed credit rating of A3 and relied on default rate data published by Moody's to assign a probability of default. A hypothetical change in the credit rating up or down one notch could result in a significant change in the fair value of the Support Agreement.

### Fair Value of Financial Instruments

The fair values of certain of our financial instruments (cash, accounts receivable, amounts due to/from unconsolidated affiliates with original maturities of less than 90 days, dividends and accounts payable, short-term debt and customer deposits) approximate their carrying amounts because of the short-term nature of these instruments. Investments in life insurance contracts that we hold in support of our Supplemental Executive Retirement, Cash Balance Restoration and Deferred Compensation Plans are carried at cash surrender values, which represent the amount of cash that could be realized under the contracts. The following table provides the carrying amounts and fair values of certain other financial instruments that are not recorded at fair value on the Condensed Consolidated Balance Sheets.

#### FAIR VALUE OF FINANCIAL INSTRUMENTS

(Dollars in millions)

	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
March 31, 2023					
<b>Sempra:</b>					
Long-term note receivable <sup>(1)</sup>	\$ 322	\$ —	\$ —	\$ 313	\$ 313
Long-term amounts due to unconsolidated affiliates	319	—	284	—	284
Total long-term debt <sup>(2)</sup>	25,386	—	22,939	—	22,939
<b>SDG&amp;E:</b>					
Total long-term debt <sup>(3)</sup>	\$ 8,600	\$ —	\$ 7,747	\$ —	\$ 7,747
<b>SoCalGas:</b>					
Total long-term debt <sup>(4)</sup>	\$ 6,059	\$ —	\$ 5,673	\$ —	\$ 5,673
December 31, 2022					
<b>Sempra:</b>					
Long-term note receivable <sup>(1)</sup>	\$ 318	\$ —	\$ —	\$ 286	\$ 286
Long-term amounts due to unconsolidated affiliates	301	—	263	—	263
Total long-term debt <sup>(2)</sup>	24,513	—	21,549	—	21,549
<b>SDG&amp;E:</b>					
Total long-term debt <sup>(3)</sup>	\$ 7,800	\$ —	\$ 6,726	\$ —	\$ 6,726
<b>SoCalGas:</b>					
Total long-term debt <sup>(4)</sup>	\$ 6,059	\$ —	\$ 5,538	\$ —	\$ 5,538

<sup>(1)</sup> Before allowances for credit losses of \$6 and \$7 at March 31, 2023 and December 31, 2022, respectively. Excludes unamortized transaction costs of \$4 and \$5 at March 31, 2023 and December 31, 2022, respectively.

<sup>(2)</sup> Before reductions of unamortized discount and debt issuance costs of \$306 and \$289 at March 31, 2023 and December 31, 2022, respectively, and excluding finance lease obligations of \$1,346 and \$1,343 at March 31, 2023 and December 31, 2022, respectively.

<sup>(3)</sup> Before reductions of unamortized discount and debt issuance costs of \$86 and \$70 at March 31, 2023 and December 31, 2022, respectively, and excluding finance lease obligations of \$1,249 and \$1,256 at March 31, 2023 and December 31, 2022, respectively.

<sup>(4)</sup> Before reductions of unamortized discount and debt issuance costs of \$46 and \$48 at March 31, 2023 and December 31, 2022, respectively, and excluding finance lease obligations of \$97 and \$87 at March 31, 2023 and December 31, 2021, respectively.

We provide the fair values for the securities held in the NDT related to SONGS in Note 9.

## NOTE 9. SAN ONOFRE NUCLEAR GENERATING STATION

We provide below updates to ongoing matters related to SONGS, a nuclear generating facility near San Clemente, California that permanently ceased operations in June 2013, and in which SDG&E has a 20% ownership interest. We discuss SONGS further in Note 15 of the Notes to Consolidated Financial Statements in the Annual Report.

### **NUCLEAR DECOMMISSIONING AND FUNDING**

As a result of Edison's decision to permanently retire SONGS Units 2 and 3, Edison began the decommissioning phase of the plant. Major decommissioning work began in 2020. We expect the majority of the decommissioning work to take approximately 10 years. Decommissioning of Unit 1, removed from service in 1992, is largely complete. The remaining work for Unit 1 will be completed once Units 2 and 3 are dismantled and the spent fuel is removed from the site. The spent fuel is currently being stored on-site, until the DOE identifies a spent fuel storage facility and puts in place a program for the fuel's disposal. SDG&E is responsible for approximately 20% of the total decommissioning cost.

In accordance with state and federal requirements and regulations, SDG&E has assets held in the NDT to fund its share of decommissioning costs for SONGS Units 1, 2 and 3. Amounts that were collected in rates for SONGS' decommissioning are invested in the NDT, which is comprised of externally managed trust funds. Amounts held by the NDT are invested in accordance with CPUC regulations. SDG&E classifies debt and equity securities held in the NDT as available-for-sale. The NDT assets are presented on the Sempra and SDG&E Condensed Consolidated Balance Sheets at fair value with the offsetting credits recorded in noncurrent Regulatory Liabilities.

Except for the use of funds for the planning of decommissioning activities or NDT administrative costs, CPUC approval is required for SDG&E to access the NDT assets to fund SONGS decommissioning costs for Units 2 and 3. In December 2022, the CPUC granted SDG&E authorization to access NDT funds of up to \$81 million for forecasted 2023 costs.



The following table shows the fair values and gross unrealized gains and losses for the securities held in the NDT on the Sempra and SDG&E Condensed Consolidated Balance Sheets. We provide additional fair value disclosures for the NDT in Note 8.

## NUCLEAR DECOMMISSIONING TRUSTS

(Dollars in millions)

	Cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Debt securities:				
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies <sup>(1)</sup>	\$ 37	\$ 1	\$ (1)	\$ 37
Municipal bonds <sup>(2)</sup>	274	2	(10)	266
Other securities <sup>(3)</sup>	245	2	(17)	230
<b>Total debt securities</b>	<b>556</b>	<b>5</b>	<b>(28)</b>	<b>533</b>
Equity securities	112	209	(5)	316
Short-term investments, primarily cash equivalents	19	—	—	19
Receivables (payables), net	(4)	—	—	(4)
<b>Total</b>	<b>\$ 683</b>	<b>\$ 214</b>	<b>\$ (33)</b>	<b>\$ 864</b>

December 31, 2022

Debt securities:				
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies	\$ 40	\$ 1	\$ (1)	\$ 40
Municipal bonds	283	1	(14)	270
Other securities	248	—	(21)	227
<b>Total debt securities</b>	<b>571</b>	<b>2</b>	<b>(36)</b>	<b>537</b>
Equity securities	111	194	(8)	297
Short-term investments, primarily cash equivalents	11	—	—	11
Receivables (payables), net	(4)	—	—	(4)
<b>Total</b>	<b>\$ 689</b>	<b>\$ 196</b>	<b>\$ (44)</b>	<b>\$ 841</b>

<sup>(1)</sup> Maturity dates are 2023-2053.

<sup>(2)</sup> Maturity dates are 2023-2056.

<sup>(3)</sup> Maturity dates are 2023-2072.

The following table shows the proceeds from sales of securities in the NDT and gross realized gains and losses on those sales.

## SALES OF SECURITIES IN THE NUCLEAR DECOMMISSIONING TRUSTS

(Dollars in millions)

	Three months ended March 31,	
	2023	2022
Proceeds from sales	\$ 156	\$ 242
Gross realized gains	2	11
Gross realized losses	(3)	(4)

Net unrealized gains and losses, as well as realized gains and losses that are reinvested in the NDT, are included in noncurrent Regulatory Liabilities on Sempra's and SDG&E's Condensed Consolidated Balance Sheets. We determine the cost of securities in the trusts on the basis of specific identification.

## ASSET RETIREMENT OBLIGATION

The present value of SDG&E's ARO related to decommissioning costs for all three SONGS units was \$535 million at March 31, 2023 and is based on a cost study prepared in 2020 that is pending CPUC approval, which SDG&E expects to receive in 2023.

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## NOTE 10. COMMITMENTS AND CONTINGENCIES

### LEGAL PROCEEDINGS

We accrue losses for a legal proceeding when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. However, the uncertainties inherent in legal proceedings make it difficult to reasonably estimate the costs and effects of resolving these matters. Accordingly, actual costs incurred may differ materially from amounts accrued, may exceed, and in some cases have exceeded, applicable insurance coverage and could materially adversely affect our business, results of operations, financial condition, cash flows and/or prospects. Unless otherwise indicated, we are unable to reasonably estimate possible losses or a range of losses in excess of any amounts accrued.

At March 31, 2023, loss contingency accruals for legal matters, including associated legal fees and regulatory matters related to the Leak, that are probable and estimable were \$280 million for Sempra, including \$204 million for SoCalGas. Amounts for Sempra and SoCalGas include \$129 million for matters related to the Leak, which we discuss below.

#### *SoCalGas*

##### *Aliso Canyon Natural Gas Storage Facility Gas Leak*

From October 23, 2015 through February 11, 2016, SoCalGas experienced a natural gas leak from one of the injection-and-withdrawal wells, SS25, at its Aliso Canyon natural gas storage facility in Los Angeles County.

**Litigation.** In September 2021, SoCalGas and Sempra entered into an agreement with counsel to resolve approximately 390 lawsuits including approximately 36,000 plaintiffs (the Individual Plaintiffs) pending against SoCalGas and Sempra related to the Leak for a payment of up to \$1.8 billion. Over 99% of the Individual Plaintiffs participated and submitted valid releases, and SoCalGas paid \$1.79 billion in 2022 under the agreement. The Individual Plaintiffs who have not participated in the settlement (the Remaining Individual Plaintiffs) are able to continue to pursue their claims. As of February 21, 2023, approximately 265 of the Remaining Individual Plaintiffs had not been located or had failed to respond, according to plaintiffs' counsel.

The Individual Plaintiffs' cases were coordinated before a single court in the LA Superior Court for pretrial management under a consolidated master complaint filed in November 2017. The consolidated master complaint asserts causes of action for negligence, negligence per se, private and public nuisance (continuing and permanent), trespass, inverse condemnation, strict liability, negligent and intentional infliction of emotional distress, fraudulent concealment, loss of consortium and wrongful death against SoCalGas and Sempra. The consolidated master complaint seeks compensatory and punitive damages for personal injuries, lost wages and/or lost profits, property damage and diminution in property value, injunctive relief, costs of future medical monitoring, civil penalties, and attorneys' fees.

In addition, as of April 28, 2023, 25 new lawsuits on behalf of approximately 310 new plaintiffs have been filed against SoCalGas and Sempra since the September 2021 settlement. These cases are being joined in the same coordinated proceeding in the LA Superior Court. The new lawsuits assert the same causes of action and seek the same relief as the consolidated master complaint.

Four shareholder derivative actions were filed alleging breach of fiduciary duties against certain officers and certain directors of Sempra and/or SoCalGas. Three of the four shareholder derivative actions that were filed alleging breach of fiduciary duties against certain officers and certain directors of Sempra and/or SoCalGas were joined in an Amended Consolidated Shareholder Derivative Complaint filed in the same coordinated proceeding in the LA Superior Court, which was dismissed with prejudice in January 2021. The plaintiffs have appealed this dismissal. The LA Superior Court dismissed the remaining fourth action with prejudice in November 2022. The plaintiffs have appealed this dismissal.

**Regulatory Proceedings.** In February 2017, the CPUC opened a proceeding pursuant to the SB 380 OII to determine the feasibility of minimizing or eliminating the use of the Aliso Canyon natural gas storage facility while still maintaining energy and electric reliability for the region, but excluding issues with respect to air quality, public health, causation, culpability or cost responsibility regarding the Leak. The first phase of the proceeding established a framework for the hydraulic, production cost and economic modeling assumptions for the potential reduction in usage or elimination of the Aliso Canyon natural gas storage facility, as well as evaluating the impacts of reducing or eliminating the Aliso Canyon natural gas storage facility using the established framework and models. The next phase of the proceeding included engaging a consultant to analyze alternative means for meeting or avoiding the demand for the facility's services if it were eliminated in either the 2027 or 2035 timeframe, and to address potential implementation of alternatives to the Aliso Canyon natural gas storage facility if the CPUC determines that the

Aliso Canyon natural gas storage facility should be permanently closed. The CPUC also added all California IOUs as parties to the proceeding and encouraged all load serving entities in the Los Angeles Basin to join the proceeding.

In November 2021, the CPUC issued a decision on the interim range of gas inventory levels at the Aliso Canyon natural gas storage facility, setting an interim range of gas inventory levels of up to 41.16 Bcf. The CPUC may issue future changes to this interim range of authorized gas inventory levels before issuing a final inventory determination within the SB 380 OII proceeding.

At March 31, 2023, the Aliso Canyon natural gas storage facility had a net book value of \$965 million. If the Aliso Canyon natural gas storage facility were to be permanently closed or if future cash flows from its operation were otherwise insufficient to recover its carrying value, we may record an impairment of the facility, which could be material, or we could incur materially higher than expected operating costs and/or be required to make material additional capital expenditures (any or all of which may not be recoverable in rates), and natural gas reliability and electric generation could be jeopardized.

**Regulatory Proceeding – Subject to an Agreement to Resolve.** In June 2019, the CPUC opened an OII (the Leak OII) to investigate and consider, among other things, whether SoCalGas should be sanctioned for the Leak and what damages, fines or other penalties, if any, should be imposed for any violations, unreasonable or imprudent practices or failure to cooperate sufficiently with SED, as well as to determine the amount of various costs incurred by SoCalGas and other parties in connection with the Leak and the ratemaking treatment or other disposition of such costs, which could result in little or no recovery of such costs by SoCalGas. In October 2022, SoCalGas executed a settlement agreement with SED and the Public Advocates Office at the CPUC to resolve all aspects of the Leak OII. The settlement agreement provides for financial penalties, certain costs that SoCalGas will reimburse, a violation of California Public Utilities Code section 451, and costs previously incurred by SoCalGas for which it will not seek recovery from ratepayers, among other provisions. The settlement agreement was filed with and is subject to approval by the CPUC.

**Insurance and Accounting and Other Impacts.** Since 2015, SoCalGas has incurred significant costs related to the Leak, including costs to defend against and settle civil litigation arising from the Leak. Other than insurance for directors' and officers' liability, we have exhausted all of our insurance for this matter. We continue to pursue other sources of insurance coverage for costs related to this matter, but we may not be successful in obtaining additional insurance recovery for any of these costs. At March 31, 2023, \$129 million is accrued in Reserve for Aliso Canyon Costs and \$3 million is accrued in Deferred Credits and Other on SoCalGas' and Sempra's Condensed Consolidated Balance Sheets.

In the three months ended March 31, 2022, SoCalGas recorded total charges of \$92 million (\$66 million after tax) in Aliso Canyon Litigation and Regulatory Matters on the SoCalGas and Sempra Condensed Consolidated Statements of Operations related to the litigation and regulatory proceedings associated with the Leak.

Except for the amounts paid or estimated to settle certain legal and regulatory matters, the accruals do not include any amounts necessary to resolve the matters that we describe above in "Litigation" and "Regulatory Proceedings," threatened litigation, other potential litigation or other costs, in each case to the extent it is not possible to predict at this time the outcome of these actions or reasonably estimate the possible costs or a range of possible costs. Further, we are not able to reasonably estimate the possible loss or a range of possible losses in excess of the amounts accrued, which could be significant.

## ***Sempra Infrastructure***

### ***Energía Costa Azul***

We describe below certain land and customer disputes and permit challenges affecting our ECA Regas Facility. Certain of these land disputes involve land on which portions of the ECA LNG liquefaction facilities under construction and in development are expected to be situated or on which portions of the ECA Regas Facility that would be necessary for the operation of such ECA LNG liquefaction facilities are situated. One or more unfavorable final decisions on these disputes or challenges could materially adversely affect our existing natural gas regasification operations and proposed natural gas liquefaction projects at the site of the ECA Regas Facility and have a material adverse effect on Sempra's business, results of operations, financial condition, cash flows and/or prospects.

**Land Disputes.** Sempra Infrastructure has been engaged in a long-running land dispute relating to property adjacent to its ECA Regas Facility that allegedly overlaps with land owned by the ECA Regas Facility (the facility, however, is not situated on the land that is the subject of this dispute), as follows:

- A claimant to the adjacent property filed complaints in the federal Agrarian Court challenging the refusal of SEDATU in 2006 to issue title to him for the disputed property. In November 2013, the federal Agrarian Court ordered that SEDATU issue the requested title to the claimant and cause it to be registered. Both SEDATU and Sempra Infrastructure challenged the ruling due to lack of notification of the underlying process. In May 2019, a federal court in Mexico reversed the ruling and ordered a retrial, which is pending resolution.

- In a separate proceeding, the claimant filed suit to reinitiate an administrative procedure at SEDATU to obtain the property title that was previously dismissed. In April 2021, the Agrarian Court ordered that the administrative procedure be restarted. The proceeding in the Agrarian Court has concluded; however, the administrative procedure at SEDATU may continue if SEDATU decides to reopen the matter.

In addition, an area of real property on which part of the ECA Regas Facility is situated is subject to a claim in the federal Agrarian Court, in which the plaintiff seeks to annul the property title for a portion of the land on which the ECA Regas Facility is situated and to obtain possession of a different parcel that allegedly overlaps with the site of the ECA Regas Facility. The proceeding, which seeks an order that SEDATU annul the ECA Regas Facility's competing property title, was initiated in 2006 and, in July 2021, a decision was issued in favor of the ECA Regas Facility. The plaintiff appealed, and in February 2022, the appellate court confirmed the ruling in favor of the ECA Regas Facility and dismissed the appeal. The plaintiff filed a federal appeal against the appellate court ruling. A ruling from the Federal Collegiate Circuit Court is pending.

**Environmental and Social Impact Permits.** Several administrative challenges are pending before Mexico's Secretariat of Environment and Natural Resources (the Mexican environmental protection agency) and Federal Tax and Administrative Courts, seeking revocation of the environmental impact authorization issued to the ECA Regas Facility in 2003. These cases generally allege that the conditions and mitigation measures in the environmental impact authorization are inadequate and challenge findings that the activities of the terminal are consistent with regional development guidelines.

In 2018 and 2021, three related claimants filed separate challenges in the federal district court in Ensenada, Baja California in relation to the environmental and social impact permits issued by each of ASEA and SENER to ECA LNG authorizing natural gas liquefaction activities at the ECA Regas Facility, as follows:

- In the first case, the court issued a provisional injunction in September 2018. In December 2018, ASEA approved modifications to the environmental permit that facilitate the development of the proposed natural gas liquefaction facility in two phases. In May 2019, the court canceled the provisional injunction. The claimant appealed the court's decision canceling the injunction but was not successful. The claimant's underlying challenge to the permits remains pending.
- In the second case, the initial request for a provisional injunction was denied. That decision was reversed on appeal in January 2020, resulting in the issuance of a new injunction against the permits that were issued by ASEA and SENER. This injunction has uncertain application absent clarification by the court. The claimants petitioned the court to rule that construction of natural gas liquefaction facilities violated the injunction, and in February 2022, the court ruled in favor of the ECA Regas Facility, holding that the natural gas liquefaction activities did not violate the injunction. The claimants have appealed this ruling.
- In the third case, a group of residents filed a complaint in June 2021 against various federal and state authorities alleging deficiencies in the public consultation process for the issuance of the permits. The request for an initial injunction was denied and the claimants have appealed, which is pending the appellate court's ruling.

#### *Litigation Related to Regulatory and Other Actions by the Mexican Government*

**Amendments to Mexico's Electricity Industry Law.** In March 2021, the Mexican government published a decree with amendments to Mexico's Electricity Industry Law that include some public policy changes, including establishing priority of dispatch for CFE plants over privately owned plants. According to the decree, these amendments were to become effective on March 10, 2021, and SENER, the CRE and Centro Nacional de Control de Energía (Mexico's National Center for Energy Control) were to have 180 calendar days to modify, as necessary, all resolutions, policies, criteria, manuals and other regulations applicable to the power industry to conform with this decree. However, a Mexican court issued a suspension of the amendments on March 19, 2021. In April 2022, the Mexican Supreme Court resolved an action of unconstitutionality filed by a group of senators against the amended Electricity Industry Law, but the qualified majority of eight votes out of 11 as is required in matters involving constitutionality was not reached and the proceeding was dismissed, which means that the Mexican Supreme Court did not issue a binding precedent and the amended Electricity Industry Law remains in force. Sempra Infrastructure filed three lawsuits against the amendments to the Electricity Industry Law and, in each of them, Sempra Infrastructure obtained a favorable judgment in the lower courts, which has been appealed. If the proposed amendments are affirmed by the lower courts or by the Mexican Supreme Court (which in these cases would only require a simple majority vote), the CRE may be required to revoke self-supply permits granted under the former electricity law, which were grandfathered when the new Electricity Industry Law was enacted, under a legal standard that is ambiguous and not well defined under the law. If such self-supply permits granted under the former electricity law are revoked, it may result in increased costs for Sempra Infrastructure and its customers, may adversely affect our ability to develop new projects, may result in decreased revenues and cash flows, and may negatively impact our ability to recover the carrying values of our investments in Mexico, any of which could have a material adverse effect on Sempra's business, results of operations, financial condition, cash flows and/or prospects.

### *Sonora Pipeline – Resolved*

**Guaymas-El Oro Segment.** Sempra Infrastructure’s Sonora natural gas pipeline consists of two segments, the Sasabe-Puerto Libertad-Guaymas segment and the Guaymas-El Oro segment. Each segment has its own service agreement with the CFE. In 2015, the Yaqui tribe, with the exception of some members living in the Bécum community, granted its consent and a right-of-way easement agreement for the construction of the Guaymas-El Oro segment of the Sonora natural gas pipeline that crosses its territory. Representatives of the Bécum community filed a legal challenge in Mexican federal court demanding the right to withhold consent for the project, the stoppage of work in the Yaqui territory and damages. In 2016, the judge granted a suspension order that prohibited the construction of such segment through the Bécum community territory. Because the pipeline does not pass through the Bécum community, Sempra Infrastructure did not believe the 2016 suspension order prohibited construction in the remainder of the Yaqui territory. Construction of the Guaymas-El Oro segment was completed, and commercial operations began in May 2017.

Following the start of commercial operations of the Guaymas-El Oro segment, Sempra Infrastructure reported damage to the Guaymas-El Oro segment of the Sonora pipeline in the Yaqui territory that has made that section inoperable since August 2017 and, as a result, Sempra Infrastructure declared a force majeure event. In 2017, an appellate court ruled that the scope of the 2016 suspension order encompassed the wider Yaqui territory, which has prevented Sempra Infrastructure from making repairs to put the pipeline back in service. In July 2019, a federal district court ruled in favor of Sempra Infrastructure and held that the Yaqui tribe was properly consulted and that consent from the Yaqui tribe was properly received. Representatives of the Bécum community appealed this decision, causing the suspension order preventing Sempra Infrastructure from repairing the damage to the Guaymas-El Oro segment of the Sonora pipeline in the Yaqui territory to remain in place until the appeals process is exhausted. In December 2021, the court of appeals referred the matter to Mexico’s Supreme Court. In June 2022, the Supreme Court remanded the case back to the court of appeals for final resolution. The CFE asked the court of appeals to dismiss the Bécum community’s appeal based on the plan to re-route the portion of the pipeline that is in the Yaqui territory. In December 2022, the court of appeals reversed the federal district court’s ruling and ordered the district court to issue a new ruling that takes into account the planned re-routing of the pipeline. In February 2023, the district court issued a new ruling and resolved to dismiss the case. The representatives of the Bécum community did not appeal the ruling and, in March 2023, the district court declared that the case was definitively concluded.

### *Other Litigation*

#### *RBS Sempra Commodities*

Sempra holds an equity method investment in RBS Sempra Commodities, a limited liability partnership in the process of being liquidated. In 2015, liquidators filed a claim in the High Court of Justice against RBS (now NatWest Markets plc, our partner in the JV) and Mercuria Energy Europe Trading Limited (the Defendants) on behalf of 10 companies (the Liquidating Companies) that engaged in carbon credit trading via chains that included a company that traded directly with RBS SEE, a subsidiary of RBS Sempra Commodities. The claim alleges that the Defendants’ participation in the purchase and sale of carbon credits resulted in the Liquidating Companies’ carbon credit trading transactions creating a VAT liability they were unable to pay, and that the Defendants are liable to provide for equitable compensation due to dishonest assistance and compensation under the U.K. Insolvency Act of 1986. Trial on the matter was held in June and July of 2018. In March 2020, the High Court of Justice rendered its judgment mostly in favor of the Liquidating Companies and awarded damages of approximately £45 million (approximately \$55 million in U.S. dollars at March 31, 2023), plus costs and interest. In October 2020, the High Court of Justice assessed costs and interest to be approximately £21 million (approximately \$26 million in U.S. dollars at March 31, 2023) as of that date, with interest continuing to accrue. The Defendants appealed and, in May 2021, the Court of Appeal set aside the High Court of Justice’s decision and ordered a retrial. In July 2022, the Supreme Court of the U.K. denied the Liquidating Companies application for permission to appeal the Court of Appeal’s decision. No date has been scheduled for the retrial. J.P. Morgan Chase & Co., which acquired RBS SEE and later sold it to Mercuria Energy Group, Ltd., previously notified us that Mercuria Energy Group, Ltd. has sought indemnity for the claim, and J.P. Morgan Chase & Co. has in turn sought indemnity from Sempra and RBS.

#### *Asbestos Claims Against EFH Subsidiaries*

Certain EFH subsidiaries that we acquired as part of the merger of EFH with an indirect subsidiary of Sempra were defendants in personal injury lawsuits brought in state courts throughout the U.S. These cases alleged illness or death as a result of exposure to asbestos in power plants designed and/or built by companies whose assets were purchased by predecessor entities to the EFH subsidiaries, and generally assert claims for product defects, negligence, strict liability and wrongful death. They sought compensatory and punitive damages. As of April 28, 2023, two lawsuits are pending. Additionally, approximately 28,000 proofs of claim were filed, but not discharged, in the EFH bankruptcy proceeding on behalf of persons who allege exposure to asbestos

under similar circumstances and assert the right to file such lawsuits in the future. The costs to defend or resolve such claims and the amount of damages that may be incurred could have a material adverse effect on Sempra's results of operations, financial condition, cash flows and/or prospects.

#### *Ordinary Course Litigation*

We are also defendants in ordinary routine litigation incidental to our businesses, including personal injury, employment litigation, product liability, property damage and other claims. Juries have demonstrated an increasing willingness to grant large awards, including punitive damages, in these types of cases.

## LEASES

We discuss leases further in Note 16 of the Notes to Consolidated Financial Statements in the Annual Report.

#### *Lessee Accounting*

We have operating and finance leases for real and personal property (including office space, land, fleet vehicles, machinery and equipment, warehouses and other operational facilities) and PPAs with renewable energy, energy storage and peaker plant facilities.

#### *Leases That Have Not Yet Commenced*

SDG&E has entered into five energy storage agreements, of which SDG&E expects one will commence in the first half of 2023, one will commence in the second half of 2023, two will commence in 2024 and one will commence in 2025. SDG&E expects the future minimum lease payments to be \$11 million in 2023, \$45 million in 2024, \$54 million in each of 2025 through 2027 and \$447 million thereafter until expiration in 2039.

SoCalGas has entered into a fleet vehicle agreement, under which SoCalGas expects leases will commence in the second quarter of 2023 through the fourth quarter of 2023. SoCalGas expects the future minimum lease payments to be \$1 million in each of 2023 through 2027 and \$6 million thereafter until expiration in 2031.

#### *Lessor Accounting*

Sempra Infrastructure is a lessor for certain of its natural gas and ethane pipelines, compressor stations, liquid petroleum gas storage facilities, a rail facility and refined products terminals, which we account for as operating or sales-type leases.

We provide information below for leases for which we are the lessor.

### LESSOR INFORMATION ON THE CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS – SEMPRA

(Dollars in millions)

	Three months ended March 31,	
	2023	2022
<b>Sales-type leases:</b>		
Interest income	\$ 2	\$ 2
Total revenues from sales-type leases <sup>(1)</sup>	\$ 2	\$ 2
<b>Operating leases:</b>		
Fixed lease payments	\$ 80	\$ 70
Variable lease payments	2	1
Total revenues from operating leases <sup>(1)</sup>	\$ 82	\$ 71
Depreciation expense	\$ 15	\$ 13

<sup>(1)</sup> Included in Revenues: Energy-Related Businesses on the Condensed Consolidated Statements of Operations.

## CONTRACTUAL COMMITMENTS

We discuss below significant changes in the first three months of 2023 to contractual commitments discussed in Notes 1 and 16 of the Notes to Consolidated Financial Statements in the Annual Report.



### ***Natural Gas Contracts***

Sempra Infrastructure's natural gas contracts and natural gas storage and transportation commitments have increased by approximately \$321 million since December 31, 2022, primarily from entering into new storage and transportation contracts in the first three months of 2023. We expect future payments to decrease by \$35 million in 2023, and increase by \$2 million in 2024 and \$354 million after 2027 through expiration in 2059 compared to December 31, 2022.

### ***LNG Purchase Agreement***

Sempra Infrastructure has an SPA for the supply of LNG to the ECA Regas Facility. The commitment amount is calculated using a predetermined formula based on estimated forward prices of the index applicable from 2023 to 2029. Although this agreement specifies a number of cargoes to be delivered, under its terms, the supplier may divert certain cargoes, which would reduce amounts paid under the agreement by Sempra Infrastructure. At March 31, 2023, we expect the commitment amount to decrease by \$660 million in 2023 and increase by \$40 million in 2024, \$78 million in 2025, \$62 million in 2026, \$44 million in 2027 and \$36 million thereafter (through contract termination in 2029) compared to December 31, 2022, reflecting changes in estimated forward prices since December 31, 2022 and actual transactions for the first three months of 2023. These LNG commitment amounts are based on the assumption that all LNG cargoes, less those already confirmed to be diverted as of March 31, 2023, under the agreement are delivered. Actual LNG purchases in the current and prior years have been significantly lower than the maximum amount provided under the agreement due to the supplier electing to divert cargoes as allowed by the agreement.

## **ENVIRONMENTAL ISSUES**

We disclose any proceeding under environmental laws to which a government authority is a party when the potential monetary sanctions, exclusive of interest and costs, exceed the lesser of \$1 million or 1% of current assets, which was \$52 million for Sempra, \$18 million for SDG&E and \$20 million for SoCalGas at March 31, 2023.

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## **NOTE 11. SEGMENT INFORMATION**

We have four separately managed reportable segments, as follows:

- *SDG&E* provides electric service to San Diego and southern Orange counties and natural gas service to San Diego County.
- *SoCalGas* is a natural gas distribution utility, serving customers throughout most of Southern California and part of central California.
- *Sempra Texas Utilities* holds our investment in Oncor Holdings, which owns an 80.25% interest in Oncor, a regulated electricity transmission and distribution utility serving customers in the north-central, eastern, western and panhandle regions of Texas; and our indirect, 50% interest in Sharyland Holdings L.P., which owns Sharyland Utilities, L.L.C., a regulated electric transmission utility serving customers near the Texas-Mexico border.
- *Sempra Infrastructure* includes the operating companies of our subsidiary, SI Partners, as well as a holding company and certain services companies. Sempra Infrastructure develops, builds, operates and invests in energy infrastructure to help enable the energy transition in North American markets and globally.

We evaluate each segment's performance based on its contribution to Sempra's reported earnings and cash flows. SDG&E and SoCalGas operate in essentially separate service territories, under separate regulatory frameworks and rate structures set by the CPUC and, in the case of SDG&E, the FERC.

The cost of common services shared by the business segments is assigned directly or allocated based on various cost factors, depending on the nature of the service provided. Interest income and expense is recorded on intercompany loans. The loan balances and related interest are eliminated in consolidation.

The following tables show selected information by segment from our Condensed Consolidated Statements of Operations and Condensed Consolidated Balance Sheets. Amounts labeled as "All other" in the following tables consist primarily of activities of parent organizations.

**SEGMENT INFORMATION**
*(Dollars in millions)*

	Three months ended March 31,	
	2023	2022
<b>REVENUES</b>		
SDG&E	\$ 1,653	\$ 1,445
SoCalGas	3,794	1,993
Sempra Infrastructure	1,196	424
Adjustments and eliminations	1	2
Intersegment revenues <sup>(1)</sup>	(84)	(44)
<b>Total</b>	<b>\$ 6,560</b>	<b>\$ 3,820</b>
<b>DEPRECIATION AND AMORTIZATION</b>		
SDG&E	\$ 262	\$ 239
SoCalGas	206	187
Sempra Infrastructure	69	65
All other	2	2
<b>Total</b>	<b>\$ 539</b>	<b>\$ 493</b>
<b>INTEREST INCOME</b>		
SDG&E	\$ 1	\$ —
SoCalGas	4	—
Sempra Infrastructure	15	21
All other	4	4
<b>Total</b>	<b>\$ 24</b>	<b>\$ 25</b>
<b>INTEREST EXPENSE</b>		
SDG&E	\$ 118	\$ 106
SoCalGas	69	40
Sempra Infrastructure	95	27
All other	84	70
<b>Total</b>	<b>\$ 366</b>	<b>\$ 243</b>
<b>INCOME TAX EXPENSE (BENEFIT)</b>		
SDG&E	\$ 7	\$ 64
SoCalGas	94	84
Sempra Infrastructure	330	91
All other	(55)	95
<b>Total</b>	<b>\$ 376</b>	<b>\$ 334</b>
<b>EQUITY EARNINGS</b>		
Equity earnings, before income tax:		
Sempra Texas Utilities	\$ 1	\$ 2
Sempra Infrastructure	131	141
	132	143
Equity earnings, net of income tax:		
Sempra Texas Utilities	83	162
Sempra Infrastructure	4	21
	87	183
<b>Total</b>	<b>\$ 219</b>	<b>\$ 326</b>

<sup>(1)</sup> Revenues for reportable segments include intersegment revenues of \$4, \$34, and \$46 for the three months ended March 31, 2023 and \$4, \$26, and \$14 for the three months ended March 31, 2022 for SDG&E, SoCalGas, and Sempra Infrastructure, respectively.



**SEGMENT INFORMATION (CONTINUED)**
*(Dollars in millions)*

	Three months ended March 31,	
	2023	2022
<b>EARNINGS (LOSSES) ATTRIBUTABLE TO COMMON SHARES</b>		
SDG&E	\$ 258	\$ 234
SoCalGas	360	334
Sempra Texas Utilities	83	162
Sempra Infrastructure	315	95
All other	(47)	(213)
Total	\$ 969	\$ 612
<b>EXPENDITURES FOR PROPERTY, PLANT &amp; EQUIPMENT</b>		
SDG&E	\$ 624	\$ 552
SoCalGas	458	468
Sempra Infrastructure	744	182
All other	4	2
Total	\$ 1,830	\$ 1,204
<b>ASSETS</b>		
SDG&E	\$ 27,188	\$ 26,422
SoCalGas	22,776	22,346
Sempra Texas Utilities	13,852	13,781
Sempra Infrastructure	16,547	15,760
All other	1,282	1,376
Intersegment receivables	(1,096)	(1,111)
Total	\$ 80,549	\$ 78,574
<b>EQUITY METHOD INVESTMENTS</b>		
Sempra Texas Utilities	\$ 13,843	\$ 13,772
Sempra Infrastructure	1,893	1,905
Total	\$ 15,736	\$ 15,677

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

This combined MD&A for Sempra, SDG&E and SoCalGas should be read in conjunction with the Condensed Consolidated Financial Statements and the Notes thereto in this report, and the Consolidated Financial Statements and the Notes thereto, "Part I – Item 1A. Risk Factors" and "Part II – Item 7. MD&A" in the Annual Report.

**OVERVIEW**

Sempra is a California-based holding company with energy infrastructure investments in North America. Our businesses invest in, develop and operate energy infrastructure, and provide electric and gas services to customers.

**RESULTS OF OPERATIONS**

We discuss the following in Results of Operations:

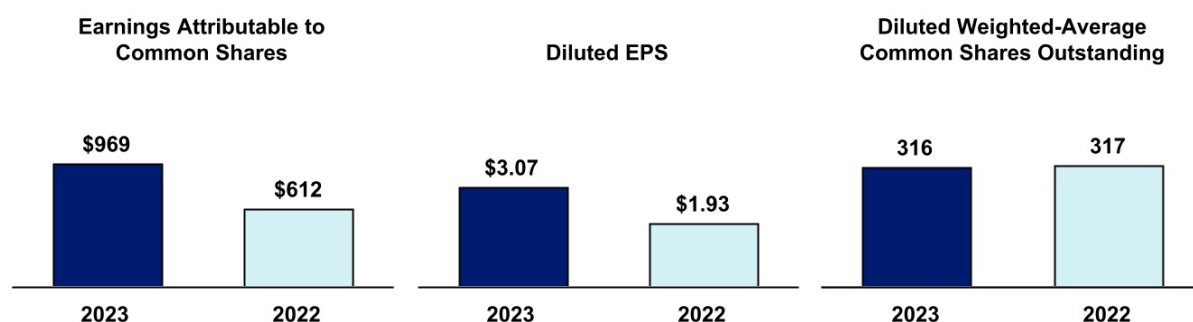
- Overall results of operations of Sempra;
- Segment results;
- Significant changes in revenues, costs and earnings; and
- Impact of foreign currency and inflation rates on results of operations.

## OVERALL RESULTS OF OPERATIONS OF SEMPRA

Sempra's overall results of operations for the three months ended March 31, 2023 and 2022 were as follows:

### OVERALL RESULTS OF OPERATIONS OF SEMPRA

(Dollars and shares in millions, except per share amounts)



Our earnings and diluted EPS were impacted by variances discussed below in “Segment Results.”

## SEGMENT RESULTS

This section presents earnings (losses) by Sempra segment, as well as Parent and other, and a related discussion of the changes in segment earnings (losses). Throughout the MD&A, our reference to earnings represents earnings attributable to common shares. Variance amounts presented are the after-tax earnings impact (based on applicable statutory tax rates), unless otherwise noted, and before foreign currency and inflation effects and NCI, where applicable.

### SEMPRA EARNINGS (LOSSES) BY SEGMENT

(Dollars in millions)

	Three months ended March 31,	
	2023	2022
SDG&E	\$ 258	\$ 234
SoCalGas	360	334
Sempra Texas Utilities	83	162
Sempra Infrastructure	315	95
Parent and other <sup>(1)</sup>	(47)	(213)
Earnings attributable to common shares	\$ 969	\$ 612

<sup>(1)</sup> Includes intercompany eliminations recorded in consolidation and certain corporate costs.

### SDG&E

The increase in earnings of \$24 million (10%) in the three months ended March 31, 2023 compared to the same period in 2022 was primarily due to:

- \$16 million higher CPUC base operating margin, net of operating expenses and \$6 million from lower authorized cost of capital;
- \$6 million higher net regulatory interest income;
- \$5 million higher electric transmission margin; and
- \$5 million lower income tax expense primarily from flow-through items; **offset by**
- \$8 million higher net interest expense.

### ***SoCalGas***

The increase in earnings of \$26 million (8%) in the three months ended March 31, 2023 compared to the same period in 2022 was primarily due to:

- \$66 million charge in 2022 relating to litigation pertaining to the Leak; and
- \$10 million in penalties in 2022 related to energy efficiency and advocacy OSCs; **offset by**
- \$18 million higher net interest expense;
- \$13 million lower CPUC base operating margin, including \$8 million from lower authorized cost of capital and net of operating expenses;
- \$11 million lower income tax benefits primarily from flow-through items; and
- \$8 million GCIM award approved by the CPUC in March 2022.

### ***Sempra Texas Utilities***

The decrease in earnings of \$79 million (49%) in the three months ended March 31, 2023 compared to the same period in 2022 was primarily due to lower equity earnings from Oncor Holdings driven by:

- write-off of rate base disallowances in 2023 resulting from the PUCT's final order in Oncor's comprehensive base rate review;
- higher depreciation expense and interest expense attributable to invested capital;
- higher O&M; and
- lower revenues from decreased customer consumption primarily attributable to weather, offset by higher revenues from updates to base transmission billing factors, transmission rate updates to reflect increases in invested capital, and customer growth.

### ***Sempra Infrastructure***

The increase in earnings of \$220 million in the three months ended March 31, 2023 compared to the same period in 2022 was primarily due to:

- \$468 million earnings in 2023 compared to \$14 million losses in 2022 from asset and supply optimization driven by unrealized gains in 2023 compared to unrealized losses in 2022 on commodity derivatives due to changes in natural gas prices, and higher LNG diversion fees; and
- \$21 million higher earnings from the transportation business in Mexico driven by a customer's early termination of firm transportation agreements; **offset by**
- \$192 million earnings attributable to NCI in 2023 compared to \$34 million earnings attributable to NCI in 2022 primarily due to an increase in SI Partners' net income and from the sale of a 10% NCI in SI Partners to ADIA in June 2022;
- \$64 million unfavorable impact from foreign currency and inflation effects on our monetary positions in Mexico, net of foreign currency derivative effects, comprised of a \$160 million unfavorable impact in 2023 compared to a \$96 million unfavorable impact in 2022; and
- \$54 million higher net interest expense, including \$27 million net unrealized losses in 2023 on a contingent interest rate swap related to the PA LNG Phase I project and higher interest expense on committed lines of credit.

### ***Parent and Other***

The decrease in losses of \$166 million in the three months ended March 31, 2023 compared to the same period in 2022 was primarily due to:

- \$120 million deferred income tax expense in 2022 associated with the change in our indefinite reinvestment assertion related to our foreign subsidiaries;
- \$7 million net investment gains in 2023 compared to \$17 million net investment losses in 2022 on dedicated assets in support of our employee nonqualified benefit plan and deferred compensation obligations; and
- \$24 million higher income tax benefit from the interim period application of an annual forecasted consolidated ETR; **offset by**
- \$10 million higher net interest expense.

## **SIGNIFICANT CHANGES IN REVENUES, COSTS AND EARNINGS**

This section contains a discussion of the differences between periods in the specific line items of the Condensed Consolidated Statements of Operations for Sempra, SDG&E and SoCalGas.

### ***Utilities Revenues and Cost of Sales***

Our utilities revenues include natural gas revenues at SoCalGas and SDG&E and Sempra Infrastructure's Ecogas and electric revenues at SDG&E. Intercompany revenues included in the separate revenues of each utility are eliminated in Sempra's Condensed Consolidated Statements of Operations.

SoCalGas and SDG&E currently operate under a regulatory framework that permits:

- The cost of natural gas purchased for core customers (primarily residential and small commercial and industrial customers) to be passed through to customers in rates substantially as incurred and without markup. The GCIM provides for SoCalGas to share in the savings and/or costs from buying natural gas for its core customers at prices below or above monthly market-based benchmarks. This mechanism permits full recovery of costs incurred when average purchase costs are within a price range around the benchmark price. Any higher costs incurred or savings realized outside this range are shared between core customers and SoCalGas.
- SDG&E to recover the actual cost incurred to generate or procure electricity based on annual estimates of the cost of electricity supplied to customers. The differences in cost between estimates and actual are recovered or refunded in subsequent periods through rates.
- SoCalGas and SDG&E to recover certain program expenditures and other costs authorized by the CPUC, or "refundable programs."

Because changes in SoCalGas' and SDG&E's cost of natural gas and/or electricity are recovered in rates, changes in these costs are offset in the changes in revenues and therefore do not impact earnings, other than potential impacts related to the GCIM for SoCalGas that we describe above. In addition to the changes in cost or market prices, natural gas or electric revenues recorded during a period are impacted by the difference between customer billings and recorded or CPUC-authorized amounts. These differences are required to be balanced over time, resulting in over- and undercollected regulatory balancing accounts. We discuss balancing accounts and their effects further in Note 4 of the Notes to Condensed Consolidated Financial Statements in this report and in Note 4 of the Notes to Consolidated Financial Statements in the Annual Report.

SoCalGas' and SDG&E's revenues are decoupled from, or not tied to, actual sales volumes. SoCalGas recognizes annual authorized revenue for core natural gas customers using seasonal factors established in applicable proceedings, resulting in a significant portion of SoCalGas' earnings being recognized in the first and fourth quarters of each year. SDG&E's authorized revenue recognition is also impacted by seasonal factors, resulting in higher earnings in the third quarter when electric loads are typically higher than in the other three quarters of the year. We discuss this decoupling mechanism and its effects further in Note 3 of the Notes to Consolidated Financial Statements in the Annual Report.

The table below summarizes utilities revenues and cost of sales.

### UTILITIES REVENUES AND COST OF SALES

(Dollars in millions)

	Three months ended March 31,	
	2023	2022
<b>Natural gas revenues:</b>		
SoCalGas	\$ 3,794	\$ 1,993
SDG&E	622	325
Sempra Infrastructure	30	28
Eliminations and adjustments	(34)	(26)
Total	4,412	2,320
<b>Electric revenues:</b>		
SDG&E	1,031	1,120
Eliminations and adjustments	(4)	(3)
Total	1,027	1,117
Total utilities revenues	\$ 5,439	\$ 3,437
<b>Cost of natural gas<sup>(1)</sup>:</b>		
SoCalGas	\$ 2,347	\$ 677
SDG&E	379	126
Sempra Infrastructure	(1)	9
Eliminations and adjustments	(42)	(10)
Total	2,683	802
<b>Cost of electric fuel and purchased power<sup>(1)</sup>:</b>		
SDG&E	135	221
Eliminations and adjustments	(21)	(16)
Total	114	205
Total utilities cost of sales	\$ 2,797	\$ 1,007

<sup>(1)</sup> Excludes depreciation and amortization, which are presented separately on the Sempra, SDG&E and SoCalGas Condensed Consolidated Statements of Operations.

### Natural Gas Revenues and Cost of Natural Gas

The table below summarizes the average cost of natural gas sold by Sempra California and included in cost of natural gas. The average cost of natural gas sold at each utility is impacted by market prices, as well as transportation, tariff and other charges.

### SEMPRA CALIFORNIA AVERAGE COST OF NATURAL GAS

(Dollars per thousand cubic feet)

	Three months ended March 31,	
	2023	2022
SoCalGas	\$ 19.00	\$ 6.80
SDG&E	20.22	7.81

In the three months ended March 31, 2023, our natural gas revenues increased by \$2.1 billion to \$4.4 billion compared to the same period in 2022 primarily due to:

- \$1.8 billion increase at SoCalGas, which included:
  - \$1.7 billion increase in cost of natural gas sold, which we discuss below,
  - \$51 million higher recovery of costs associated with refundable programs, which revenues are offset in O&M,
  - \$18 million cost in 2023 compared to a \$33 million credit in 2022 for the non-service components of net periodic benefit cost, which fully offsets in other income, net,
  - \$26 million higher franchise fee revenues, and
  - \$18 million higher CPUC-authorized revenues; and
- \$297 million increase at SDG&E, which included:
  - \$253 million increase in cost of natural gas sold, which we discuss below,
  - \$18 million higher revenues from balanced capital projects, and
  - \$16 million higher recovery of costs associated with refundable programs, which revenues are offset in O&M.

In the three months ended March 31, 2023, our cost of natural gas increased by \$1.9 billion to \$2.7 billion compared to the same period in 2022 primarily due to:

- \$1.7 billion increase at SoCalGas primarily due to higher average natural gas prices; and
- \$253 million increase at SDG&E primarily due to higher average natural gas prices.

### ***Electric Revenues and Cost of Electric Fuel and Purchased Power***

In the three months ended March 31, 2023, our electric revenues, substantially all of which are at SDG&E, decreased by \$90 million (8%) to \$1.0 billion compared to the same period in 2022 primarily due to:

- \$86 million lower cost of electric fuel and purchased power, which we discuss below; and
- \$58 million lower revenues in 2023 from the recognition of investment tax credits from standalone energy storage projects, offset in income tax expense; **offset by**
- \$28 million higher revenues from balanced capital projects;
- \$3 million cost in 2023 compared to an \$8 million credit in 2022 for the non-service components of net periodic benefit cost, which fully offsets in other income, net;
- \$9 million higher CPUC-authorized revenues; and
- \$7 million higher revenues from transmission operations.

Our utility cost of electric fuel and purchased power includes utility-owned generation, power purchased from third parties, and net power purchases and sales to the California ISO. In the three months ended March 31, 2023, the cost of electric fuel and purchased power decreased by \$91 million (44%) to \$114 million compared to the same period in 2022 primarily due to an \$86 million decrease at SDG&E, which included:

- \$97 million higher sales to the California ISO due to higher market prices; and
- \$61 million higher realized gains on fixed-price natural gas derivative contracts, which are entered into to hedge the cost of electric fuel; **offset by**
- \$44 million higher utility-owned generation costs; and
- \$34 million higher purchased power from the California ISO due to higher market prices, net of lower customer demand from departing load now served by CCAs.

### ***Energy-Related Businesses: Revenues and Cost of Sales***

The table below shows revenues and cost of sales for our energy-related businesses.

<b>ENERGY-RELATED BUSINESSES: REVENUES AND COST OF SALES</b>			
<i>(Dollars in millions)</i>			
	Three months ended March 31,		
	2023	2022	
<b>Revenues:</b>			
Sempra Infrastructure	\$ 1,166	\$ 396	
Parent and other <sup>(1)</sup>	(45)	(13)	
Total revenues	\$ 1,121	\$ 383	
<b>Cost of sales<sup>(2)</sup>:</b>			
Sempra Infrastructure	\$ 193	\$ 135	
Total cost of sales	\$ 193	\$ 135	

<sup>(1)</sup> Includes eliminations of intercompany activity.

<sup>(2)</sup> Excludes depreciation and amortization, which are presented separately on Sempra's Condensed Consolidated Statements of Operations.

In the three months ended March 31, 2023, revenues from our energy-related businesses increased by \$738 million to \$1.1 billion compared to the same period in 2022 primarily due to:

- \$683 million increase in revenues from asset and supply optimization from contracts to sell natural gas and LNG to third parties, including:
  - \$590 million higher revenues primarily driven by \$418 million unrealized gains in 2023 compared to \$88 million unrealized losses in 2022 on commodity derivatives and \$127 million from higher natural gas prices and volumes, and
  - \$84 million primarily from higher LNG diversion fees;
- \$39 million higher revenues from TdM mainly due to higher power prices; and
- \$31 million higher transportation revenues driven by a customer's early termination of firm transportation agreements.

In the three months ended March 31, 2023, the cost of sales for our energy-related businesses increased by \$58 million (43%) to \$193 million compared to the same period in 2022 primarily due to higher prices and volumes at TdM offset by lower LNG purchases, net of higher natural gas prices, related to asset and supply optimization.

### ***Operation and Maintenance***

In the three months ended March 31, 2023, O&M increased by \$123 million (11%) to \$1.2 billion compared to the same period in 2022 primarily due to:

- \$74 million increase at SoCalGas due to:
  - \$51 million higher expenses associated with refundable programs, which costs incurred are recovered in revenue, and
  - \$23 million higher non-refundable operating costs;
- \$30 million increase at SDG&E due to:
  - \$19 million higher expenses associated with refundable programs, which costs incurred are recovered in revenue, and
  - \$11 million higher non-refundable operating costs; and
- \$29 million increase at Sempra Infrastructure due to:
  - \$19 million higher development costs and purchased services, and
  - \$12 million higher operating cost due to remeasurement of operating leases at the refined products terminals in 2022, *offset by*
  - \$9 million lower operating costs at TdM from higher purchased materials and services due to scheduled major maintenance completed in March 2022.

### ***Aliso Canyon Litigation and Regulatory Matters***

In the three months ended March 31, 2022, SoCalGas recorded a \$92 million charge relating to litigation pertaining to the Leak.

### ***Other Income, Net***

As part of our central risk management function, we may enter into foreign currency derivatives to hedge SI Partners' exposure to movements in the Mexican peso from its controlling interest in IEnova. The gains/losses associated with these derivatives are included in other income, net, as described below, and partially mitigate the transactional effects of foreign currency and inflation included in income tax expense for SI Partners' consolidated entities and in equity earnings for SI Partners' equity method investments. We discuss policies governing our risk management in "Part II – Item 7A. Quantitative and Qualitative Disclosures About Market Risk" in the Annual Report.

In the three months ended March 31, 2023, other income, net, increased by \$3 million (8%) to \$41 million compared to the same period in 2022 primarily due to:

- \$12 million net investment gains in 2023 compared to \$13 million net investment losses in 2022 on dedicated assets in support of our employee nonqualified benefit plan and deferred compensation obligations;
- \$6 million net gains in 2023 compared to \$13 million net losses in 2022 from impacts associated with interest rate and foreign exchange instruments and foreign currency transactions, including:
  - \$11 million foreign currency losses in 2022 on a Mexican peso-denominated loan to IMG, which is fully offset in equity earnings, and
  - \$1 million gain in 2023 compared to \$8 million losses in 2022 on other foreign currency transactional effects;
- \$17 million higher net interest income on regulatory balancing accounts at SDG&E and SoCalGas; and
- \$10 million in penalties at SoCalGas in 2022 related to energy efficiency and advocacy OSCs; **offset by**
- \$25 million cost in 2023 compared to a \$41 million credit in 2022 for the non-service components of net periodic benefit cost.

### ***Interest Expense***

In the three months ended March 31, 2023, interest expense increased by \$123 million to \$366 million compared to the same period in 2022 primarily due to:

- \$68 million increase at Sempra Infrastructure primarily due to:
  - \$47 million interest expense in 2023 comprised of \$33 million net unrealized losses and a \$14 million settlement on a contingent interest rate swap related to the PA LNG Phase 1 project that we discuss in Note 7 of the Condensed Consolidated Financial Statements, and
  - \$24 million higher interest expense on committed lines of credit;
- \$29 million increase at SoCalGas from higher debt balances from debt issuances;

- \$14 million increase at Parent and other from higher debt balances from debt issuances; and
- \$12 million increase at SDG&E from higher debt balances from debt issuances.

### Income Taxes

The table below shows the income tax expense and ETRs for Sempra, SDG&E and SoCalGas.

	Three months ended March 31,	
	2023	2022
<b>INCOME TAX EXPENSE AND EFFECTIVE INCOME TAX RATES</b>		
<i>(Dollars in millions)</i>		
<b>Sempra:</b>		
Income tax expense	\$ 376	\$ 334
Income before income taxes and equity earnings	\$ 1,329	\$ 665
Equity earnings, before income tax <sup>(1)</sup>	132	143
Pretax income	\$ 1,461	\$ 808
Effective income tax rate	26 %	41 %
<b>SDG&amp;E:</b>		
Income tax expense	\$ 7	\$ 64
Income before income taxes	\$ 265	\$ 298
Effective income tax rate	3 %	21 %
<b>SoCalGas:</b>		
Income tax expense	\$ 94	\$ 84
Income before income taxes	\$ 454	\$ 418
Effective income tax rate	21 %	20 %

<sup>(1)</sup> We discuss how we recognize equity earnings in Note 6 of the Notes to Consolidated Financial Statements in the Annual Report.

Under the IRA, beginning in 2023, the scope of projects eligible for investment tax credits was expanded to include standalone energy storage projects. The IRA also provided an election that prospectively permits investment tax credits related to standalone energy storage projects to be returned to utility customers over a period that is shorter than the life of the applicable asset. Under this election, SDG&E recorded a regulatory liability to offset these investment tax credits, which reduced SDG&E's and Sempra's ETR in 2023.

### Sempra

In the three months ended March 31, 2023 Sempra's income tax expense increased by \$42 million (13%) compared to the same period in 2022 primarily due to:

- \$135 million income tax expense in 2023 compared to \$70 million income tax expense in 2022 from foreign currency and inflation effects on our monetary positions in Mexico;
- \$34 million income tax benefit in 2022 from the remeasurement of certain deferred income taxes; and
- higher pretax income; **offset by**
- \$120 million deferred income tax expense in 2022 associated with the change in our indefinite reinvestment assertion related to our foreign subsidiaries; and
- income tax benefit in 2023 from the recognition of investment tax credits from standalone energy storage projects.

We discuss the impact of foreign currency exchange rates and inflation on income taxes below in "Impact of Foreign Currency and Inflation Rates on Results of Operations." See Note 1 of the Notes to Condensed Consolidated Financial Statements in this report and Notes 1 and 8 of the Notes to Consolidated Financial Statements in the Annual Report for further details about our accounting for income taxes and items subject to flow-through treatment.

### SDG&E

In the three months ended March 31, 2023, SDG&E's income tax expense decreased by \$57 million compared to the same period in 2022 primarily due to an income tax benefit in 2023 from the recognition of investment tax credits from standalone energy storage projects and lower pretax income.



### SoCalGas

In the three months ended March 31, 2023, SoCalGas' income tax expense increased by \$10 million (12%) compared to the same period in 2022 primarily due to higher pretax income.

### Equity Earnings

In the three months ended March 31, 2023, equity earnings decreased by \$107 million (33%) to \$219 million compared to the same period in 2022 primarily due to:

- \$79 million lower equity earnings at Oncor Holdings due to lower revenues from a write-off of rate base disallowances in 2023 resulting from the PUCT's final order in Oncor's comprehensive base rate review, higher depreciation expense and interest expense attributable to invested capital, higher O&M and decreased customer consumption primarily attributable to weather, offset by higher revenues from updates to base transmission billing factors, transmission rate updates to reflect increases in invested capital, and customer growth; and
- \$1 million equity losses in 2023 compared to \$16 million equity earnings at IMG due to foreign currency effects, including \$11 million foreign currency gains in 2022 on IMG's Mexican peso-denominated loans from its JV owners, which is fully offset in other income, net, and higher income tax expense.

### Earnings Attributable to Noncontrolling Interests

In the three months ended March 31, 2023, earnings attributable to NCI increased by \$158 million to \$192 million compared to the same period in 2022 primarily due to:

- \$94 million increase due to an increase in SI Partners' net income; and
- \$64 million increase as a result of a decrease in our ownership interest in SI Partners.

## IMPACT OF FOREIGN CURRENCY AND INFLATION RATES ON RESULTS OF OPERATIONS

Because our natural gas distribution utility in Mexico, Ecogas, uses its local currency as its functional currency, revenues and expenses are translated into U.S. dollars at average exchange rates for the period for consolidation in Sempra's results of operations. We discuss further the impact of foreign currency and inflation rates on results of operations, including impacts on income taxes and related hedging activity, in "Part II – Item 7. MD&A – Impact of Foreign Currency and Inflation Rates on Results of Operations" in the Annual Report.

### Foreign Currency Translation

Any difference in average exchange rates used for the translation of income statement activity from year to year can cause a variance in Sempra's comparative results of operations. In the three months ended March 31, 2023, the change in our earnings as a result of foreign currency translation rates was \$1 million higher compared to the same period in 2022.

### Transactional Impacts

Income statement activities at our foreign operations and their JVs are also impacted by transactional gains and losses, a summary of which is shown in the table below:

TRANSACTIONAL GAINS (LOSSES) FROM FOREIGN CURRENCY AND INFLATION EFFECTS					
(Dollars in millions)					
	Total reported amounts		Transactional gains (losses) included in reported amounts		
	Three months ended March 31,				
	2023	2022	2023	2022	
Other income, net	\$ 41	\$ 38	\$ 6	\$ (13)	
Income tax expense	(376)	(334)	(135)	(70)	
Equity earnings	219	326	(31)	(12)	
Net income	1,172	657	(160)	(95)	
Earnings attributable to noncontrolling interests	(192)	(34)	51	20	
Earnings attributable to common shares	969	612	(109)	(75)	

## CAPITAL RESOURCES AND LIQUIDITY

### OVERVIEW

#### *Sempra*

##### *Liquidity*

We expect to meet our cash requirements through cash flows from operations, unrestricted cash and cash equivalents, borrowings under or supported by our credit facilities, other incurrences of debt which may include issuing debt securities and obtaining term loans, other financing transactions which may include issuing equity securities, distributions from our equity method investments, project financing and funding from minority interest owners. We believe that these cash flow sources, combined with available funds, will be adequate to fund our operations in both the short-term and long-term, including to:

- finance capital expenditures
- repay debt
- fund dividends
- fund contractual and other obligations and otherwise meet liquidity requirements
- fund capital contribution requirements
- fund new business or asset acquisitions or start-ups

Sempra, SDG&E and SoCalGas currently have reasonable access to the money markets and capital markets and are not currently constrained in their ability to borrow money at market rates from commercial banks, under existing revolving credit facilities, through public offerings of debt securities registered with the SEC, or through private placements of debt supported by our revolving credit facilities in the case of commercial paper. However, our ability to access the money markets and capital markets or obtain credit from commercial banks outside of our committed revolving credit facilities could become materially constrained if economic conditions or disruptions to or volatility in the money markets and capital markets worsen. These sources of funding have become less attractive due to the recent rise in both short-term and long-term interest rates. In addition, our financing activities and actions by credit rating agencies, as well as many other factors, could negatively affect the availability and cost of both short-term and long-term debt financing and equity financing. Also, cash flows from operations may be impacted by the timing of commencement and completion, and potentially cost overruns, of large projects and other material events, such as the settlement of material litigation. If cash flows from operations were to be significantly reduced or we were unable to borrow or obtain other financing under acceptable terms, we would likely first reduce or postpone discretionary capital expenditures (not related to safety/reliability) and investments in new businesses. We monitor our ability to finance the needs of our operating, investing and financing activities in a manner consistent with our goal to maintain our investment-grade credit ratings.

Although we have not been impacted to date by the disruptions to the banking sector and resulting financial market instability, we cannot predict the broader or follow-on effects of recent bank failures. The disruption and uncertainty impacting the banking industry may result in reduced access to capital and increased costs of capital and could adversely affect our ability to secure financing arrangements and facilities. In addition, if the liquidity of our partners, customers or other counterparties is impacted by the disruptions in the banking sector, it may have a material adverse impact on our liquidity.

##### *Available Funds*

Our committed lines of credit provide liquidity and support commercial paper. Sempra, SDG&E and SoCalGas each have five-year credit agreements expiring in 2027 and Sempra Infrastructure has a three-year credit agreement expiring in 2024, committed lines of credit expiring in 2023, 2024 and 2030, and an uncommitted revolving credit facility expiring in 2023.

**AVAILABLE FUNDS AT MARCH 31, 2023**
*(Dollars in millions)*

	Sempra	SDG&E	SoCalGas
Unrestricted cash and cash equivalents <sup>(1)</sup>	\$ 534	\$ 336	\$ 7
Available unused credit <sup>(2)</sup>	7,861	1,500	977

<sup>(1)</sup> Amounts at Sempra include \$149 held in non-U.S. jurisdictions. We discuss repatriation in Note 8 of the Notes to Consolidated Financial Statements in the Annual Report.

<sup>(2)</sup> Available unused credit is the total available on committed and uncommitted lines of credit that we discuss in Note 6 of the Notes to Condensed Consolidated Financial Statements. Because our commercial paper programs are supported by these lines, we reflect the amount of commercial paper outstanding as a reduction to the available unused credit.

**Short-Term Borrowings**

We use short-term debt primarily to meet liquidity requirements, fund shareholder dividends, and temporarily finance capital expenditures, acquisitions or start-ups. SDG&E and SoCalGas use short-term debt primarily to meet working capital needs or to help fund event-specific costs. Commercial paper, lines of credit and a term loan were our primary sources of short-term debt funding in the first three months of 2023.

We discuss our short-term debt activities in Note 6 of the Notes to Condensed Consolidated Financial Statements and below in “Sources and Uses of Cash.”

**Long-Term Debt Activities**

Significant issuances of and payments on long-term debt in the first three months of 2023 included the following:

**LONG-TERM DEBT ISSUANCES AND PAYMENTS**
*(Dollars in millions)*

Issuances:	Amount at issuance	Maturity
SDG&E 5.35% first mortgage bonds	\$ 800	2053
Sempra Infrastructure variable rate notes (ECA LNG Phase 1 project)	59	2025
Sempra Infrastructure variable rate notes (PA LNG Phase 1 project)	215	2030
Payments:	Payments	Maturity
Sempra Infrastructure 6.3% notes (4.124% after cross-currency swap)	\$ 208	2023

We discuss our long-term debt activities, including the use of proceeds on long-term debt issuances, in Note 6 of the Notes to Condensed Consolidated Financial Statements.

**Credit Ratings**

We provide additional information about the credit ratings of Sempra, SDG&E and SoCalGas in “Part I – Item 1A. Risk Factors” and “Part II – Item 2. MD&A – Capital Resources and Liquidity” in the Annual Report.

The credit ratings of Sempra, SDG&E and SoCalGas remained at investment grade levels in the first three months of 2023.

**CREDIT RATINGS AT MARCH 31, 2023**

	Sempra	SDG&E	SoCalGas
Moody's	Baa2 with a stable outlook	A3 with a stable outlook	A2 with a stable outlook
S&P	BBB+ with a stable outlook	BBB+ with a stable outlook	A with a stable outlook
Fitch	BBB+ with a stable outlook	BBB+ with a stable outlook	A with a stable outlook

A downgrade of Sempra's or any of its subsidiaries' credit ratings or rating outlooks may, depending on the severity, result in the imposition of financial or other burdensome covenants or a requirement for collateral to be posted in the case of certain financing arrangements and may materially and adversely affect the market prices of their equity and debt securities, the rates at which borrowings are made and commercial paper is issued, and the various fees on their outstanding credit facilities. This could make it more costly for Sempra, SDG&E, SoCalGas and Sempra's other subsidiaries to issue debt securities, to borrow under credit facilities and to raise certain other types of financing.

Sempra has agreed that, if the credit rating of Oncor's senior secured debt by any of the three major rating agencies falls below BBB (or the equivalent), Oncor will suspend dividends and other distributions (except for contractual tax payments), unless

otherwise allowed by the PUCT. Oncor's senior secured debt was rated A2, A+ and A at Moody's, S&P and Fitch, respectively, at March 31, 2023.

### *Loans to/from Affiliates*

At March 31, 2023, Sempra had \$319 million in loans due to unconsolidated affiliates.

### *Inflation Reduction Act of 2022*

The IRA was signed into law in August 2022. The IRA includes tax credits and other incentives for energy and climate initiatives and introduces a 15% corporate alternative minimum tax on adjusted financial statement income for tax years beginning after December 31, 2022. We do not currently expect the IRA to have a material adverse impact on Sempra's, SDG&E's or SoCalGas' results of operations, financial condition and/or cash flows. We will continue to assess the impacts of the IRA as the U.S. Department of the Treasury and the IRS issue guidance on tax implementation, and the U.S. Environmental Protection Agency and DOE issue guidance on energy and climate initiatives.

### *Sempra California*

SDG&E's and SoCalGas' operations have historically provided relatively stable earnings and liquidity. Their future performance and liquidity will depend primarily on the ratemaking and regulatory process, environmental regulations, economic conditions, actions by the California legislature, litigation and the changing energy marketplace, as well as other matters described in this report. SDG&E and SoCalGas expect that the available unused funds from their credit facilities described above, which also supports their commercial paper programs, cash flows from operations, and other incurrences of debt including issuing debt securities and obtaining term loans will continue to be adequate to fund their respective current operations and planned capital expenditures. SDG&E and SoCalGas manage their capital structures and pay dividends when appropriate and as approved by their respective boards of directors.

As we discuss in Note 4 of the Notes to Condensed Consolidated Financial Statements in this report and in Note 4 of the Notes to Consolidated Financial Statements in the Annual Report, changes in regulatory balancing accounts for significant costs at SDG&E and SoCalGas, particularly a change between over- and undercollected status, may have a significant impact on cash flows. These changes generally represent the difference between when costs are incurred and when they are ultimately recovered or refunded in rates through billings to customers.

### *SDG&E*

#### *Wildfire Fund*

The carrying value of SDG&E's Wildfire Fund asset totaled \$324 million at March 31, 2023. We describe the Wildfire Legislation and SDG&E's commitment to make annual shareholder contributions to the Wildfire Fund through 2028 in Note 1 of the Notes to Consolidated Financial Statements in the Annual Report.

SDG&E is exposed to the risk that the participating California electric IOUs may incur third-party wildfire costs for which they will seek recovery from the Wildfire Fund with respect to wildfires that have occurred since enactment of the Wildfire Legislation in July 2019. In such a situation, SDG&E may recognize a reduction of its Wildfire Fund asset and record an impairment charge against earnings when available coverage is reduced due to recoverable claims from any of the participating IOUs. Pacific Gas and Electric Company has indicated that it will seek reimbursement from the Wildfire Fund for losses associated with the Dixie Fire, which burned from July 2021 through October 2021 and was reported to be the largest single wildfire (measured by acres burned) in California history. If any California electric IOU's equipment is determined to be a cause of a fire, it could have a material adverse effect on SDG&E's and Sempra's financial condition and results of operations up to the carrying value of our Wildfire Fund asset, with additional potential material exposure if SDG&E's equipment is determined to be a cause of a fire. In addition, the Wildfire Fund could be completely exhausted due to fires in the other California electric IOUs' service territories, by fires in SDG&E's service territory or by a combination thereof. In the event that the Wildfire Fund is materially diminished, exhausted or terminated, SDG&E will lose the protection afforded by the Wildfire Fund, and as a consequence, a fire in SDG&E's service territory could have a material adverse effect on SDG&E's and Sempra's results of operations, financial condition, cash flows and/or prospects.

#### *Off-Balance Sheet Arrangements*

SDG&E has entered into PPAs and tolling agreements that are variable interests in unconsolidated entities. We discuss variable interests in Note 1 of the Notes to Condensed Consolidated Financial Statements.

## ***SoCalGas***

### *Aliso Canyon Natural Gas Storage Facility Gas Leak*

SoCalGas' future performance and liquidity may be impacted by the resolution of legal, regulatory and other matters pertaining to the Leak, which we discuss below and in Note 10 of the Notes to Condensed Consolidated Financial Statements in this report and in "Part I – Item 1A. Risk Factors" in the Annual Report.

**Insurance and Accounting and Other Impacts.** Since 2015, SoCalGas has incurred significant costs related to the Leak, including costs to defend against and settle civil litigation arising from the Leak. Other than insurance for directors' and officers' liability, we have exhausted all of our insurance for this matter. We continue to pursue other sources of insurance coverage for costs related to this matter, but we may not be successful in obtaining additional insurance recovery for any of these costs. At March 31, 2023, \$129 million is accrued in Reserve for Aliso Canyon Costs and \$3 million is accrued in Deferred Credits and Other on SoCalGas' and Sempra's Condensed Consolidated Balance Sheets.

Except for the amounts paid or estimated to settle certain legal and regulatory matters, the accruals do not include any amounts necessary to resolve the matters that we describe in "Litigation" and "Regulatory Proceedings" in Note 10 of the Notes to Condensed Consolidated Financial Statements, threatened litigation, other potential litigation or other costs, in each case to the extent it is not possible to predict at this time the outcome of these actions or reasonably estimate the possible costs or a range of possible costs. Further, we are not able to reasonably estimate the possible loss or a range of possible losses in excess of the amounts accrued, which could be significant.

An adverse outcome with respect to (i) the litigation we describe in Note 10 of the Notes to Condensed Consolidated Financial Statements under "Litigation," (ii) threatened or other potential litigation related to the Leak, (iii) the Leak OII that we discuss in Note 10 of the Notes to Condensed Consolidated Financial Statements, if approval of the negotiated settlement is not obtained, or (iv) the unresolved proceeding pursuant to the SB 380 OII that we discuss below, could have a material adverse effect on SoCalGas' and Sempra's results of operations, financial condition, cash flows and/or prospects.

**Natural Gas Storage Operations and Reliability.** Natural gas withdrawn from storage is important for service reliability during peak demand periods, including peak electric generation needs in the summer and consumer heating needs in the winter. The Aliso Canyon natural gas storage facility is the largest SoCalGas storage facility and an important component of SoCalGas' delivery system. In February 2017, the CPUC opened a proceeding pursuant to the SB 380 OII to determine the feasibility of minimizing or eliminating the use of the Aliso Canyon natural gas storage facility while still maintaining energy and electric reliability for the region, including considering alternative means for meeting or avoiding the demand for the facility's services if it were eliminated.

At March 31, 2023, the Aliso Canyon natural gas storage facility had a net book value of \$965 million. If the Aliso Canyon natural gas storage facility were to be permanently closed or if future cash flows from its operation were otherwise insufficient to recover its carrying value, we may record an impairment of the facility, which could be material, or we could incur materially higher than expected operating costs and/or be required to make material additional capital expenditures (any or all of which may not be recoverable in rates), and natural gas reliability and electric generation could be jeopardized.

## ***Sempra Texas Utilities***

Oncor relies on external financing as a significant source of liquidity for its capital requirements. In the event that Oncor fails to meet its capital requirements, access sufficient capital, or raise capital on favorable terms to finance its ongoing needs, we may elect to make additional capital contributions to Oncor (as our commitments to the PUCT prohibit us from making loans to Oncor), which could be substantial and reduce the cash available to us for other purposes, increase our indebtedness and ultimately materially adversely affect our results of operations, financial condition, cash flows and/or prospects. Oncor's ability to make distributions may be limited by factors such as its credit ratings, regulatory capital requirements, increases in its capital plan, debt-to-equity ratio approved by the PUCT and other restrictions and considerations. In addition, Oncor will not make distributions if a majority of Oncor's independent directors or any minority member director determines it is in the best interests of Oncor to retain such amounts to meet expected future requirements.

### *Capital Structure and Return on Equity*

On April 6, 2023, the PUCT issued a final order in Oncor's comprehensive base rate review. The final order sets Oncor's authorized ROE at 9.7%, a decrease from its previously authorized ROE of 9.8%, and maintains Oncor's authorized regulatory capital structure at 57.5% debt to 42.5% equity. The new rates became effective on May 1, 2023. The PUCT order is subject to motions for rehearing and appeals. On May 1, 2023, Oncor filed a motion for rehearing seeking reconsideration of certain exclusions from rates and seeking certain technical corrections.

### *Off-Balance Sheet Arrangement*

Our investment in Oncor Holdings is a variable interest in an unconsolidated entity. We discuss variable interests in Note 1 of the Notes to Condensed Consolidated Financial Statements.

### ***Sempra Infrastructure***

Sempra Infrastructure expects to fund capital expenditures, investments and operations in part with available funds, including credit facilities, and cash flows from operations of the Sempra Infrastructure businesses. We expect Sempra Infrastructure will require additional funding for the development and expansion of its portfolio of projects, which may be financed through a combination of funding from the parent and minority interest owners, bank financing, issuances of debt, project financing, partnering in JVs and asset sales.

In the three months ended March 31, 2023, Sempra Infrastructure distributed \$43 million to minority shareholders and minority shareholders contributed \$97 million to Sempra Infrastructure.

### *LNG and Net-Zero Solutions*

**Cameron LNG Phase 2 Project.** Cameron LNG JV is developing a proposed expansion project that would add one liquefaction train with an expected maximum production capacity of approximately 6.75 Mtpa and would increase the production capacity of the existing three trains at the Cameron LNG Phase 1 facility by up to approximately 1 Mtpa through debottlenecking activities. The Cameron LNG JV site can accommodate additional trains beyond the proposed Cameron LNG Phase 2 project.

Cameron LNG JV previously received major permits and FTA and non-FTA approvals associated with the potential expansion that included up to two additional liquefaction trains and up to two additional full containment LNG storage tanks. In March 2023, the FERC approved Cameron LNG JV's request to amend the permits to allow the use of electric drives, instead of gas turbine drives, which would reduce overall emissions. The amendment also allows the design to be changed from a two-train gas turbine expansion to a one-train electric drive expansion along with other design enhancements that, together, are expected to result in a more cost-effective and efficient facility, while also reducing overall GHG emissions.

Sempra Infrastructure and the other Cameron LNG JV members, namely affiliates of TotalEnergies SE, Mitsui & Co., Ltd. and Japan LNG Investment, LLC, a company jointly owned by Mitsubishi Corporation and Nippon Yusen Kabushiki Kaisha, have entered into an HOA for the potential development of the Cameron LNG Phase 2 project. The HOA provides a commercial framework for the proposed project, including the contemplated allocation to Sempra Infrastructure of 50.2% of the fourth train production capacity and 25% of the debottlenecking capacity from the project under tolling agreements. The HOA contemplates the remaining capacity to be allocated equally to the existing Cameron LNG Phase 1 facility customers. Sempra Infrastructure plans to sell the LNG corresponding to its allocated capacity from the proposed Cameron LNG Phase 2 project under long-term SPAs prior to making a final investment decision. The HOA is a non-binding arrangement. The ultimate participation in and offtake by Sempra Infrastructure, TotalEnergies SE, Mitsui & Co., Ltd. and Japan LNG Investment, LLC remain subject to negotiation and finalization of definitive agreements, among other factors, and the HOA does not commit any party to enter into definitive agreements with respect to the proposed Cameron LNG Phase 2 project.

Sempra Infrastructure, the other Cameron LNG JV members, and Cameron LNG JV have entered into a Phase 2 Project Development Agreement under which Sempra Infrastructure, subject to certain conditions and ongoing approvals by the Cameron LNG JV board, will manage and lead the Cameron LNG Phase 2 project development work until Cameron LNG JV makes a final investment decision.

Cameron LNG JV, upon the unanimous approval of the Cameron LNG JV board, awarded two FEED contracts, one to Bechtel and the other to a joint venture between JGC America Inc. and Zachry Industrial Inc. At the conclusion of the resulting competitive FEED process, we expect to select one contractor to be the EPC contractor for the proposed Cameron LNG Phase 2 project.

In connection with the execution of the Phase 2 Project Development Agreement and the award of the FEED contracts, the Cameron LNG JV board unanimously approved an expansion development budget to fund, subject to the terms of the Phase 2 Project Development Agreement, development work necessary to prepare for a potential final investment decision.

Cameron LNG JV has entered into an MOU with Entergy Louisiana, LLC, a subsidiary of Entergy Corporation, to negotiate the terms and conditions for a new electric service agreement intended to reduce Cameron LNG JV's scope 2 emissions from the electricity it purchases from Entergy Louisiana, LLC. The MOU sets forth a framework for Entergy Louisiana, LLC and Cameron LNG JV to finalize and sign a minimum 20-year agreement for the procurement of new renewable generation resources in Louisiana, subject to the ultimate approval of the Louisiana Public Service Commission and Cameron LNG JV. The MOU is a non-binding arrangement. The ultimate arrangement between Cameron LNG JV and Entergy Louisiana, LLC remains subject to



negotiation and finalization of definitive agreements, among other factors, and the MOU does not commit any party to enter into definitive agreements with respect to the proposed electric services agreement.

Sempra Infrastructure has entered into a non-binding HOA for the negotiation and potential finalization of a definitive 20-year SPA with ORLEN for 2 Mtpa of LNG offtake from the proposed Cameron LNG Phase 2 project. The ultimate participation in and offtake from the proposed project remains subject to negotiation and finalization of a definitive agreement, among other factors, and the HOA does not commit any party to enter into a definitive agreement with respect to the proposed project. Sempra Infrastructure also entered into a non-binding HOA with Williams for the negotiation of potential LNG offtake from, and feed gas supply to, the PA LNG Phase 2 project and Cameron LNG Phase 2 project that are under development, as well as a potential strategic JV related to the existing Cameron Interstate Pipeline and the proposed Port Arthur Pipeline Louisiana Connector. The term of this non-binding HOA ended in March 2023 and it terminated in accordance with its terms.

Expansion of the Cameron LNG Phase 1 facility beyond the first three trains is subject to certain restrictions and conditions under the JV project financing agreements, including among others, scope restrictions on expansion of the project unless appropriate prior consent is obtained from the existing project lenders. Under the Cameron LNG JV equity agreements, the expansion of the project requires the unanimous consent of all the partners, including with respect to the equity investment obligation of each partner. Working under the framework established in the Phase 2 Project Development Agreement, Sempra Infrastructure and the other Cameron LNG JV members have been targeting completing the FEED work in the summer of 2023. We plan to invest additional time upfront to reduce construction risk and project costs and optimize construction timing. This process may take additional time beyond the summer, and we would expect to be in a position to make a final investment decision after completing both the FEED process and securing project financing. The timing of when or if Cameron LNG JV will receive approval from the existing project lenders to conduct the expansion under its financing agreements is uncertain, and there is no assurance that Sempra Infrastructure will complete the necessary development work or that the Cameron LNG JV members will unanimously agree in a timely manner or at all on making a final investment decision, which, if not accomplished, would materially and adversely impact the development of the Cameron LNG Phase 2 project.

Development of the proposed Cameron LNG Phase 2 project is subject to numerous risks and uncertainties, including securing binding customer commitments; reaching unanimous agreement with our partners to proceed; obtaining and maintaining permits and regulatory approvals; securing certain consents under the existing financing agreements and obtaining sufficient new financing; negotiating, completing and maintaining suitable commercial agreements, including definitive EPC, tolling and governance agreements; reaching a positive final investment decision; and other factors associated with this potential investment. For a discussion of these risks, see “Part I – Item 1A. Risk Factors” in the Annual Report.

**ECA LNG Phase 1 Project.** SI Partners owns an 83.4% interest in ECA LNG Phase 1, and an affiliate of TotalEnergies SE owns the remaining 16.6% interest. ECA LNG Phase 1 is constructing a one-train natural gas liquefaction facility at the site of Sempra Infrastructure’s existing ECA Regas Facility with a nameplate capacity of 3.25 Mtpa and an initial offtake capacity of 2.5 Mtpa. We do not expect the construction or operation of the ECA LNG Phase 1 project to disrupt operations at the ECA Regas Facility, and have planned measures to limit disruption of operations should any arise. We expect the ECA LNG Phase 1 project to commence commercial operations in the summer of 2025.

We received authorizations from the DOE to export U.S.-produced natural gas to Mexico and to re-export LNG to non-FTA countries from the ECA LNG Phase 1 project. ECA LNG Phase 1 has definitive 20-year SPAs with an affiliate of TotalEnergies SE for approximately 1.7 Mtpa of LNG and with Mitsui & Co., Ltd. for approximately 0.8 Mtpa of LNG.

In February 2020, we entered into an EPC contract with Technip Energies for the ECA LNG Phase 1 project. Since reaching a positive final investment decision with respect to the project in November 2020, Technip Energies has been working to construct the ECA LNG Phase 1 project. We estimate the total price of the EPC contract to be approximately \$1.5 billion, with capital expenditures approximating \$2 billion including capitalized interest and project contingency. The actual cost of the EPC contract and the actual amount of these capital expenditures may differ substantially from our estimates.

ECA LNG Phase 1 has a five-year loan agreement with a syndicate of seven external lenders that matures in December 2025 for an aggregate principal amount of up to \$1.3 billion, of which \$634 million was outstanding at March 31, 2023. Proceeds from the loan are being used to finance the cost of construction of the ECA LNG Phase 1 project. We discuss the details of this loan in Note 6 of the Notes to Condensed Consolidated Financial Statements in this report and in Note 7 of the Notes to Consolidated Financial Statements in the Annual Report.

Construction of the ECA LNG Phase 1 project is subject to numerous risks and uncertainties, including maintaining permits and regulatory approvals; construction delays; negotiating, completing and maintaining suitable commercial agreements, including definitive gas supply and transportation agreements; the impact of recent and proposed changes to the law in Mexico; as we discuss in Note 10 of the Notes to Condensed Consolidated Financial Statements, an unfavorable decision on certain property

disputes and permit challenges that could materially adversely affect construction of this project; and other factors associated with the project and its construction. An unfavorable outcome with respect to any of these factors could have a material adverse effect on Sempra's results of operations, financial condition, cash flows and/or prospects, including the impairment of all or a substantial portion of the capital costs invested in the project to date. For a discussion of these risks, see "Part I – Item 1A. Risk Factors" in the Annual Report.

**ECA LNG Phase 2 Project.** Sempra Infrastructure is developing a second, large-scale natural gas liquefaction project at the site of its existing ECA Regas Facility. We expect the proposed ECA LNG Phase 2 project to be comprised of two trains and one LNG storage tank and produce approximately 12 Mtpa of export capacity. We expect that construction of the proposed ECA LNG Phase 2 project would conflict with the current operations at the ECA Regas Facility, which currently has long-term regasification contracts for 100% of the regasification facility's capacity through 2028. This makes the decisions on whether, when and how to pursue the proposed ECA LNG Phase 2 project dependent in part on whether the investment in a large-scale liquefaction facility would, over the long term, be more beneficial financially than continuing to supply regasification services under our existing contracts.

We received authorizations from the DOE to export U.S.-produced natural gas to Mexico and to re-export LNG to non-FTA countries from the proposed ECA LNG Phase 2 project.

We have MOUs and/or HOAs with Mitsui & Co., Ltd., TotalEnergies SE, and ConocoPhillips that provide a framework for their potential offtake of LNG from the proposed ECA LNG Phase 2 project and potential acquisition of an equity interest in ECA LNG Phase 2. These MOUs and HOAs are non-binding arrangements. The ultimate participation in and offtake by these parties remains subject to negotiation and finalization of definitive agreements, among other factors, and the MOUs and HOAs do not commit any party to enter into definitive agreements with respect to the proposed ECA LNG Phase 2 project.

Development of the proposed ECA LNG Phase 2 project is subject to numerous risks and uncertainties, including securing binding customer commitments; obtaining and maintaining permits and regulatory approvals; obtaining financing; negotiating, completing and maintaining suitable commercial agreements, including definitive EPC, equity acquisition, governance, LNG sales, gas supply and transportation agreements; reaching a positive final investment decision; the impact of recent and proposed changes to the law in Mexico; the property disputes and permit challenges that we reference in the ECA LNG Phase 1 project discussion above; and other factors associated with this potential investment. For a discussion of these risks, see "Part I – Item 1A. Risk Factors" in the Annual Report.

**PA LNG Phase 1 Project.** Since making a positive final investment decision in March 2023, Sempra Infrastructure is constructing a natural gas liquefaction project on a greenfield site that it owns in the vicinity of Port Arthur, Texas, located along the Sabine-Neches waterway. The PA LNG Phase 1 project will consist of two liquefaction trains, two LNG storage tanks, a marine berth and associated loading facilities and related infrastructure necessary to provide liquefaction services with a nameplate capacity of approximately 13 Mtpa and an initial offtake capacity of approximately 10.5 Mtpa. We expect the first and second trains of the PA LNG Phase 1 project to commence commercial operations in 2027 and 2028, respectively.

In April 2019, the FERC approved the siting, construction and operation of the PA LNG Phase 1 project facilities, along with certain natural gas pipelines, including the Port Arthur Pipeline Louisiana Connector and Texas Connector, that could be used to supply feed gas to the liquefaction facility when the project is completed. Sempra Infrastructure received authorizations from the DOE in August 2015 and May 2019 that collectively permit the LNG to be produced from the PA LNG Phase 1 project to be exported to all current and future FTA and non-FTA countries.

Sempra Infrastructure has definitive SPAs for LNG offtake from the PA LNG Phase 1 project with:

- an affiliate of ConocoPhillips for a 20-year term for 5 Mtpa of LNG, as well as a natural gas supply management agreement whereby an affiliate of ConocoPhillips will manage the feed gas supply requirements for the facility.
- RWE Supply & Trading GmbH, a subsidiary of RWE AG, for a 15-year term for 2.25 Mtpa of LNG.
- INEOS for a 20-year term for approximately 1.4 Mtpa of LNG.
- ORLEN for a 20-year term for approximately 1 Mtpa of LNG.
- ENGIE S.A. for a 15-year term for approximately 0.875 Mtpa of LNG.

In February 2020, we entered into an EPC contract, as amended and restated in October 2022, with Bechtel for the PA LNG Phase 1 project. On March 20, 2023, we issued a final notice to proceed under the EPC contract, which has an estimated price of approximately \$10.7 billion after change orders. We estimate the capital expenditures for the PA LNG Phase 1 project will be approximately \$13 billion including capitalized interest at the project level and project contingency. The actual cost of the EPC contract and the actual amount of these capital expenditures may differ substantially from our estimates.



As we discuss in Note 1 of the Notes to Condensed Consolidated Financial Statements, on March 20, 2023, an indirect subsidiary of SI Partners completed the sale of an indirect 30% NCI in the PA LNG Phase 1 project to an affiliate of ConocoPhillips for aggregate cash consideration of approximately \$265 million, subject to customary post-closing adjustments. We intend to use the proceeds from this sale for capital expenditures and other general corporate purposes. In connection with this sale, both SI Partners and ConocoPhillips provided guarantees relating to their respective affiliate's commitment to make its pro rata equity share of capital contributions to fund 110% of the development budget of the PA LNG Phase 1 project, in an aggregate amount of up to \$9.0 billion. SI Partners' guarantee covers 70% of this amount plus enforcement costs of its guarantee.

Also, on March 20, 2023, an indirect subsidiary of SI Partners entered into an agreement for the sale to KKR Denali of an indirect interest of a minimum of 25% and up to 48.65% in the PA LNG Phase 1 project for aggregate cash consideration of a minimum of \$64 million for a 25% indirect interest and up to \$125 million for the full 48.65% indirect interest, plus KKR Denali's pro rata equity share of development costs incurred prior to the closing that exceed \$439 million, subject to customary post-closing adjustments. We intend to use the proceeds from this sale for capital expenditures and other general corporate purposes. We are targeting the closing of the sale of NCI to KKR Denali in the summer of 2023, subject to regulatory approvals and other customary closing conditions. If the closing conditions are satisfied and KKR Denali fails to complete the closing, then KKR Denali must pay a termination fee of \$130 million.

Following completion of the sale of NCI to the ConocoPhillips affiliate and subject to closing the sale of NCI to KKR Denali, Sempra would hold an indirect interest in the PA LNG Phase 1 project of between 14.9% and 31.5%, depending on the amount of KKR Denali's investment at closing.

As we discuss in Note 6 of the Notes to Condensed Consolidated Financial Statements, on March 20, 2023, Port Arthur LNG entered into a seven-year term loan facility agreement with a syndicate of 21 external lenders for an aggregate principal amount of approximately \$6.8 billion and an initial working capital facility agreement with four lenders for up to \$200 million. The facilities mature on March 20, 2030. Proceeds from the loans will be used to finance the cost of construction of the PA LNG Phase 1 project. At March 31, 2023, \$215 million of borrowings were outstanding under the term loan facility agreement.

Construction of the PA LNG Phase 1 project is subject to numerous risks and uncertainties, including maintaining permits and regulatory approvals; construction delays; negotiating, completing and maintaining suitable commercial agreements, including definitive gas supply and transportation agreements; and other factors associated with the project and its construction. An unfavorable outcome with respect to any of these factors could have a material adverse effect on Sempra's results of operations, financial condition, cash flows and/or prospects, including the impairment of all or a substantial portion of the capital costs invested in the project to date. For a discussion of these risks, see "Part I – Item 1A. Risk Factors" in the Annual Report.

**PA LNG Phase 2 Project.** Sempra Infrastructure is developing a second phase of the natural gas liquefaction project that we expect will be a similar size to the PA LNG Phase 1 project. We are progressing the development of the proposed PA LNG Phase 2 project, while continuing to evaluate overall opportunities to develop the entirety of the Port Arthur site as well as potential design changes that could reduce overall emissions, including a facility design utilizing renewable power sourcing and other technological solutions.

In February 2020, Sempra Infrastructure filed an application, subject to approval by the FERC, for the siting, construction and operation of the proposed PA LNG Phase 2 project, including the potential addition of up to two liquefaction trains. Also in February 2020, Sempra Infrastructure filed an application with the DOE to permit LNG produced from the proposed PA LNG Phase 2 project to be exported to all current and future FTA and non-FTA countries.

Sempra Infrastructure has entered into a non-binding HOA for the negotiation and potential finalization of a definitive SPA with INEOS for approximately 0.2 Mtpa of LNG offtake from the proposed PA LNG Phase 2 project. The ultimate participation in and offtake from the proposed project remains subject to negotiation and finalization of a definitive agreement, among other factors, and the HOA does not commit any party to enter into a definitive agreement with respect to the proposed project.

Development of the proposed PA LNG Phase 2 project is subject to numerous risks and uncertainties, including securing binding customer commitments; identifying suitable project and equity partners; obtaining and maintaining permits and regulatory approvals, including approval from the FERC; obtaining financing; negotiating, completing and maintaining suitable commercial agreements, including definitive EPC, equity acquisition, governance, LNG sales, gas supply and transportation agreements; reaching a positive final investment decision; and other factors associated with this potential investment. For a discussion of these risks, see "Part I – Item 1A. Risk Factors" in the Annual Report.

**Vista Pacifico LNG Liquefaction Project.** Sempra Infrastructure is developing Vista Pacifico LNG, a potential natural gas liquefaction, storage, and mid-scale export facility proposed to be located in the vicinity of Topolobampo in Sinaloa, Mexico, under an MOU with the CFE, which was subsequently updated in July 2022, that contemplates the negotiation of definitive agreements that would cover development of Vista Pacifico LNG and the re-routing of a portion of the Guaymas-El Oro segment

of the Sonora pipeline and resumption of its operations. The proposed LNG export terminal would be supplied with U.S. natural gas and would use excess natural gas and pipeline capacity on existing pipelines in Mexico with the intent of helping to meet growing demand for natural gas and LNG in the Mexican and Pacific markets.

Sempra Infrastructure received authorization from the DOE to permit the export of U.S.-produced natural gas to Mexico and for LNG produced from the proposed Vista Pacifico LNG facility to be re-exported to all current and future FTA countries in April 2021 and non-FTA countries in December 2022.

In March 2022, TotalEnergies SE and Sempra Infrastructure entered into an MOU that contemplates TotalEnergies SE potentially contracting approximately one-third of the long-term export production of the proposed Vista Pacifico LNG project and potentially participating as a minority partner in the project.

The MOUs related to the proposed Vista Pacifico LNG project are non-binding arrangements. The ultimate participation in and offtake from the proposed project remain subject to negotiation and finalization of definitive agreements, among other factors, and the MOUs do not commit any party to enter into definitive agreements with respect to the project.

Development of the proposed Vista Pacifico LNG project is subject to numerous risks and uncertainties, including securing binding customer commitments; identifying suitable project and equity partners; obtaining and maintaining permits and regulatory approvals; obtaining financing; negotiating, completing and maintaining suitable commercial agreements, including definitive EPC, equity acquisition, governance, LNG sales, gas supply and transportation agreements; reaching a positive final investment decision; the impact of recent and proposed changes to the law in Mexico; and other factors associated with this potential investment. For a discussion of these risks, see “Part I – Item 1A. Risk Factors” in the Annual Report.

**Hackberry Carbon Sequestration Project.** Sempra Infrastructure is developing the potential Hackberry Carbon Sequestration project near Hackberry, Louisiana. This proposed project under development is designed to permanently sequester carbon dioxide from the Cameron LNG Phase 1 facility and the proposed Cameron LNG Phase 2 project. In the third quarter of 2021, Sempra Infrastructure filed an application with the EPA for a Class VI carbon injection well to advance this project.

In May 2022, Sempra Infrastructure, TotalEnergies SE, Mitsui & Co., Ltd. and Mitsubishi Corporation signed a Participation Agreement for the development of the proposed Hackberry Carbon Sequestration project. The Participation Agreement contemplates that the combined Cameron LNG Phase 1 facility and proposed Cameron LNG Phase 2 project would potentially serve as the anchor source for the capture and sequestration of carbon dioxide by the proposed project. It also provides the basis for the parties to enter into a JV with Sempra Infrastructure for the Hackberry Carbon Sequestration project.

Development of the proposed Hackberry Carbon Sequestration project is subject to numerous risks and uncertainties, including securing binding customer commitments; obtaining required consents from the Cameron LNG JV members; identifying suitable project and equity partners; obtaining and maintaining permits and regulatory approvals; obtaining financing; negotiating, completing and maintaining suitable commercial agreements, including definitive EPC, equity acquisition and governance agreements; reaching a positive final investment decision; and other factors associated with this potential investment. For a discussion of these risks, see “Part I – Item 1A. Risk Factors” in the Annual Report.

**Off-Balance Sheet Arrangements.** Our investment in Cameron LNG JV is a variable interest in an unconsolidated entity. We discuss variable interests in Note 1 of the Notes to Condensed Consolidated Financial Statements.

In June 2021, Sempra provided a promissory note, which constitutes a guarantee, for the benefit of Cameron LNG JV with a maximum exposure to loss of \$165 million. The guarantee will terminate upon full repayment of Cameron LNG JV’s debt, scheduled to occur in 2039, or replenishment of the amount withdrawn by Sempra Infrastructure from the SDSRA. We discuss this guarantee in Note 5 of the Notes to Condensed Consolidated Financial Statements.

In July 2020, Sempra entered into a Support Agreement, which contains a guarantee and represents a variable interest, for the benefit of CFIN with a maximum exposure to loss of \$979 million. The guarantee will terminate upon full repayment of the guaranteed debt by 2039, including repayment following an event in which the guaranteed debt is put to Sempra. We discuss this guarantee in Notes 1, 5 and 8 of the Notes to Condensed Consolidated Financial Statements.

### *Energy Networks*

**Sonora Pipeline.** Sempra Infrastructure’s Sonora natural gas pipeline consists of two segments, the Sasabe-Puerto Libertad-Guaymas segment and the Guaymas-El Oro segment. Each segment has its own service agreement with the CFE.

A portion of the Guaymas-El Oro segment of the Sonora natural gas pipeline crosses into territory owned by the Yaqui tribe who, with the exception of some members living in the BÁCUM community, granted its consent and a right-of-way easement agreement for the pipeline in its territory. Following the start of commercial operations of the Guaymas-El Oro segment, Sempra

Infrastructure reported damage to the pipeline in the Yaqui territory that has made that section inoperable since August 2017. Legal challenges raised by representatives of the B́acum community, which we discuss in Note 10 of the Notes to Condensed Consolidated Financial Statements, have prevented Sempra Infrastructure from making repairs to put the pipeline back in service. Such legal challenges were definitively resolved in March 2023 based on the agreement by the CFE and Sempra Infrastructure to re-route the portion of the pipeline that is in the Yaqui territory.

Discussions with the CFE regarding the future of the pipeline are underway in accordance with a non-binding MOU announced in January 2022 that, among other matters, addresses efforts to proceed with re-routing a portion of the pipeline, which will require either an extension of the service start date, as discussed below, or a separate definitive arrangement between Sempra Infrastructure and the CFE concerning the restarting of service on the pipeline. In July 2022, Sempra Infrastructure and the CFE entered into a Shareholders' Agreement that establishes a framework for a JV between the parties to work on restarting service on the pipeline, including the re-routing of a portion of the pipeline. This agreement is subject to a number of conditions to be satisfied before it becomes effective, including regulatory and corporate authorizations.

In September 2019, Sempra Infrastructure and the CFE reached an agreement to modify the tariff structure and extend the term of the contract by 10 years. Under the revised agreement, the CFE will resume making payments only when the damaged section of the Guaymas-El Oro segment of the Sonora pipeline is back in service. If the parties do not agree on a definitive arrangement to re-route a portion of the pipeline or the parties do not agree on a new service start date by May 31, 2023, Sempra Infrastructure retains the right to terminate the contract and seek to recover its reasonable and documented costs and lost profits.

At March 31, 2023, Sempra Infrastructure had \$417 million in PP&E, net, related to the Guaymas-El Oro segment of the Sonora pipeline, which could be subject to impairment if Sempra Infrastructure is unable to re-route a portion of the pipeline (which has not been agreed to by the parties, but is subject to negotiation pursuant to a non-binding MOU and a Shareholders' Agreement, as described above) and resume operations or if Sempra Infrastructure terminates the contract and is unable to obtain recovery, which in each case could have a material adverse effect on Sempra's business, results of operations, financial condition, cash flows and/or prospects.

**Construction Projects.** In May 2022, Sempra Infrastructure substantially completed construction of a terminal for the receipt, storage, and delivery of refined products in Topolobampo, at which time commissioning activities commenced. We expect the Topolobampo terminal will commence commercial operations in the fourth quarter of 2023, subject to receipt of the CRE's approval of the regulated rates.

Sempra Infrastructure is also developing terminals for the receipt, storage, and delivery of refined products in the vicinity of Manzanillo and Ensenada.

The ability to successfully complete major construction projects is subject to a number of risks and uncertainties. For a discussion of these risks and uncertainties, see "Part I – Item 1A. Risk Factors" in the Annual Report.

### *Legal and Regulatory Matters*

See Note 10 of the Notes to Condensed Consolidated Financial Statements in this report and "Part I – Item 1A. Risk Factors" in the Annual Report for discussions of the following legal and regulatory matters affecting our operations in Mexico:

#### **Energía Costa Azul**

- [Land Disputes](#)
- [Environmental and Social Impact Permits](#)

One or more unfavorable final decisions on these land disputes or environmental and social impact permit challenges could materially adversely affect our existing natural gas regasification operations and proposed natural gas liquefaction projects at the site of the ECA Regas Facility and have a material adverse effect on Sempra's business, results of operations, financial condition, cash flows and/or prospects.

#### **Regulatory and Other Actions by the Mexican Government**

- [Amendments to Mexico's Hydrocarbons Law](#)
- [Amendments to Mexico's Electricity Industry Law](#)

Sempra Infrastructure and other parties affected by these amendments to Mexican law have challenged them by filing amparo and other claims, some of which remain pending. An unfavorable decision on one or more of these amparo or other challenges, the impact of the amendments that have become effective (due to unsuccessful amparo challenges or otherwise), or the possibility of future reforms to the energy industry through additional amendments to Mexican laws, regulations or rules (including through

amendments to the constitution) may impact our ability to operate our facilities at existing levels or at all, may result in increased costs for Sempra Infrastructure and its customers, may adversely affect our ability to develop new projects, may result in decreased revenues and cash flows, and may negatively impact our ability to recover the carrying values of our investments in Mexico, any of which may have a material adverse effect on Sempra's business, results of operations, financial condition, cash flows and/or prospects.

## SOURCES AND USES OF CASH

The following tables include only significant changes in cash flow activities for each of our registrants.

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<i>(Dollars in millions)</i>			
Three months ended March 31,	Sempra	SDG&E	SoCalGas
2023	\$ 1,980	\$ 372	\$ 326
2022	1,607	670	741
Change	\$ 373	\$ (298)	\$ (415)
Change in net margin posted	\$ 601	\$ (68)	\$ (26)
Change in income taxes receivable/payable, net	172	(42)	
Higher net income, adjusted for noncash items included in earnings	167	47	100
Change in regulatory liabilities	(32)	(32)	
Net decrease in Reserve for Aliso Canyon Costs, due to \$90 lower accruals offset by \$17 lower payments	(73)		(73)
Change in accounts receivable	(104)	(69)	(256)
Change in net undercollected regulatory balancing accounts (including long-term amounts in regulatory assets)	(178)		(164)
Change in accounts payable	(268)	(118)	
Other	88	(16)	4
	\$ 373	\$ (298)	\$ (415)

<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<i>(Dollars in millions)</i>			
Three months ended March 31,	Sempra	SDG&E	SoCalGas
2023	\$ (1,895)	\$ (613)	\$ (458)
2022	(1,290)	(552)	(468)
Change	\$ (605)	\$ (61)	\$ 10
(Increase) decrease in capital expenditures	\$ (626)	\$ (72)	\$ 10
Other	21	11	
	\$ (605)	\$ (61)	\$ 10

**CASH FLOWS FROM FINANCING ACTIVITIES**
*(Dollars in millions)*

Three months ended March 31,	Sempra	SDG&E	SoCalGas
2023	\$ 151	\$ 570	\$ 118
2022	1,638	385	303
Change	\$ (1,487)	\$ 185	\$ (185)
Lower issuances of long-term debt	\$ (2,693)	\$ (403)	\$ (697)
(Higher) lower payments for commercial paper and other short-term debt with maturities greater than 90 days	(572)	375	
Higher payments on long-term debt and finance leases	(183)		
Settlement of cross-currency swaps	(99)		
Higher contributions from noncontrolling interests	91		
Lower repurchases of common stock	195		
Higher proceeds from sales of noncontrolling interests	252		
Higher issuances of short-term debt with maturities greater than 90 days	656		
Change in borrowings and repayments of short-term debt, net	888	196	508
Other	(22)	17	4
	\$ (1,487)	\$ 185	\$ (185)

**Capital Expenditures and Investments**
**EXPENDITURES FOR PP&E AND INVESTMENTS**
*(Dollars in millions)*

	Three months ended March 31,	
	2023	2022
SDG&E	\$ 624	\$ 552
SoCalGas	458	468
Sempra Texas Utilities	85	85
Sempra Infrastructure	744	182
Parent and other	4	2
Total	\$ 1,915	\$ 1,289

Having reached a positive final investment decision for the PA LNG Phase 1 project and Oncor having received a final order from the PUCT in its comprehensive base rate review, we have updated our expected capital expenditures and investments from what we disclosed in “Part II – Item 7. MD&A – Capital Resources and Liquidity” in the Annual Report.

From 2023 through 2027, and subject to the factors described below, which could cause these estimates to vary substantially, Sempra expects to make aggregate capital expenditures and investments of approximately \$38.6 billion (which excludes capital expenditures that will be funded by unconsolidated entities), as follows: \$11.6 billion at SDG&E, \$9.8 billion at SoCalGas, \$2.5 billion at Sempra Texas Utilities and \$14.7 billion at Sempra Infrastructure. Capital expenditure amounts include capitalized interest and AFUDC related to debt.

In 2023, we expect to make capital expenditures and investments of approximately \$9.2 billion (which excludes capital expenditures that will be funded by unconsolidated entities), which is an increase from the \$5.7 billion projected in “Part II – Item 7. MD&A – Capital Resources and Liquidity” in the Annual Report. The increase is primarily attributable to an increase of \$3.4 billion at Sempra Infrastructure related to the PA LNG Phase 1 project and approximately \$100 million at Sempra Texas Utilities.

We expect the majority of our capital expenditures and investments in 2023 will relate to transmission and distribution improvements at our regulated public utilities, and construction of the PA LNG Phase 1 project, ECA LNG Phase 1 liquefaction project and natural gas pipelines at Sempra Infrastructure.

Our level of capital expenditures and investments in the next few years may vary substantially and will depend on, among other things, the cost and availability of financing, regulatory approvals, changes in U.S. federal tax law and business opportunities providing desirable rates of return. See “Part I – Item 1A. Risk Factors” in the Annual Report for a discussion of these and other factors that could affect future levels of our capital expenditures and investments. We intend to finance our capital expenditures in a manner that will maintain our investment-grade credit ratings and capital structure, but there is no guarantee that we will be able to do so.

## CRITICAL ACCOUNTING ESTIMATES

Management views certain accounting estimates as critical because their application is the most relevant, judgmental and/or material to our financial position and results of operations, and/or because they require the use of material judgments and estimates. We discuss critical accounting estimates in “Part II – Item 7. MD&A” in the Annual Report.

## NEW ACCOUNTING STANDARDS

We discuss any recent accounting pronouncements that have had or may have a significant effect on our financial statements and/or disclosures in Note 2 of the Notes to Condensed Consolidated Financial Statements.

## ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We provide disclosure regarding derivative activity in Note 7 of the Notes to Condensed Consolidated Financial Statements. We discuss our market risk and risk policies in detail in “Part II – Item 7A. Quantitative and Qualitative Disclosures About Market Risk” in the Annual Report.

### COMMODITY PRICE RISK

Sempra Infrastructure is exposed to commodity price risk indirectly through its LNG, natural gas pipelines and storage, and power-generating assets. In the first three months of 2023, a hypothetical 10% change in commodity prices would have resulted in a change in the fair value of our commodity-based natural gas and electricity derivatives of \$23 million at March 31, 2023 compared to \$24 million at December 31, 2022.

The one-day value at risk for SDG&E and SoCalGas’ commodity positions were \$10 million and negligible, respectively, at March 31, 2023 compared to \$25 million and \$2 million, respectively, at December 31, 2022.

### INTEREST RATE RISK

The table below shows the nominal amount of our debt:

<b>NOMINAL AMOUNT OF DEBT<sup>(1)</sup></b>						
<i>(Dollars in millions)</i>						
	March 31, 2023			December 31, 2022		
	Sempra	SDG&E	SoCalGas	Sempra	SDG&E	SoCalGas
<b>Short-term:</b>						
Sempra California	\$ 1,023	\$ —	\$ 1,023	\$ 1,105	\$ 205	\$ 900
Other	2,016	—	—	2,247	—	—
<b>Long-term:</b>						
Sempra California fixed-rate	\$ 13,959	\$ 8,200	\$ 5,759	\$ 13,159	\$ 7,400	\$ 5,759
Sempra California variable-rate	700	400	300	700	400	300
Other fixed-rate	10,078	—	—	10,079	—	—
Other variable-rate	649	—	—	575	—	—

<sup>(1)</sup> After the effects of interest rate swaps. Before reductions for unamortized discount and debt issuance costs and excluding finance lease obligations.

An interest rate risk sensitivity analysis measures interest rate risk by calculating the estimated changes in earnings that would result from a hypothetical change in market interest rates. Earnings are affected by changes in interest rates on short-term debt and variable-rate long-term debt. If weighted-average interest rates on short-term debt outstanding at March 31, 2023 increased or decreased by 10%, the change in earnings over the 12-month period ending March 31, 2024 would be approximately \$12 million. If interest rates increased or decreased by 10% on all variable-rate long-term debt at March 31, 2023, after considering the effects of interest rate swaps, the change in earnings over the 12-month period ending March 31, 2024 would be approximately \$6 million.

## **FOREIGN CURRENCY EXCHANGE RATE RISK AND INFLATION EXPOSURE**

We discuss our foreign currency exchange rate risk and inflation exposure in “Part I – Item 2. MD&A – Impact of Foreign Currency and Inflation Rates on Results of Operations” in this report and in “Part II – Item 7. MD&A – Impact of Foreign Currency and Inflation Rates on Results of Operations” in the Annual Report. At March 31, 2023, there were no significant changes to our exposure to foreign currency rate risk since December 31, 2022.

In 2022 and 2023 to date, SDG&E and SoCalGas have experienced inflationary pressures from increases in various costs, including the cost of natural gas, electric fuel and purchased power, labor, materials and supplies, as well as availability of labor and materials. Sempra Texas Utilities has experienced increased costs of labor and materials and does not have specific regulatory mechanisms that allow for recovery of higher costs due to inflation; rather, recovery is limited to rate updates through capital trackers and base rate reviews, which may result in partial non recovery due to the regulatory lag. If such costs continue to be subject to significant inflationary pressures and we are not able to fully recover such higher costs in rates or there is a delay in recovery, these increased costs may have a significant effect on Sempra’s, SDG&E’s and SoCalGas’ results of operations, financial condition, cash flows and/or prospects.

Sempra Infrastructure has experienced inflationary pressures from increases in various costs, including the cost of labor, materials and supplies. Sempra Infrastructure generally secures long-term contracts that are U.S. dollar-denominated or referenced and are periodically adjusted for market factors, including inflation, and Sempra Infrastructure generally enters into lump-sum contracts for its large construction projects in which much of the risk during construction is absorbed or hedged by the EPC contractor. If additional costs become subject to significant inflationary pressures, we may not be able to fully recover such higher costs through contractual adjustments for inflation, which may have a significant effect on Sempra’s results of operations, financial condition, cash flows and/or prospects.

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## **ITEM 4. CONTROLS AND PROCEDURES**

### **EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES**

Sempra, SDG&E and SoCalGas maintain disclosure controls and procedures designed to ensure that information required to be disclosed in their respective reports filed or submitted under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and is accumulated and communicated to the management of each company, including each respective principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure. In designing and evaluating these controls and procedures, the management of each company recognizes that any system of controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives; therefore, the management of each company applies judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Under the supervision and with the participation of the principal executive officers and principal financial officers of Sempra, SDG&E and SoCalGas, each such company’s management evaluated the effectiveness of the design and operation of its disclosure controls and procedures as of March 31, 2023, the end of the period covered by this report. Based on these evaluations, the principal executive officers and principal financial officers of Sempra, SDG&E and SoCalGas concluded that their respective company’s disclosure controls and procedures were effective at the reasonable assurance level as of such date.



## **INTERNAL CONTROL OVER FINANCIAL REPORTING**

There have been no changes in Sempra's, SDG&E's or SoCalGas' internal control over financial reporting during the most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, any such company's internal control over financial reporting.

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## **PART II – OTHER INFORMATION**

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### **ITEM 1. LEGAL PROCEEDINGS**

We are not party to, and our property is not the subject of, any material pending legal proceedings (other than ordinary routine litigation incidental to our businesses) except for the matters (1) described in Notes 9 and 10 of the Notes to Consolidated Financial Statements in this report and in Notes 15 and 16 of the Notes to Consolidated Financial Statements in the Annual Report, or (2) referred to in "Part I – Item 2. MD&A" in this report or in "Part I – Item 1A. Risk Factors" or "Part II – Item 7. MD&A" in the Annual Report.

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### **ITEM 1A. RISK FACTORS**

When evaluating our company and its subsidiaries and any investment in our or their securities, you should consider carefully the risk factors and all other information contained in this report and in the other documents we file with the SEC (including those filed subsequent to this report), including the factors discussed in "Part I – Item 2. MD&A" in this report and "Part I – Item 1A. Risk Factors" and "Part II – Item 7. MD&A" in the Annual Report. Any of the risks and other information discussed in this report or any of the risk factors discussed in "Part I – Item 1A. Risk Factors" or "Part II – Item 7. MD&A" in the Annual Report, as well as additional risks and uncertainties not currently known to us or that we currently deem to be immaterial, could materially adversely affect our results of operations, financial condition, cash flows, prospects and/or the trading prices of our securities or those of our subsidiaries.



ITEM 6. EXHIBITS

The exhibits listed below relate to each registrant as indicated. Unless otherwise indicated, the exhibits that are incorporated by reference herein were filed under File Number 1-14201 (Sempra Energy), File Number 1-40 (Pacific Lighting Corporation), File Number 1-03779 (San Diego Gas & Electric Company) and/or File Number 1-01402 (Southern California Gas Company).

**EXHIBIT INDEX**

Exhibit Number	Exhibit Description	Filed or Furnished Herewith	Incorporated by Reference		
			Form	Exhibit or Appendix	Filing Date
<b>EXHIBIT 3 -- ARTICLES OF INCORPORATION AND BYLAWS</b>					
<i>Sempra Energy</i>					
3.1	<a href="#">Amended and Restated Articles of Incorporation of Sempra Energy effective May 23, 2008.</a>		10-K	3.1	02/27/20
3.2	<a href="#">Bylaws of Sempra Energy (as amended through April 14, 2020).</a>		8-K	3.1	04/14/20
3.3	<a href="#">Certificate of Determination of Preferences of the 6% Mandatory Convertible Preferred Stock, Series A, of Sempra Energy (including the form of certificate representing the 6% Mandatory Convertible Preferred Stock, Series A), filed with the Secretary of State of the State of California and effective January 5, 2018.</a>		8-K	3.1	01/09/18
3.4	<a href="#">Certificate of Determination of Preferences of the 6.75% Mandatory Convertible Preferred Stock, Series B, of Sempra Energy (including the form of certificate representing the 6.75% Mandatory Convertible Preferred Stock, Series B), filed with the Secretary of State of the State of California and effective July 11, 2018.</a>		8-K	3.1	07/13/18
3.5	<a href="#">Certificate of Determination of Preferences of 4.875% Fixed-Rate Reset Cumulative Redeemable Perpetual Preferred Stock, Series C, of Sempra Energy (including the form of certificate representing the 4.875% Fixed-Rate Reset Cumulative Redeemable Perpetual Preferred Stock, Series C), filed with the Secretary of State of the State of California and effective June 11, 2020.</a>		8-K	3.1	06/15/20
<i>San Diego Gas &amp; Electric Company</i>					
3.6	<a href="#">Amended and Restated Articles of Incorporation of San Diego Gas &amp; Electric Company effective August 15, 2014.</a>		10-K	3.4	02/26/15
3.7	<a href="#">Bylaws of San Diego Gas &amp; Electric Company (as amended through October 26, 2016).</a>		10-Q	3.1	11/02/16
<i>Southern California Gas Company</i>					
3.8	<a href="#">Restated Articles of Incorporation of Southern California Gas Company effective October 7, 1996.</a>		10-K	3.01	03/28/97
3.9	<a href="#">Bylaws of Southern California Gas Company (as amended through January 30, 2017).</a>		8-K	3.1	01/31/17
<b>EXHIBIT 4 -- INSTRUMENTS DEFINING THE RIGHTS OF SECURITY HOLDERS, INCLUDING INDENTURES</b>					
Certain instruments defining the rights of holders of long-term debt instruments are not required to be filed or incorporated by reference herein pursuant to Item 601(b)(4) (iii)(A) of SEC Regulation S-K. Each registrant agrees to furnish a copy of such instruments to the SEC upon request.					
<i>Sempra Energy / San Diego Gas &amp; Electric Company</i>					
4.1	<a href="#">Seventy-Fourth Supplemental Indenture, dated as of March 10, 2023.</a>		8-K	4.1	03/10/23

EXHIBIT INDEX		Incorporated by Reference			
		Form	Exhibit or Appendix	Filing Date	
Exhibit Number	Exhibit Description	Filed or Furnished Herewith			
<b>EXHIBIT 10 -- MATERIAL CONTRACTS</b>					
<i>Sempra Energy</i>					
10.1*	<a href="#">Amendment No. 1, dated as of March 1, 2023, to the Second Amended and Restated Engineering, Procurement and Construction Contract, between Port Arthur LNG, LLC, PALNG Common Facilities Company, LLC (but only for the limited purposes set forth therein), and Bechtel Energy Inc. (F/K/A Bechtel Oil, Gas and Chemicals, Inc.).</a>		8-K	10.1	03/20/23
<i>Management Contract or Compensatory Plan, Contract or Arrangement</i>					
<i>Sempra Energy</i>					
10.2	<a href="#">Amended and Restated Severance Pay Agreement between Sempra Energy and Jeffrey W. Martin, signed January 4, 2023 and effective January 1, 2023.</a>		10-K	10.38	02/28/23
10.3	<a href="#">Amended and Restated Severance Pay Agreement between Sempra Energy and Kevin C. Sagara, signed January 2, 2023 and effective January 1, 2023.</a>		10-K	10.39	02/28/23
10.4	<a href="#">Amended and Restated Severance Pay Agreement between Sempra Energy and Trevor I. Mihalik, signed January 3, 2023 and effective January 1, 2023.</a>		10-K	10.40	02/28/23
10.5	<a href="#">Amended and Restated Severance Pay Agreement between Sempra Energy and Peter R. Wall, signed December 30, 2022 and effective January 1, 2023.</a>		10-K	10.41	02/28/23
10.6	<a href="#">Amended and Restated Severance Pay Agreement between Sempra Energy and Karen L. Sedgwick, signed December 29, 2022 and effective January 1, 2023.</a>		10-K	10.42	02/28/23
<i>Sempra Energy / San Diego Gas &amp; Electric Company</i>					
10.7	<a href="#">Amended and Restated Severance Pay Agreement between Sempra Energy and Valerie A. Bille, signed February 28, 2023 and effective March 1, 2023.</a>	X			
10.8	<a href="#">Amended and Restated Severance Pay Agreement between Sempra Energy and Bruce A. Folkmann, signed February 27, 2023 and effective March 1, 2023.</a>	X			
10.9	<a href="#">Severance Pay Agreement between Sempra Energy and Kevin C. Geraghty, signed March 6, 2023 and effective March 1, 2023.</a>	X			
10.10	<a href="#">Amended and Restated Severance Pay Agreement between Sempra Energy and Erbin Keith, signed March 10, 2023 and effective March 1, 2023.</a>	X			
10.11	<a href="#">Amended and Restated Severance Pay Agreement between Sempra Energy and Caroline A. Winn, signed March 3, 2023 and effective March 1, 2023.</a>	X			
<i>Sempra Energy / Southern California Gas Company</i>					
10.12	<a href="#">Amended and Restated Severance Pay Agreement between Sempra Energy and David J. Barrett, signed March 7, 2023 and effective March 1, 2023.</a>	X			
10.13	<a href="#">Amended and Restated Severance Pay Agreement between Sempra Energy and Maryam S. Brown, signed February 27, 2023 and effective March 1, 2023.</a>	X			
10.14	<a href="#">Amended and Restated Severance Pay Agreement between Sempra Energy and Jimmie I. Cho, signed February 28, 2023 and effective March 1, 2023.</a>	X			
10.15	<a href="#">Amended and Restated Severance Pay Agreement between Sempra Energy and Mia L. DeMontigny, signed March 2, 2023 and effective March 1, 2023.</a>	X			
10.16	<a href="#">Amended and Restated Severance Pay Agreement between Sempra Energy and Scott D. Drury, signed March 5, 2023 and effective March 1, 2023.</a>	X			

\* Portions of the exhibit have been omitted in accordance with applicable rules of the U.S. Securities and Exchange Commission.

**EXHIBIT INDEX (CONTINUED)**

Exhibit Number	Exhibit Description	Filed or Furnished Herewith
<b>EXHIBIT 31 -- SECTION 302 CERTIFICATIONS</b>		
<i>Sempra Energy</i>		
31.1	<a href="#">Certification of Sempra Energy's Principal Executive Officer pursuant to Rules 13a-14 and 15d-14 of the Securities Exchange Act of 1934.</a>	X
31.2	<a href="#">Certification of Sempra Energy's Principal Financial Officer pursuant to Rules 13a-14 and 15d-14 of the Securities Exchange Act of 1934.</a>	X
<i>San Diego Gas &amp; Electric Company</i>		
31.3	<a href="#">Certification of San Diego Gas &amp; Electric Company's Principal Executive Officer pursuant to Rules 13a-14 and 15d-14 of the Securities Exchange Act of 1934.</a>	X
31.4	<a href="#">Certification of San Diego Gas &amp; Electric Company's Principal Financial Officer pursuant to Rules 13a-14 and 15d-14 of the Securities Exchange Act of 1934.</a>	X
<i>Southern California Gas Company</i>		
31.5	<a href="#">Certification of Southern California Gas Company's Principal Executive Officer pursuant to Rules 13a-14 and 15d-14 of the Securities Exchange Act of 1934.</a>	X
31.6	<a href="#">Certification of Southern California Gas Company's Principal Financial Officer pursuant to Rules 13a-14 and 15d-14 of the Securities Exchange Act of 1934.</a>	X
<b>EXHIBIT 32 -- SECTION 906 CERTIFICATIONS</b>		
<i>Sempra Energy</i>		
32.1	<a href="#">Certification of Sempra Energy's Principal Executive Officer pursuant to 18 U.S.C. Sec. 1350.</a>	X
32.2	<a href="#">Certification of Sempra Energy's Principal Financial Officer pursuant to 18 U.S.C. Sec. 1350.</a>	X
<i>San Diego Gas &amp; Electric Company</i>		
32.3	<a href="#">Certification of San Diego Gas &amp; Electric Company's Principal Executive Officer pursuant to 18 U.S.C. Sec. 1350.</a>	X
32.4	<a href="#">Certification of San Diego Gas &amp; Electric Company's Principal Financial Officer pursuant to 18 U.S.C. Sec. 1350.</a>	X
<i>Southern California Gas Company</i>		
32.5	<a href="#">Certification of Southern California Gas Company's Principal Executive Officer pursuant to 18 U.S.C. Sec. 1350.</a>	X
32.6	<a href="#">Certification of Southern California Gas Company's Principal Financial Officer pursuant to 18 U.S.C. Sec. 1350.</a>	X

**EXHIBIT INDEX (CONTINUED)**

Exhibit Number	Exhibit Description	Filed or Furnished Herewith
<b>EXHIBIT 101 -- INTERACTIVE DATA FILE</b>		
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data file because its XBRL tags are embedded within the Inline XBRL document.	X
101.SCH	Inline XBRL Taxonomy Extension Schema Document.	X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.	X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.	X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.	X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.	X
<b>EXHIBIT 104 -- COVER PAGE INTERACTIVE DATA FILE</b>		
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).	

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**SIGNATURES**

**Sempra Energy:**

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

SEMPRA ENERGY,  
(Registrant)

Date: May 4, 2023 By: /s/ Peter R. Wall

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Peter R. Wall  
Senior Vice President, Controller and Chief Accounting Officer (Duly Authorized Officer)

**San Diego Gas & Electric Company:**

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

SAN DIEGO GAS & ELECTRIC COMPANY,  
(Registrant)

Date: May 4, 2023 By: /s/ Valerie A. Bille

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Valerie A. Bille  
Vice President, Controller and Chief Accounting Officer (Duly Authorized Officer)

**Southern California Gas Company:**

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

SOUTHERN CALIFORNIA GAS COMPANY,  
(Registrant)

Date: May 4, 2023 By: /s/ Mia L. DeMontigny

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Mia L. DeMontigny  
Senior Vice President, Chief Financial Officer and Chief Accounting Officer (Duly Authorized Officer)

**SEMPRA ENERGY  
SEVERANCE PAY AGREEMENT**

**THIS AGREEMENT** (this “Agreement”), dated as of March 1, 2023 (the “Effective Date”), is made by and between SEMPra ENERGY, a California corporation (“Sempra Energy”), and Valerie A. Bille (the “Executive”).

**WHEREAS**, the Executive is currently employed by Sempra Energy or another corporation or trade or business which is a member of a Controlled Group of Corporations (Sempra Energy and such other controlled group members, collectively, the “Company”);

**WHEREAS**, Sempra Energy and the Executive desire to enter into this Agreement as may be restated from time to time in order to provide reasonable assurances to the Executive and maintain a constructive relationship following the termination of Executive’s employment with Company; and

**WHEREAS**, the Board of Directors of Sempra Energy (the “Board”) or an authorized committee thereof has authorized the terms of this Agreement.

**NOW, THEREFORE**, in consideration of the premises and mutual covenants herein contained, Sempra Energy and the Executive hereby agree as follows:

**Section 1. Definitions.** For purposes of this Agreement, the following capitalized terms have the meanings set forth below:

“AAA” has the meaning assigned thereto in Section 13(c) hereof.

“Accounting Firm” has the meaning assigned thereto in Section 8(e) hereof.

“Accrued Obligations” means the sum of (a) the Executive’s Annual Base Salary through the Date of Termination to the extent not theretofore paid, (b) an amount equal to any annual Incentive Compensation Awards earned with respect to fiscal years ended prior to the year that includes the Date of Termination to the extent not theretofore paid, (c) any accrued and unpaid vacation, and (d) reimbursement for unreimbursed business expenses, if any, properly incurred by the Executive in the performance of the Executive’s duties in accordance with Company policies applicable to the Executive from time to time, in each case to the extent not theretofore paid.

“Affiliate” has the meaning set forth in Rule 12b-2 promulgated under the Exchange Act.

“Annual Base Salary” means the Executive’s annual base salary from the Company.

“Asset Purchaser” has the meaning assigned thereto in Section 16(e).

“Asset Sale” has the meaning assigned thereto in Section 16(e).

“Average Annual Bonus” means the average of the annual bonuses from the Company earned by the Executive with respect to the three (3) fiscal years of Sempra Energy ending immediately preceding the Date of Termination (the “Bonus Fiscal Years”); *provided, however*, that, if the Executive was employed by the Company for less than three (3) Bonus Fiscal Years, “Average Annual Bonus” means the average of the annual bonuses (if any) from the Company earned by the Executive with respect to the Bonus Fiscal Years during which the

Executive was employed by the Company; and, *provided, further*, that, if the Executive was not employed by the Company during any of the Bonus Fiscal Years, "Average Annual Bonus" means zero (\$0).

"Cause" means:

(a) Prior to a Change in Control, (i) the Executive's willful failure to substantially perform the Executive's job duties, (ii) Executive's grossly negligent performance of the Executive's duties, (iii) the Executive's gross insubordination; (iv) the Executive's commission of one or more acts of significant dishonesty or moral turpitude (including but not limited to criminal acts involving one or more acts of moral turpitude) which have or result in an adverse effect on the Company, monetarily or otherwise; and/or (v) the Executive's serious violation of a material policy of Sempra Energy or its Affiliates that is applicable to the Executive. For purposes of clause (i) of this subsection (a), no act, or failure to act, on the Executive's part shall be deemed "willful" if due to the Executive's incapacity due to physical or mental illness, or if the Executive acted in good faith and with reasonable belief that the Executive's act, or failure to act, was in the best interests of the Company.

(b) From and after a Change in Control (or in connection with a termination occurring pursuant to Section 5(f)), (i) the Executive's willful and continued failure to substantially perform the Executive's duties with the Company (other than any such failure resulting from the Executive's incapacity due to physical or mental illness or other than any such actual or anticipated failure after the issuance by the Executive of a Notice of Termination for Good Reason pursuant to Section 2 hereof and after the Company's cure period relating to the event on which Good Reason is based, if any and if applicable, has expired) and/or (ii) the Executive's commission of one or more acts of moral turpitude that constitute a violation of applicable law (including but not limited to a felony involving one or more acts of moral turpitude) which have or result in an adverse effect on the Company, monetarily or otherwise, or one or more significant acts of dishonesty. For purposes of clause (i) of this subsection (b), no act, or failure to act, on the Executive's part shall be deemed "willful" unless done, or omitted to be done, by the Executive not in good faith and without reasonable belief that the Executive's act, or failure to act, was in the best interests of the Company. Notwithstanding the foregoing, the Executive shall not be deemed terminated for Cause pursuant to clause (i) of this subsection (b) unless and until the Executive shall have been provided with reasonable notice of and, if possible, a reasonable opportunity to cure the facts and circumstances claimed to provide a basis for termination of the Executive's employment for Cause.

"Change in Control" shall be deemed to have occurred on the date that a change in the ownership of Sempra Energy, a change in the effective control of Sempra Energy, or a change in the ownership of a substantial portion of assets of Sempra Energy occurs (each, as defined in subsection (a) below), except as otherwise provided in subsections (b), (c) and (d) below:

(a) (i) a "change in the ownership of Sempra Energy" occurs on the date that any one Person, or more than one Person acting as a Group, acquires ownership of stock of Sempra Energy that, together with stock held by such Person or Group, constitutes more than fifty percent (50%) of the total fair market value or total voting power of the stock of Sempra Energy,

(ii) a "change in the effective control of Sempra Energy" occurs only on either of the following dates:

(1) the date any one Person, or more than one Person acting as a Group, acquires (or has acquired during the twelve (12) month period ending on

the date of the most recent acquisition by such Person or Persons) ownership of stock of Sempra Energy possessing thirty percent (30%) or more of the total voting power of the stock of Sempra Energy, or

(2) the date a majority of the members of the Board is replaced during any twelve (12) month period by directors whose appointment or election is not endorsed by a majority of the members of the Board before the date of appointment or election, and

(iii) a “change in the ownership of a substantial portion of assets of Sempra Energy” occurs on the date any one Person, or more than one Person acting as a Group, acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such Person or Persons) assets from Sempra Energy that have a total gross fair market value equal to or more than eighty-five percent (85%) of the total gross fair market value of all of the assets of Sempra Energy immediately before such acquisition or acquisitions.

(b) A “change in the ownership of Sempra Energy” or “a change in the effective control of Sempra Energy” shall not occur under clause (a)(i) or (a)(ii) by reason of any of the following:

(i) an acquisition of ownership of stock of Sempra Energy directly from Sempra Energy or its Affiliates other than in connection with the acquisition by Sempra Energy or its Affiliates of a business,

(ii) a merger or consolidation which would result in the voting securities of Sempra Energy outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof), in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of the Company, at least sixty percent (60%) of the combined voting power of the securities of Sempra Energy or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, or

(iii) a merger or consolidation effected to implement a recapitalization of Sempra Energy (or similar transaction) in which no Person is or becomes the “beneficial owner” (within the meaning of Rule 13d-3 promulgated under the Exchange Act), directly or indirectly, of securities of Sempra Energy (not including the securities beneficially owned by such Person any securities acquired directly from Sempra Energy or its Affiliates other than in connection with the acquisition by Sempra Energy or its Affiliates of a business) representing twenty percent (20%) or more of the combined voting power of Sempra Energy’s then outstanding securities.

(c) A “change in the ownership of a substantial portion of assets of Sempra Energy” shall not occur under clause (a)(iii) by reason of a sale or disposition by Sempra Energy of the assets of Sempra Energy to an entity, at least sixty percent (60%) of the combined voting power of the voting securities of which are owned by shareholders of Sempra Energy in substantially the same proportions as their ownership of Sempra Energy immediately prior to such sale.

(d) This definition of “Change in Control” shall be limited to the definition of a “change in control event” with respect to the Executive and relating to Sempra Energy under Treasury Regulation Section 1.409A-3(i)(5). A Change in Control shall only occur if there is a Change in Control (as determined by the definition of Change in Control of this Agreement



without regard to this subsection (d)) and a “change in control event” relating to Sempra Energy under Treasury Regulation Section 1.409A-3(i)(5) with respect to the Executive.

“Change in Control Date” means the date on which a Change in Control occurs.

“COBRA” means coverage required by Section 4980B of the Code.

“COBRA Premium” means, with respect to the type and level of coverage provided to the Executive and his/her dependents pursuant to COBRA, the employer-paid portion of the monthly premium for such coverage as applicable for similarly-situated active employees.

“Code” means the Internal Revenue Code of 1986, as amended.

“Compensation Committee” means the compensation committee (however designated) of the Board.

“Consulting Payment” has the meaning assigned thereto in Section 14(e) hereof.

“Consulting Period” has the meaning assigned thereto in Section 14(f) hereof.

“Continued Benefits” has the meaning assigned thereto in Section 5(c) hereof.

“Controlled Group of Corporations” means a group of companies within the meaning of Section 414(b) or (c) of the Code) of which Sempra Energy is a component member, determined by applying an ownership threshold of 50%.

“Date of Termination” has the meaning assigned thereto in Section 2(b) hereof.

“Disability” has the meaning set forth in the long-term disability plan or its successor maintained by the Company entity that is the employer of the Executive; *provided, however*, that the Executive’s employment hereunder may not be terminated by reason of Disability unless (a) at the time of such termination there is no reasonable expectation that the Executive will return to work within the next ninety (90) day period and (b) such termination is permitted by all applicable disability laws.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and the applicable rulings and regulations thereunder.

“Excise Tax” has the meaning assigned thereto in Section 8(a) hereof.

“Good Reason” means:

(a) Prior to a Change in Control, the occurrence of any of the following without the prior written consent of the Executive, unless such act or failure to act is corrected by the Company prior to the Date of Termination specified in the Notice of Termination (as required under Section 2 hereof):

(i) the assignment to the Executive of any duties materially inconsistent with the range of duties and responsibilities appropriate to an executive of comparable rank within the Company (such range determined by reference to past, current and reasonable practices within the Company);

(ii) a material reduction in the Executive's overall standing and responsibilities within the Company, not including a mere change in title or a transfer within the Company, which change in title or transfer does not adversely affect the Executive's overall status within the Company in any material respect;

(iii) a material reduction by the Company in the Executive's aggregate annualized compensation and benefits opportunities, except for across-the-board reductions (or modifications of benefit plans) similarly affecting all similarly situated executives of the Company of comparable rank with the Executive;

(iv) the failure by the Company to pay to the Executive any portion of the Executive's current compensation and benefits or any portion of an installment of deferred compensation under any deferred compensation program of the Company within thirty (30) days of the date such compensation is due;

(v) any purported termination of the Executive's employment that is not effected pursuant to a Notice of Termination satisfying the requirements of Section 2 hereof;

(vi) the failure by Sempra Energy to perform its obligations under Section 16(c) or (d) hereof;

(vii) the failure by the Company to provide the indemnification and D&O insurance protection Section 10 of this Agreement requires it to provide; or

(viii) the failure by Sempra Energy (or any of the entities comprising the Company, as applicable) to comply with any material provision of this Agreement.

(b) From and after a Change in Control (or in connection with a termination occurring pursuant to Section 5(f)), the occurrence of any of the following without the prior written consent of the Executive, unless such act or failure to act is corrected by the Company prior to the Date of Termination specified in the Notice of Termination (as required under Section 2 hereof):

(i) an adverse change in the Executive's title, authority, duties, responsibilities or reporting lines as in effect immediately prior to the Change in Control;

(ii) a reduction by the Company in the Executive's aggregate annualized compensation opportunities, except for across-the-board reductions in base salaries, annual bonus opportunities or long-term incentive compensation opportunities of less than ten percent (10%) similarly affecting all similarly situated executives (including, if applicable, of the Person then in control of Sempra Energy) of comparable rank with the Executive; or the failure by the Company to continue in effect any material benefit plan in which the Executive participates immediately prior to the Change in Control, unless an equitable arrangement (embodied in an ongoing substitute or alternative plan) has been made with respect to such plan, or the failure by the Company to continue the Executive's participation therein (or in such substitute or alternative plan) on a basis not materially less favorable, both in terms of the amount of benefits provided and the level of the Executive's participation relative to other participants, as existed at the time of the Change in Control;

(iii) the relocation of the Executive's principal place of employment immediately prior to the Change in Control Date (the "Principal Location") to a location which is both further away from the Executive's residence and more than thirty (30) miles from such Principal Location, or the Company's requiring the Executive to be based anywhere other than such Principal Location (or permitted relocation thereof), or a substantial increase in the

Executive's business travel obligations outside of the Southern California area as of immediately prior to the Change in Control (without regard to any changes therein in anticipation of the Change in Control) other than any such increase that (A) arises in connection with extraordinary business activities of the Company of limited duration and (B) is understood not to be part of the Executive's regular duties with the Company;

(iv) the failure by the Company to pay to the Executive any portion of the Executive's current compensation and benefits or any portion of an installment of deferred compensation under any deferred compensation program of the Company within thirty (30) days of the date such compensation is due;

(v) any purported termination of the Executive's employment that is not effected pursuant to a Notice of Termination satisfying the requirements of Section 2 hereof;

(vi) the failure by Sempra Energy to perform its obligations under Section 16(c) or (d) hereof;

(vii) the failure by the Company to provide the indemnification and D&O insurance protection Section 10 of this Agreement requires it to provide; or

(viii) the failure by Sempra Energy (or any of the entities comprising the Company, as applicable) to comply with any material provision of this Agreement.

Following a Change in Control, the Executive's determination that an act or failure to act constitutes Good Reason shall be presumed to be valid unless such determination is deemed to be unreasonable by an arbitrator pursuant to the procedure described in Section 13 hereof. The Executive's right to terminate the Executive's employment for Good Reason shall not be affected by the Executive's incapacity due to physical or mental illness. The Executive's continued employment shall not constitute consent to, or a waiver of rights with respect to, any act or failure to act constituting Good Reason hereunder.

"Group" shall have the meaning of such term as used in Rule 13d-5(b)(1) promulgated under the Exchange Act.

"Incentive Compensation Awards" means awards granted under Incentive Compensation Plans providing the Executive with the opportunity to earn, on a year-by-year basis, annual and long-term incentive compensation.

"Incentive Compensation Plans" means annual incentive compensation plans and long-term incentive compensation plans of the Company, which long-term incentive compensation plans may include plans offering stock options, restricted stock, units and other long-term incentive compensation.

"Involuntary Termination" means (a) the Executive's Separation from Service by reason other than for Cause, death, Disability, or Mandatory Retirement, or (b) the Executive's Separation from Service by reason of resignation of employment for Good Reason.

"JAMS" has the meaning assigned thereto in Section 13(c) hereof.

"Mandatory Retirement" means termination of employment pursuant to the Company's mandatory retirement policy.

"Medical Continuation Benefits" has the meaning assigned thereto in Section 4(c) hereof.

“Notice of Termination” has the meaning assigned thereto in Section 2(a) hereof.

“Payment” has the meaning assigned thereto in Section 8(a) hereof.

“Payment in Lieu of Notice” has the meaning assigned thereto in Section 2(b) hereof.

“Person” means any individual, corporation, partnership limited liability company, estate, trust, or other entity, including a “Group”.

“Post-Change in Control Severance Payment” has the meaning assigned thereto in Section 5 hereof.

“Pre-Change in Control Severance Payment” has the meaning assigned thereto in Section 4 hereof.

“Principal Location” has the meaning assigned thereto in clause (b)(iii) of the definition of Good Reason, above.

“Proprietary Information” has the meaning assigned thereto in Section 14(a) hereof.

“Pro Rata Bonus” means a severance amount equal to the greater of (a) the Executive’s Target Bonus as in effect immediately prior to the Change in Control or on the Date of Termination, whichever is greater, or (b) the Executive’s Average Annual Bonus, multiplied by a fraction, (X) the numerator of which shall be the number of days from the beginning of such fiscal year to and including the Date of Termination and (Y) the denominator of which shall be three hundred sixty-five (365).

“Release” has the meaning assigned thereto in Section 4 hereof. The Release is not a condition of employment or continued employment or a condition of receiving a raise or a bonus.

“Release Requirements” has the meaning assigned thereto in Section 4 hereof.

“Section 409A Payments” means any payments under this Agreement which are subject to Section 409A of the Code.

“Sempra Energy Control Group” means Sempra Energy and all Persons with whom Sempra Energy would be considered a single employer under Section 414(b) or (c) of the Code, as determined from time to time.

“Separation from Service” has the meaning set forth in Treasury Regulation Section 1.409A-1(h).

“Specified Employee” shall be determined in accordance with Section 409A(a)(2)(B)(i) of the Code and Treasury Regulation Section 1.409A-1(i).

“Target Bonus” means, for any year, the target annual bonus from the Company that may be earned by the Executive for such year (regardless of the actual annual bonus earned, if any); *provided, however*, that if, as of the Date of Termination, a target annual bonus has not been established for the Executive for the year in which the Date of Termination occurs, the “Target Bonus” as of the Date of Termination shall be equal to the target annual bonus, if any, for the immediately preceding fiscal year of Sempra Energy.

For purposes of this Agreement, references to any “Treasury Regulation” shall mean such Treasury Regulation as in effect on the date hereof.

**Section 2.**     Notice and Date of Termination.

(a) Any termination of the Executive’s employment by the Company or by the Executive shall be communicated by a written notice of termination to the other party (the “Notice of Termination”). Where applicable, the Notice of Termination shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive’s employment under the provision so indicated. Unless the Board or a committee thereof, in writing, provides a longer notice period, a Notice of Termination by the Executive alleging a termination for Good Reason must be made within one hundred eighty (180) days of the act or failure to act that the Executive alleges to constitute Good Reason.

(b) The date of the Executive’s termination of employment with the Company (the “Date of Termination”) shall be determined as follows: (i) if the Executive’s Separation from Service is at the volition of the Company, then the Date of Termination shall be the date specified in the Notice of Termination (which, in the case of a termination by the Company other than for Cause, shall not be less than two (2) weeks from the date such Notice of Termination is given unless the Company elects to pay the Executive, in addition to any other amounts payable hereunder, an amount (the “Payment in Lieu of Notice”) equal to two (2) weeks of the Executive’s Annual Base Salary in effect on the Date of Termination), and (ii) if the Executive’s Separation from Service is by the Executive for Good Reason, the Date of Termination shall be determined by the Executive and specified in the Notice of Termination, but in no event be less than fifteen (15) days nor more than sixty (60) days after the date such Notice of Termination is given. The Payment in Lieu of Notice shall be paid on such date as is required by law, but no later than thirty (30) days after the date of the Executive’s Separation from Service.

**Section 3.**     Termination from the Board. Upon the termination of the Executive’s employment for any reason, the Executive’s membership on the Board, the board of directors of any Affiliates of Sempra Energy, any committees of the Board and any committees of the board of directors of any of the Affiliates of Sempra Energy, if applicable, shall be automatically terminated and the Executive agrees to promptly take any and all actions (including resigning) required by Sempra Energy or any of its Affiliates to evidence and effect such termination of membership.

**Section 4.**     Severance Benefits upon Involuntary Termination Prior to Change in Control. Except as provided in Sections 5(f) and 19(i) hereof, in the event of the Involuntary Termination of the Executive prior to a Change in Control, Sempra Energy shall, or shall cause one of its Affiliates that is the employer of the Executive to, pay the Executive, in one lump sum cash payment, an amount (the “Pre-Change in Control Severance Payment”) equal to one-half (0.5) times the sum of (X) the Executive’s Annual Base Salary as in effect on the Date of Termination plus (Y) an amount equal to the greater of (I) his/her Average Annual Bonus or (II) the Target Bonus in effect on the Date of Termination. In addition to the Pre-Change in Control Severance Payment, the Executive shall be entitled to the following additional benefits specified in Section 4(a) through (e). The Company’s obligation to pay the Pre-Change in Control Severance Payment or provide the benefits set forth in Section 4(c), (d) and (e) is subject to and conditioned upon the Executive’s satisfaction of the Release Requirements. The Pre-Change in Control Severance Payment shall be paid on the sixtieth (60<sup>th</sup>) day (or if the sixtieth (60<sup>th</sup>) day falls on a weekend or banking holiday, the next succeeding business day) after the date of the Involuntary Termination (the “Payment Date”), *provided* that the Release Requirements are

satisfied on or before the Payment Date and remain satisfied on the Payment Date. If the Release Requirements are not satisfied on the Payment Date, no Pre-Change in Control Severance Payment shall be paid hereunder and none of the benefits described in Section 4(c), (d) or (e) shall be provided, and the Executive shall have no right to the Pre-Change in Control Severance Payment or the applicable benefits. The “Release Requirements” will be satisfied if, on the Payment Date, the Executive has executed a release of all claims substantially in the form attached hereto as Exhibit A (the “Release”), the revocation period required by applicable law has expired, and the Executive has not revoked the Release and the Release is effective. If the Release Requirements are satisfied on a date prior to the Payment Date, any portion of the Pre-Change in Control Severance Payment or the applicable benefits that are not subject to Section 409A of the Code can be paid on a date prior to the Payment Date, as determined in the sole discretion of Sempra Energy (and in no event shall the Executive be able to elect the date of payment). If the period in which the Release Requirements could be satisfied spans more than one taxable year, then the Pre-Change in Control Severance Payment shall not be made until the later taxable year.

(a) Accrued Obligations. The Company shall pay the Executive a lump sum amount in cash equal to Accrued Obligations within the time prescribed by law.

(b) Equity-Based Compensation. The Executive shall retain all rights to any equity-based compensation awards to the extent set forth in the applicable plan and/or award agreement.

(c) Welfare Benefits. Subject to the terms and conditions of this Agreement, if the Executive (and, to the extent applicable, his/her eligible dependents) is eligible to and elects COBRA coverage in connection with the Executive’s Involuntary Termination, then the Executive (and the Executive’s dependents who have elected COBRA coverage) shall be provided with group medical benefits as required by COBRA (“Medical Continuation Benefits”) on substantially the same terms and conditions and at the same cost to the Executive as apply to similarly-situated active employees of the Company for the same type and level of coverage. The Medical Continuation Benefits shall be provided for a period of up to six (6) months following the date of the Involuntary Termination (and up to an additional six (6) months if the Executive provides consulting services under Section 14(f) hereof); *provided, however*, that (i) the Medical Continuation Benefits (including any Medical Continuation Benefits that are provided pursuant to this Section 4(c) for periods after the maximum COBRA coverage period) shall be provided on the same terms and conditions that apply to COBRA coverage (including termination thereof), (ii) if the Medical Continuation Benefits are to be provided pursuant to this Section 4(c) past the maximum COBRA coverage period, Sempra Energy may, in its sole discretion, provide or cause to be provided to the Executive, in lieu of the Medical Continuation Benefits for any period in excess of the maximum COBRA coverage period, a taxable monthly cash payment in an amount equal to the COBRA Premium, and (iii) the Medical Continuation Benefits shall be provided in a manner that complies with Treasury Regulation Section 1.409A-1(a)(5). Notwithstanding the foregoing, if Sempra Energy determines in its sole discretion that the Medical Continuation Benefits cannot be provided without potentially violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act) or that the provision of Medical Continuation Benefits under this Agreement would subject Sempra Energy or any of its Affiliates to a material tax or penalty, (A) the Executive shall be provided, in lieu thereof, with a taxable monthly payment in an amount equal to the COBRA Premium or (B) Sempra Energy shall have the authority to amend the Agreement to the limited

extent reasonably necessary to avoid such violation of law or tax or penalty and shall use all reasonable efforts to provide the Executive with a comparable benefit that does not violate applicable law or subject Sempra Energy or any of its Affiliates to such tax or penalty. Any Medical Continuation Benefits provided pursuant to this Section 4(c) shall be co-extensive with (and not in addition to) any benefits to which the Executive (and the Executive's covered dependents) may be entitled under COBRA or similar provisions of applicable state law.

(d) Outplacement Services. The Executive shall receive reasonable outplacement services, on an in-kind basis, suitable to the Executive's position and directly related to the Executive's Involuntary Termination, for a period of twelve (12) months following the date of the Involuntary Termination, in an aggregate amount of cost to the Company not to exceed \$50,000. Notwithstanding the foregoing, the Executive shall cease to receive outplacement services on the date the Executive accepts employment with a subsequent employer. Such outplacement services shall be provided in a manner that complies with Treasury Regulation Section 1.409A-1(b)(9)(v)(A).

(e) Financial Planning Services. The Executive shall receive financial planning services, on an in-kind basis, for a period of twelve (12) months following the Date of Termination. Such financial planning services shall include expert financial and legal resources to assist the Executive with financial planning needs and shall be limited to (i) current investment portfolio management, (ii) tax planning, (iii) tax return preparation, and (iv) estate planning advice and document preparation (including wills and trusts); *provided, however*, that the Company shall provide such financial planning services during any taxable year of the Executive only to the extent the cost to the Company for such taxable year does not exceed \$25,000. The Company shall provide such financial planning services through a financial planner selected by the Company, and shall pay the fees for such financial planning services. The financial planning services provided during any taxable year of the Executive shall not affect the financial planning services provided in any other taxable year of the Executive. The Executive's right to financial planning services shall not be subject to liquidation or exchange for any other benefit. Such financial planning services shall be provided in a manner that complies with Treasury Regulation Section 1.409A-3(i)(1)(iv).

**Section 5.** Severance Benefits upon Involuntary Termination in Connection with and after Change in Control. Notwithstanding the provisions of Section 4 above, and except as provided in Section 19(i) hereof, in the event of the Involuntary Termination of the Executive on or within two (2) years following a Change in Control, in lieu of the payments described in Section 4 above, Sempra Energy shall, or shall cause one of its Affiliates that is the employer of the Executive to, pay the Executive, in one lump sum cash payment, an amount (the "Post-Change in Control Severance Payment") equal to (a) the Pro Rata Bonus plus (b) the sum of (X) the Executive's Annual Base Salary as in effect immediately prior to the Change in Control or on the Date of Termination, whichever is greater, plus (Y) an amount equal to the greater of (I) the Executive's Target Bonus determined immediately prior to the Change in Control or the Date of Termination, whichever is greater and (II) the Executive's Average Annual Bonus; *provided, however*, that, in the event that the Involuntary Termination occurs prior to August 22, 2025, the Post-Change in Control Severance Payment shall be increased by twenty-five percent (25%). In addition to the Post-Change in Control Severance Payment, the Executive shall be entitled to the following additional benefits specified in Section 5(a) through (e). The Company's obligation to pay the Post-Change in Control Severance Payment or provide the benefits set forth in Section

5(b), (c), (d) and (e) is subject to and conditioned upon the Executive's satisfaction of the Release Requirements. Except as provided in Section 5(f), the Post-Change in Control Severance Payment shall be paid on the Payment Date provided that the Release Requirements are satisfied on or before the Payment Date and remain satisfied on the Payment Date. If the Release Requirements are not satisfied on the Payment Date, no Post-Change in Control Severance Payment shall be paid hereunder and none of the benefits described in Section 5(b), (c), (d) or (e) shall be provided, and the Executive shall have no right to the Pre-Change in Control Severance Payment or the applicable benefits. If the Release Requirements are satisfied on a date prior to the Payment Date, any portion of the Post-Change in Control Severance Payment or the applicable benefits that are not subject to Section 409A of the Code can be paid on a date prior to the Payment Date, as determined in the sole discretion of Sempra Energy (and in no event shall the Executive be able to elect the date of payment). If the period in which Release Requirements could be satisfied spans more than one taxable year, then the Post-Change in Control Severance Payment and applicable benefits shall not be made until the later taxable year.

(a) Accrued Obligations. The Company shall pay the Executive a lump sum amount in cash equal to the Accrued Obligations within the time required by law and, to the extent applicable, in accordance with the applicable plan, policy or arrangement pursuant to which such payments are to be made.

(b) Equity-Based Compensation. Notwithstanding the provisions of any applicable equity-based compensation plan or award agreement to the contrary, all equity-based Incentive Compensation Awards (including, without limitation, stock options, stock appreciation rights, restricted stock awards, restricted stock units, performance share awards, and dividend equivalents) held by the Executive shall immediately vest and become exercisable or payable, as the case may be, as of the Date of Termination, to be exercised or paid, as the case may be, in accordance with the terms of the applicable Incentive Compensation Plan and Incentive Compensation Award agreement, and any restrictions on any such Incentive Compensation Awards shall automatically lapse; *provided, however*, that, in the case of any stock option or stock appreciation rights awards that remain outstanding on the Date of Termination, such stock options and stock appreciation rights shall remain exercisable until the earlier of (i) the later of eighteen (18) months following the Date of Termination or the period specified in the applicable Incentive Compensation Award agreement or (ii) the expiration of the original term of such Incentive Compensation Award (or, if earlier, the tenth (10th) anniversary of the original date of grant) (it being understood that all Incentive Compensation Awards shall remain outstanding and exercisable for a period that is no less than that provided for in the applicable agreement in effect as of the date of grant).

(c) Welfare Benefits. Subject to the terms and conditions of this Agreement, the Executive and the Executive's dependents shall be provided with life, disability, accident and Medical Continuation Benefits (which benefits are collectively referred to herein as "Continued Benefits") which are substantially similar to those provided to the Executive and the Executive's dependents immediately prior to the date of Involuntary Termination or the Change in Control Date, whichever is more favorable to the Executive; *provided, however*, that the Medical Continuation Benefits shall be provided pursuant to this Section 5(c) only if the Executive (and, to the extent applicable, his/her eligible dependents) is eligible to and elects COBRA coverage in connection with the Executive's Involuntary Termination, the Medical Continuation Benefits shall be provided in accordance with COBRA, and the Medical Continuation Benefits shall be provided on substantially the same terms and conditions and at the same cost to the Executive as apply to similarly-situated active employees of the Company for the same type and level of coverage. The Continued Benefits shall be provided for a period of up to six (6) months following the date of the Involuntary Termination (and up to an additional twelve (12) months if



the Executive provides consulting services under Section 14(f) hereof); *provided, however*, that (i) the Medical Continuation Benefits (including any Medical Continuation Benefits that are provided pursuant to this Section 5(c) for periods after the maximum COBRA coverage period) shall be provided on the same terms and conditions that apply to COBRA coverage (including termination thereof), (ii) if the Medical Continuation Benefits are to be provided pursuant to this Section 5(c) past the maximum COBRA coverage period, Sempra Energy may, in its sole discretion, provide or cause to be provided to the Executive, in lieu of the Medical Continuation Benefits for any period in excess of the maximum COBRA coverage period, a taxable monthly cash payment in an amount equal to the COBRA Premium, and (iii) the Medical Continuation Benefits shall be provided in a manner that complies with Treasury Regulation Section 1.409A-1(a)(5) and the Continued Benefits will be provided in a manner that complies with Section 409A of the Code. Notwithstanding the foregoing, if Sempra Energy determines in its sole discretion that the Medical Continuation Benefits cannot be provided without potentially violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act) or that the provision of Medical Continuation Benefits under this Agreement would subject Sempra Energy or any of its Affiliates to a material tax or penalty, (A) the Executive shall be provided, in lieu thereof, with a taxable monthly payment in an amount equal to the COBRA Premium or (B) Sempra Energy shall have the authority to amend the Agreement to the limited extent reasonably necessary to avoid such violation of law or tax or penalty and shall use all reasonable efforts to provide the Executive with a comparable benefit that does not violate applicable law or subject Sempra Energy or any of its Affiliates to such tax or penalty. Any Medical Continuation Benefits provided pursuant to this Section 5(c) shall be co-extensive with (and not in addition to) any benefits to which the Executive (and the Executive's covered dependents) may be entitled under COBRA or similar provisions of applicable state law.

(d) Outplacement Services. The Executive shall receive reasonable outplacement services, on an in-kind basis, suitable to the Executive's position and directly related to the Executive's Involuntary Termination, for a period of eighteen (18) months following the date of Involuntary Termination (but in no event beyond the last day of the Executive's second (2nd) taxable year following the Executive's taxable year in which the Involuntary Termination occurs), in the aggregate amount of cost to the Company not to exceed \$50,000. Notwithstanding the foregoing, the Executive shall cease to receive outplacement services on the date the Executive accepts employment with a subsequent employer. Such outplacement services shall be provided in a manner that complies with Treasury Regulation Section 1.409A-1(b)(9)(v)(A).

(e) Financial Planning Services. The Executive shall receive financial planning services, on an in-kind basis, for a period of eighteen (18) months following the date of Involuntary Termination. Such financial planning services shall include expert financial and legal resources to assist the Executive with financial planning needs and shall be limited to (i) current investment portfolio management, (ii) tax planning, (iii) tax return preparation, and (iv) estate planning advice and document preparation (including wills and trusts); *provided, however*, that the Company shall provide such financial services during any taxable year of the Executive only to the extent the cost to the Company for such taxable year does not exceed \$25,000. The Company shall provide such financial planning services through a financial planner selected by the Company, and shall pay the fees for such financial planning services. The financial planning services provided during any taxable year of the Executive shall not affect the financial planning services provided in any other taxable year of the Executive. The Executive's right to financial planning services shall not be subject to liquidation or exchange for any other benefit. Such financial planning services shall be provided in a manner that complies with Section 1.409A-3(i)(1)(iv).

(f) Involuntary Termination in Connection with a Change in Control. Notwithstanding anything contained herein, in the event of an Involuntary Termination prior to a

Change in Control, if the Involuntary Termination (i) was at the request of a third party who has taken steps reasonably calculated to effect such Change in Control or (ii) otherwise arose in connection with or in anticipation of such Change in Control, then the Executive shall, in lieu of the payments described in Section 4 hereof, be entitled to the Post-Change in Control Severance Payment and the additional benefits described in this Section 5 as if such Involuntary Termination had occurred within two (2) years following the Change in Control. The amounts specified in Section 5 that are to be paid under this Section 5(f) shall be reduced by any amount previously paid under Section 4. The amounts to be paid under this Section 5(f) shall be paid within sixty (60) days after the Change in Control Date of such Change in Control unless otherwise required by Section 409A of the Code.

**Section 6.** Severance Benefits upon Termination by the Company for Cause or by the Executive Other than for Good Reason. If the Executive's employment shall be terminated for Cause, or if the Executive terminates employment other than for Good Reason, the Company shall have no further obligations to the Executive under this Agreement other than the pre-Change in Control Accrued Obligations and any amounts or benefits described in Section 10 hereof.

**Section 7.** Severance Benefits upon Termination due to Death or Disability. If the Executive has a Separation from Service by reason of death or Disability, the Company shall pay the Executive or the Executive's estate, as the case may be, the Accrued Obligations and a severance amount equal to the Pro Rata Bonus (without regard to whether a Change in Control has occurred) and any amounts or benefits described in Section 10 hereof. Such payments shall be in addition to those rights and benefits to which the Executive or the Executive's estate may be entitled under the relevant Company plans or programs. The Company's obligation to pay the severance amount pursuant to this Section 7 is conditioned upon satisfaction of the Release Requirements by the Executive, the Executive's representative or the Executive's estate, as the case may be. The Accrued Obligations shall be paid within the time required by law and the severance amount payable pursuant to this Section 7 shall be paid on the Payment Date *provided* that the Release Requirements are satisfied on or prior to the Payment Date. If the Release Requirements are not satisfied on or prior to the Payment Date, no severance payment shall be provided hereunder and neither the Executive nor the Executive's estate, as the case may be, will have any right to the severance payment. If the Release Requirements are satisfied on a date prior to the Payment Date, any portion of the severance benefit pursuant to this Section 7 that is not subject to Section 409A of the Code can be paid on a date prior to the Payment Date, as determined in the sole discretion of Sempra Energy (and in no event shall the Executive or the Executive's estate, as applicable, be able to elect the date of payment). If the period in which Release Requirements could be satisfied spans more than one taxable year, then the severance payment pursuant to this Section 7 shall not be made until the later taxable year.

**Section 8.** Limitation on Payments by the Company.

(a) Anything in this Agreement to the contrary notwithstanding and except as set forth in this Section 8 below, in the event it shall be determined that any payment or distribution "in the nature of compensation" (within the meaning of Section 280G(b)(2) of the Code) to or for the benefit of the Executive, whether paid or payable pursuant to this Agreement or otherwise (the "Payment") would be subject (in whole or in part) to the excise tax imposed by Section 4999 of the Code, (the "Excise Tax"), then, subject to Section 8(b), the Pre-Change in Control Severance Payment or the Post-Change in Control Severance Payment (whichever is applicable) payable under this Agreement shall be reduced under this Section 8(a) to the amount equal to the Reduced Payment. For such Payment payable under this Agreement, the "Reduced Payment" shall be the amount equal to the greatest portion of the Payment (which may be

zero (\$0)) that, if paid, would result in no portion of any Payment being subject to the Excise Tax.

(b) The Pre-Change in Control Severance Payment or the Post-Change in Control Severance Payment (whichever is applicable) payable under this Agreement shall not be reduced under Section 8(a) if:

(i) such reduction in such Payment is not sufficient to cause no portion of any Payment to be subject to the Excise Tax, or

(ii) the Net After-Tax Unreduced Payments (as defined below) would equal or exceed one hundred five percent (105%) of the Net After-Tax Reduced Payments (as defined below).

For purposes of determining the amount of any Reduced Payment under Section 8(a), and the Net-After Tax Reduced Payments and the Net After-Tax Unreduced Payments, the Executive shall be considered to pay federal, state and local income and employment taxes at the Executive's applicable marginal rates taking into consideration any reduction in federal income taxes which could be obtained from the deduction of state and local income taxes, and any reduction or disallowance of itemized deductions and personal exemptions under applicable tax law). The applicable federal, state and local income and employment taxes and the Excise Tax (to the extent applicable) are collectively referred to as the "Taxes."

(c) For purposes of determining the amount of any Reduced Payment under this Section 8, the amount of any Payment shall be reduced in the following order:

(i) first, by reducing the amounts of parachute payments that would not constitute deferred compensation subject to Section 409A of the Code;

(ii) next, if after the reduction described in Section 8(c)(i), additional reductions are required, then by reducing the cash portion of the Payment that constitutes "deferred compensation" (within the meaning of Section 409A) subject to Section 409A, with the reductions to be applied first to the portion of the Payment scheduled for the latest distribution date, and then applied to distributions scheduled for progressively earlier distribution dates, to the extent necessary to decrease the Payment as required under this Section 8; and

(iii) next, if after the reduction described in Section 8(c)(ii), additional reductions are required, then, by reducing the non-cash portion of the Payment that constitutes deferred compensation (within the meaning of Section 409A) subject to Section 409A, with the reductions to be applied first to the portion of the Payment scheduled for the latest distribution date, and then applied to distributions scheduled for progressively earlier distribution dates, to the extent necessary to decrease the Payment as required under this Section 8.

(d) The following definitions shall apply for purposes of this Section 8:

(i) "Net After-Tax Reduced Payments" shall mean the total amount of all Payments that the Executive would retain, on a Net After-Tax Basis, in the event that the Payments payable under this Agreement are reduced pursuant to Section 8(a).

(ii) "Net After-Tax Unreduced Payments" shall mean the total amount of all Payments that the Executive would retain, on a Net After-Tax Basis, in the event that the Payments payable under this Agreement are not reduced pursuant to Section 8(a).

(iii) “Net After-Tax Basis” shall mean, with respect to the Payments, either with or without reduction under Section 8(a) (as applicable), the amount that would be retained by the Executive from such Payments after the payment of all Taxes.

(e) All determinations required to be made under this Section 8 and the assumptions to be utilized in arriving at such determinations, shall be made by a nationally recognized accounting firm as may be agreed by the Company and the Executive (the “Accounting Firm”); *provided*, that the Accounting Firm’s determination shall be made based upon “substantial authority” within the meaning of Section 6662 of the Code. The Accounting Firm shall provide detailed supporting calculations to both the Company and the Executive within fifteen (15) business days of the receipt of notice from the Executive that there has been a Payment or such earlier time as is requested by the Company. All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any determination by the Accounting Firm shall be binding upon the Company and the Executive. For purposes of determining whether and the extent to which the Payments will be subject to the Excise Tax, (i) no portion of the Payments the receipt or enjoyment of which the Executive shall have waived at such time and in such manner as not to constitute a “payment” within the meaning of Section 280G(b) of the Code shall be taken into account, (ii) no portion of the Payments shall be taken into account which, in the written opinion of the Accounting Firm, does not constitute a “parachute payment” within the meaning of Section 280G(b)(2) of the Code (including by reason of Section 280G(b)(4)(A) of the Code) and, in calculating the Excise Tax, no portion of such Payments shall be taken into account which, in the opinion of the Accounting Firm, constitutes “reasonable compensation” for services actually rendered, within the meaning of Section 280G(b)(4)(B) of the Code, in excess of the “base amount” (as defined in Section 280G(b)(3) of the Code) allocable to such reasonable compensation, and (iii) the value of any non-cash benefit or any deferred payment or benefit included in the Payments shall be determined by the Accounting Firm in accordance with the principles of Section 280G(d)(3) and (4) of the Code.

**Section 9.** Delayed Distribution under Section 409A of the Code. Notwithstanding any other provision of this Agreement to the contrary, if the Executive is a Specified Employee on the date of the Executive’s Involuntary Termination (or on the date of the Executive’s Separation from Service by reason of Disability), the Section 409A Payments which are payable upon Separation from Service shall be delayed to the extent necessary in order to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code, and such delayed payments or benefits shall be paid or distributed to the Executive during the thirty (30) day period commencing on the earlier of (a) the expiration of the six (6) month period measured from the date of the Executive’s Separation from Service or (b) the date of the Executive’s death. Upon the expiration of the applicable six (6) month period, all payments deferred pursuant to this Section 9 (excluding in-kind benefits) shall be paid in a lump sum payment to the Executive, plus interest thereon from the date of the Executive’s Involuntary Termination through the payment date at an annual rate equal to Moody’s Rate. The “Moody’s Rate” shall mean the average of the daily Moody’s Corporate Bond Yield Average – Monthly Average Corporates as published by Moody’s Investors Service, Inc. (or any successor) for the month next preceding the Date of Termination. Any remaining payments due under the Agreement shall be paid as otherwise provided herein.

**Section 10.** Nonexclusivity of Rights. Nothing in this Agreement shall prevent or limit the Executive’s continuing or future participation in any benefit, plan, program, policy or practice provided by the Company and for which the Executive may qualify (except with respect to any benefit to which the Executive has waived the Executive’s rights in writing), including, without limitation, any and all indemnification arrangements in favor of the Executive (whether under agreements or under the Company’s charter documents, bylaws, or otherwise), and insurance policies covering the Executive, nor shall anything herein limit or otherwise affect

such rights as the Executive may have under any other contract or agreement entered into after the Effective Date with the Company. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any benefit, plan, policy, practice or program of, or any contract or agreement entered into with, the Company shall be payable in accordance with such benefit, plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement. At all times during the Executive's employment with the Company and thereafter, the Company shall provide (to the extent permissible under applicable law) the Executive with indemnification and D&O insurance insuring the Executive against insurable events which occur or have occurred while the Executive was a director or officer of the Company, that with respect to such insurance is on terms and conditions that, to the extent reasonably practical, are at least as generous as that then currently provided to any other similarly situated current or former director or officer of the Company or any Affiliate. Such indemnification and D&O insurance shall be provided in a manner that complies with Treasury Regulation Section 1.409A-1(b)(10).

**Section 11. Clawbacks.** Notwithstanding anything herein to the contrary, (a) if Sempra Energy determines prior to a Change in Control, in its good faith judgment, that the Executive is required to forfeit or to make any repayment of any compensation or benefit(s) to the Company under the Sarbanes-Oxley Act of 2002 or pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act or any other law or listing standards of the national securities exchange that maintains the principal listing for any class of Sempra Energy's common equity or pursuant to any formal policy of Sempra Energy, or (b) if an arbitrator or court determines following a Change in Control that the Executive is required to forfeit or to make any repayment of any compensation or benefit(s) to the Company under the Sarbanes-Oxley Act of 2002 or pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act or any other law or listing standards of the national securities exchange that maintains the principal listing for any class of Sempra Energy's common equity, such forfeiture or repayment shall not constitute Good Reason.

**Section 12. Full Settlement; Mitigation.** The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Executive or others, provided that nothing herein shall preclude the Company from separately pursuing recovery from the Executive based on any such claim. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts (including amounts for damages for breach) payable to the Executive under any of the provisions of this Agreement, and such amounts shall not be reduced whether or not the Executive obtains other employment.

**Section 13. Dispute Resolution and Arbitration.**

(a) If any dispute arises between the Executive and Sempra Energy or any of its Affiliates, including, but not limited to, disputes relating to or arising out of this Agreement, disputes relating to or arising out of the Executive's employment and/or the termination thereof, and/or disputes regarding the interpretation, enforceability, or validity of this Agreement ("Arbitrable Dispute"), the Executive and Sempra Energy mutually agree to waive their respective rights to resolution of disputes through litigation in a judicial forum and agree to resolve any Arbitrable Dispute through **final and binding arbitration** as set forth below, except as prohibited by law. Arbitration shall be the exclusive remedy for any Arbitrable Dispute. Accordingly, this agreement to arbitrate applies with respect to all Arbitrable Disputes, whether initiated by Executive or Sempra Energy. Any Arbitrable Dispute will be decided by an arbitrator through individual arbitration and not by way of court or jury trial. **Sempra Energy and the Executive waive any right to a jury trial or a court bench trial.**

(b) Sempra Energy and the Executive agree to bring any dispute in arbitration in an individual capacity only:

Sempra Energy and the Executive hereby waive any right for any dispute to be brought, maintained, heard, decided or arbitrated as a class and/or collective action and the arbitrator will have no authority to hear or preside over any such action (“Class Action Waiver”). The Executive understands and agrees that the Executive and Sempra Energy are waiving the right to pursue or have a dispute resolved as a plaintiff or class member in any purported class, collective or representative proceeding. To the extent the Class Action Waiver is determined to be invalid, unenforceable, or void, any class and/or collective action must proceed in a court of law and not in arbitration.

Notwithstanding any other provision of this Agreement, to the fullest extent permitted by law, the Executive and Sempra Energy (1) agree not to bring a representative action on behalf of others under the Private Attorneys General Act of 2004 (“PAGA”), California Labor Code § 2698 *et seq.*, in any court or in arbitration, and (2) agree that, for any claim brought on a private attorney general basis, including under the California PAGA, any such dispute shall be resolved in arbitration on an individual basis only (*i.e.*, to resolve whether the Executive has personally been aggrieved or subject to any violations of law), and that such an action may not be used to resolve the claims or rights of other individuals in a single or collective proceeding (collectively, “Representative PAGA Waiver”). Notwithstanding any other provision of this agreement to arbitrate or the JAMS Rules, the scope, applicability, enforceability, revocability or validity of this Representative PAGA Waiver may be resolved only by a court of competent jurisdiction and not by an arbitrator. If any provision of this representative PAGA Waiver is found to be unenforceable or unlawful for any reason, the unenforceable provision shall be severed from this Dispute Resolution provision, and any such representative PAGA claims or other representative private attorneys general act claims must be litigated in a court of competent jurisdiction and not in arbitration. To the extent that there are any Arbitrable Disputes to be litigated in a court of competent jurisdiction because a court determines that the Representative PAGA Waiver is unenforceable with respect to those disputes, the Parties agree that litigation of those Arbitrable Disputes shall be stayed pending the outcome of any individual disputes in arbitration.

(c) Arbitration shall take place at the office of JAMS (or, if the Executive is employed outside of California, the American Arbitration Association (“AAA”)) nearest to the location where the Executive last worked for the Company. Except to the extent it conflicts with the rules and procedures set forth in this Agreement, arbitration shall be conducted in accordance with the JAMS Employment Arbitration Rules & Procedures then in effect (“JAMS Rules”) (if the Executive is employed outside of California, the AAA Employment Arbitration Rules & Mediation Procedures (“AAA Rules”)), copies of which are available at [www.jamsadr.com](http://www.jamsadr.com); tel: 800.352.5267 and [www.adr.org](http://www.adr.org); tel: 800.778.7879, before a single experienced, neutral employment arbitrator selected in accordance with those rules.

(d) Sempra Energy will be responsible for paying any filing fee and the fees and costs of the arbitrator. However, the Executive will be responsible for contributing up to any amount equal to the filing fee that would be paid to initiate the claim in a court of general jurisdiction in the state in which the Executive is employed, unless a lower fee amount would be owed by the Executive pursuant to the JAMS Rules (or AAA rules, as applicable) or applicable law. Subject to Section 15 of this Agreement, each party shall pay its own attorneys’ fees and pay any costs that are not unique to arbitration (*i.e.*, costs that each party would incur if the claim(s) were litigated in a court, such as costs to subpoena witnesses and/or documents, take depositions and purchase deposition transcripts, copy documents, etc.). However, subject to Section 15 of this Agreement, if any party prevails on a statutory claim that authorizes an award of attorneys’ fees to the prevailing party, or if there is a written agreement providing for

attorneys' fees, the arbitrator may award reasonable attorneys' fees to the prevailing party, applying the same standards a court would apply under the law applicable to the claim.

(e) The arbitrator shall apply the Federal Rules of Evidence, shall have the authority to entertain a motion to dismiss or a motion for summary judgment by any party, and shall apply the standards governing such motions under the Federal Rules of Civil Procedure. The arbitrator is required to issue a written award and opinion setting forth the essential findings and conclusions on which the award is based, and any judgment or award issued by an arbitrator may be entered in any court of competent jurisdiction. The arbitrator does not have the authority to consider, certify, or hear an arbitration as a class action, collective action, or any other type of representative action. In addition, unless all parties agree in writing otherwise, the arbitrator shall not consolidate or join the arbitrations of one or more than one individual. Neither party may seek, nor may the arbitrator award, any relief that is not individualized to the claimant or that affects other individuals. The arbitrator may award declaratory or injunctive relief only in favor of the individual party seeking relief and only to the extent necessary to provide relief warranted by that party's individual claims. Sempra Energy and the Executive recognize that this agreement to arbitrate arises out of or concerns interstate commerce and that the Federal Arbitration Act shall govern the arbitration and shall govern the interpretation or enforcement of this Agreement or any arbitration award.

(f) If a court decides that applicable law does not permit the enforcement of any of this section's limitations as to a particular claim or any particular remedy for a claim, then that claim or particular remedy (and only that claim or particular remedy) must be severed from the arbitration and may be brought in court.

#### **Section 14. Executive's Covenants.**

(a) Confidentiality. The Executive acknowledges that in the course of the Executive's employment with the Company, the Executive has acquired non-public privileged or confidential information and trade secrets concerning the operations, future plans and methods of doing business ("Proprietary Information") of Sempra Energy and its Affiliates; and the Executive agrees that it would be extremely damaging to Sempra Energy and its Affiliates if such Proprietary Information were disclosed to a competitor of Sempra Energy and its Affiliates or to any other Person. The Executive understands and agrees that all Proprietary Information has been divulged to the Executive in confidence and further understands and agrees to keep all Proprietary Information secret and confidential (except for such information which is or becomes publicly available other than as a result of a breach by the Executive of this provision or information the Executive is required by law or any governmental, administrative or court order to disclose) without limitation in time. In view of the nature of the Executive's employment and the Proprietary Information the Executive has acquired during the course of such employment, the Executive likewise agrees that Sempra Energy and its Affiliates would be irreparably harmed by any disclosure of Proprietary Information in violation of the terms of this Section 14(a) and that Sempra Energy and its Affiliates shall therefore be entitled to preliminary and/or permanent injunctive relief prohibiting the Executive from engaging in any activity or threatened activity in violation of the terms of this Section 14(a) and to any other relief available to them. Inquiries regarding whether specific information constitutes Proprietary Information shall be directed to the Company's most senior officer of Human Resources (or, if such position is vacant, the Company's then Chief Executive Officer); *provided*, that the Company shall not unreasonably classify information as Proprietary Information.

(b) Governmental Reporting. Nothing in this Agreement is intended to interfere with or discourage the Executive's good faith disclosure related to a suspected violation of federal or state law or regulation to any governmental agency or entity or making other disclosures that are protected under the whistleblower provisions of federal or state law or

regulation. The Executive cannot and will not be held criminally or civilly liable under any federal or state trade secret law for disclosing otherwise protected trade secrets and/or confidential or proprietary information so long as the disclosure is made in (i) confidence to a federal, state, or local government official, directly or indirectly, or to an attorney and solely for the purpose of reporting or investigating a suspected violation of law; or (ii) a complaint or other document filed in a lawsuit or other proceeding, so long as such filing is made under seal. The Company will not retaliate against the Executive in any way for a disclosure made pursuant to this Section 14(b). Further, in the event the Executive makes such a disclosure, and files a lawsuit against the Company alleging that the Company retaliated against the Executive because of the disclosure, the Executive may disclose the relevant trade secret or confidential information to the Executive's attorney, and may use the same in the court proceeding only if (X) the Executive ensures that any court filing that includes the trade secret or confidential information at issue is made under seal; and (Y) the Executive does not otherwise disclose the trade secret or confidential information except as required by court order.

(c) Non-Solicitation of Employees. The Executive recognizes that the Executive possesses and will possess confidential information about other employees of Sempra Energy and its Affiliates relating to their education, experience, skills, abilities, compensation and benefits, and inter-personal relationships with customers of Sempra Energy and its Affiliates. The Executive recognizes that the information the Executive possesses and will possess about these other employees is not generally known, is of substantial value to Sempra Energy and its Affiliates in developing their business and in securing and retaining customers, and has been and will be acquired by the Executive because of the Executive's business position with Sempra Energy and its Affiliates. The Executive agrees that at all times during the Executive's employment with the Company and for a period of one (1) year thereafter, the Executive will not use such information to directly or indirectly solicit or recruit any employee of the Company or its Affiliates for the purpose of being employed by the Executive or by any competitor of the Company or its Affiliates on whose behalf the Executive is acting as an agent, representative or employee and that the Executive will not convey any such confidential information or trade secrets about other employees of Sempra Energy and its Affiliates to any other Person; *provided, however*, that it shall not constitute a solicitation or recruitment of employment in violation of this Section 14(c) to discuss employment opportunities with any employee of the Company or its Affiliates who has either first contacted the Executive or regarding whose employment the Executive has discussed with and received the written approval of the Company's most senior officer of Human Resources (or, if such position is vacant, the Company's then Chief Executive Officer), prior to making such solicitation or recruitment. In view of the nature of the Executive's employment with the Company, the Executive likewise agrees that Sempra Energy and its Affiliates would be irreparably harmed by any solicitation or recruitment in violation of the terms of this Section 14(c) and that Sempra Energy and its Affiliates shall therefore be entitled to preliminary and/or permanent injunctive relief prohibiting the Executive from engaging in any activity or threatened activity in violation of the terms of this Section 14(c) and to any other relief available to them.

(d) Survival of Provisions. The obligations contained in Section 14(a), (b) and (c) above shall survive the termination of the Executive's employment within the Company and shall be fully enforceable thereafter to the same extent that it was enforceable prior to such termination. If it is determined by a court of competent jurisdiction in any state that any restriction in Section 14(a) or (c) above is excessive in duration or scope or is unreasonable or unenforceable under the laws of that state, it is the intention of the parties that such restriction may be modified or amended by the court to render it enforceable to the maximum extent permitted by the law of that state.



(e) Consulting Payment. In the event of the Executive's Involuntary Termination, if (i) the Executive reconfirms and agrees to abide by the covenants described in Section 14(a) and (c) above, (ii) the Release Requirements are satisfied by the Payment Date, and (iii) the Executive agrees to provide the consulting services described in Section 14(f) below, then in consideration for such covenants and consulting services, the Company shall pay the Executive, in one (1) cash lump sum, an amount (the "Consulting Payment") in cash equal to one-half (0.5) times the sum of (X) the Executive's Annual Base Salary as in effect on the Date of Termination, plus (Y) the greater of the Executive's Average Annual Bonus or the Executive's Target Bonus on the Date of Termination. If the requirements of this Section 14(e) are satisfied, the Consulting Payment shall be paid during the thirty (30) day period commencing on the earlier of (i) the expiration of the six (6) month period measured from the date of the Executive's Separation from Service or (ii) the date of the Executive's death.

(f) Consulting. If the Executive agrees to the provisions of Section 14(e) above, then the Executive shall have the obligation to provide consulting services to the Company as an independent contractor, commencing on the Date of Termination and ending on the first (1<sup>st</sup>) anniversary of the Date of Termination (the "Consulting Period"). The Executive shall hold himself available at reasonable times and on reasonable notice to render such consulting services as may be so assigned to the Executive by the Board or the Company's then Chief Executive Officer; *provided, however*, that unless the parties otherwise agree, the consulting services rendered by the Executive during the Consulting Period shall not exceed twenty (20) hours each month; and, *provided, further*, that the consulting services rendered by the Executive during the Consulting Period shall in no event exceed twenty percent (20%) of the average level of services performed by the Executive for the Company over the thirty-six (36) month period immediately preceding the Executive's Separation from Service (or the full period of services to the Company, if the Executive has been providing services to the Company for less than thirty-six (36) months). The Company agrees to use its best efforts during the Consulting Period to secure the benefit of the Executive's consulting services so as to minimize the interference with the Executive's other activities, including requiring the performance of consulting services at the Company's offices only when such services may not be reasonably performed off-site by the Executive.

#### **Section 15. Legal Fees.**

(a) Reimbursement of Legal Fees. Subject to Section 15(b), in the event of the Executive's Separation from Service either (i) prior to a Change in Control, or (ii) on or within two (2) years following a Change in Control, the Company shall reimburse the Executive for all legal fees and expenses (including but not limited to fees and expenses in connection with any legal proceeding) incurred by the Executive in disputing any issue arising under this Agreement relating to the Executive's Separation from Service or in seeking to obtain or enforce any benefit or right provided by this Agreement.

(b) Requirements for Reimbursement. The Company shall reimburse the Executive's legal fees and expenses pursuant to Section 15(a) above only to the extent the arbitrator or court determines (i) in the case of Section 15(a)(ii) that the Executive had a reasonable basis for such claim and (ii) in the case of Section 15(a)(i) that the Executive disputed such issue, or sought to obtain or enforce such benefit or right, in good faith, the Executive had a reasonable basis for such claim, and the Executive is the prevailing party. In addition, the Company shall reimburse such legal fees and expenses, in each case only if such legal fees and expenses are incurred during the twenty (20) year period beginning on the date of the Executive's Separation from Service. The legal fees and expenses paid to the Executive for any taxable year of the Executive shall not affect the legal fees and expenses paid to the Executive

for any other taxable year of the Executive. The legal fees and expenses shall be paid to the Executive as soon as practicable following the date on which documentation relating to the incurred expenses is provided by the Executive to the Company; provided, however, that any such reimbursement shall occur on or before the last day of the Executive's taxable year following the taxable year in which the fees or expenses are determined to be payable pursuant to this Agreement. The Executive's right to reimbursement of legal fees and expenses shall not be subject to liquidation or exchange for any other benefit. Such right to reimbursement of legal fees and expenses shall be provided in a manner that complies with Treasury Regulation Section 1.409A-3(i)(1)(iv).

#### **Section 16. Successors.**

(a) Assignment by the Executive. This Agreement is personal to the Executive and without the prior written consent of Sempra Energy shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives.

(b) Successors and Assigns of Sempra Energy. This Agreement shall inure to the benefit of and be binding upon Sempra Energy and its successors and assigns. Sempra Energy may not assign this Agreement to any Person (except for a successor described in Section 16(c), (d) or (e) below) without the Executive's written consent.

(c) Assumption. Sempra Energy shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of Sempra Energy to assume expressly and agree to perform the obligations and satisfy and discharge the liabilities of this Agreement in the same manner and to the same extent that Sempra Energy would have been required to perform the obligations and satisfy and discharge the liabilities under this Agreement if no such succession had taken place, and Sempra Energy shall have no further obligations and liabilities under this Agreement. Upon such assumption, references to Sempra Energy in this Agreement shall be replaced with references to such successor.

(d) Sale of Subsidiary. In the event that (i) the Executive is employed by a direct or indirect subsidiary of Sempra Energy that is a member of the Sempra Energy Control Group, (ii) Sempra Energy, directly or indirectly through one or more intermediaries, sells or otherwise disposes of such subsidiary, and (iii) such subsidiary ceases to be a member of the Sempra Energy Control Group, then if, on the date such subsidiary ceases to be a member of the Sempra Energy Control Group, the Executive continues in employment with such subsidiary and the Executive does not have a Separation from Service, Sempra Energy shall require such subsidiary or any successor (whether direct or indirect, by purchase merger, consolidation or otherwise) to such subsidiary, or the parent thereof, to assume expressly and agree to perform the obligations and satisfy and discharge the liabilities under this Agreement in the same manner and to the same extent that Sempra Energy would have been required to perform the obligations and satisfy and discharge the liabilities under this Agreement, if such subsidiary had not ceased to be part of the Sempra Energy Control Group, and, upon such assumption, Sempra Energy shall have no further obligations and liabilities under the Agreement. Upon such assumption, references to Sempra Energy in this Agreement shall be replaced with references to such subsidiary, or such successor or parent thereof, assuming this Agreement, and subsection (b) of the definition of "Cause" and subsection (b) of the definition of "Good Reason" shall apply thereafter, as if a Change in Control had occurred on the date of such cessation.

(e) Sale of Assets of Subsidiary. In the event that (i) the Executive is employed by a direct or indirect subsidiary of Sempra Energy, and (ii) such subsidiary sells or otherwise disposes of substantial assets of such subsidiary to an unrelated service recipient, as

determined under Treasury Regulation Section 1.409A-1(f)(2)(ii) (the “Asset Purchaser”), in a transaction described in Treasury Regulation Section 1.409A-1(h)(4) (an “Asset Sale”), then if, on the date of such Asset Sale, the Executive becomes employed by the Asset Purchaser, Sempra Energy and the Asset Purchaser may specify, in accordance with Treasury Regulation Section 1.409A-1(h)(4), that the Executive shall not be treated as having a Separation from Service, and in such event, Sempra Energy may require such Asset Purchaser, or the parent thereof, to assume expressly and agree to perform the obligations and satisfy and discharge the liabilities under this Agreement in the same manner and to the same extent that the Company would have been required to perform the obligations and satisfy and discharge the liabilities under this Agreement, if the Asset Sale had not taken place, and, upon such assumption, Sempra Energy shall have no further obligations and liabilities under the Agreement. Upon such assumption, references to Sempra Energy in this Agreement shall be replaced with references to the Asset Purchaser or the parent thereof, as applicable, and subsection (b) of the definition of “Cause” and subsection (b) of the definition of “Good Reason” shall apply thereafter, as if a Change in Control had occurred on the date of the Asset Sale.

**Section 17.** Administration Prior to Change in Control. Prior to a Change in Control, the Compensation Committee shall have full and complete authority to construe and interpret the provisions of this Agreement, to determine an individual’s entitlement to benefits under this Agreement, to make in its sole and absolute discretion all determinations contemplated under this Agreement, to investigate and make factual determinations necessary or advisable to administer or implement this Agreement, and to adopt such rules and procedures as it deems necessary or advisable for the administration or implementation of this Agreement. All determinations made under this Agreement by the Compensation Committee shall be final, conclusive and binding on all interested Persons. Prior to a Change in Control, the Compensation Committee may delegate responsibilities for the operation and administration of this Agreement to one or more officers or employees of the Company. The provisions of this Section 17 shall terminate and be of no further force and effect upon the occurrence of a Change in Control.

**Section 18.** Compliance with Section 409A of the Code. All payments and benefits payable under this Agreement (including, without limitation, the Section 409A Payments) are intended to comply with the requirements of Section 409A of the Code. Certain payments and benefits payable under this Agreement are intended to or may be exempt from the requirements of Section 409A of the Code. This Agreement shall be interpreted in accordance with the applicable requirements of, and exemptions from, Section 409A of the Code, the Treasury Regulations thereunder and other guidance of general applicability. If the Company determines that any compensation, benefits or other payments that are payable under this Agreement and intended to comply with Section 409A of the Code do not comply with Section 409A of the Code, the Treasury Regulations thereunder and other applicable authority issued by the Internal Revenue Service, to the extent permitted under Section 409A of the Code, the Treasury Regulations thereunder and any other applicable guidance, the Company and the Executive agree to amend this Agreement, or take such other actions as the Company and the Executive deem reasonably necessary or appropriate, to cause such compensation, benefits and other payments to comply with the requirements of Section 409A of the Code, the Treasury Regulations thereunder and other applicable guidance, while providing compensation, benefits and other payments that are, in the aggregate, no less favorable than the compensation, benefits and other payments provided under this Agreement. In the case of any compensation, benefits or other payments that are payable under this Agreement and intended to comply with Section 409A of the Code, if any provision of the Agreement would cause such compensation, benefits or other payments to fail to so comply, such provision shall not be effective and shall be null and void with respect to such compensation, benefits or other payments to the extent such provision would cause a failure to comply, and such provision shall otherwise remain in full force and effect.

**Section 19. Miscellaneous.**

(a) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California, without reference to its principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. Except as provided herein, the Agreement may not be amended, modified, repealed, waived, extended or discharged except by an agreement in writing signed by the parties hereto. No Person, other than pursuant to a resolution of the Board or a committee thereof, shall have authority on behalf of Sempra Energy to agree to amend, modify, repeal, waive, extend or discharge any provision of this Agreement or anything in reference thereto.

(b) Notices. All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party, by a reputable overnight carrier or by registered or certified mail, return receipt requested, postage prepaid, addressed, in the case of the Company, to Sempra Energy's headquarters attention the most senior officer of Human Resources with a copy to the General Counsel or in the case of the Executive, the home address of the Executive on file with the Company, or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notices and communications shall be effective when actually received by the addressee.

(c) Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(d) Taxes. The Company may withhold from any amounts payable under this Agreement such federal, state or local taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(e) No Waiver. The Executive's or the Company's failure to insist upon strict compliance with any provision hereof or any other provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder, including, without limitation, the right of the Executive to terminate employment for Good Reason, or the right of the Company to terminate the Executive's employment for Cause shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(f) Entire Agreement; Exclusive Benefit; Supersession of Prior Agreement. This Agreement contains the entire agreement of the Executive, the Company or any predecessor or subsidiary thereof with respect to any severance or termination pay. The Pre-Change in Control Severance Payment, the Post-Change in Control Severance Payment and all other benefits provided hereunder shall be in lieu of any other severance payments to which the Executive is entitled under any other severance plan or program or arrangement sponsored by the Company, as well as pursuant to any individual employment or severance agreement that was entered into by the Executive and the Company, and, upon the Effective Date of this Agreement, all such plans, programs, arrangements and agreements other than agreements to arbitrate disputes with the Company, to the extent in conflict with this Agreement, are hereby automatically superseded and terminated. Any prior agreements/provisions agreeing to arbitrate disputes with the Company shall remain in full force and effect and shall not be affected by this Agreement.

(g) No Right of Employment. Nothing in this Agreement shall be construed as giving the Executive any right to be retained in the employ of the Company or shall interfere in any way with the right of the Company to terminate the Executive's employment at any time, with or without Cause.

(h) Unfunded Obligation. The obligations under this Agreement shall be unfunded. Benefits payable under this Agreement shall be paid from the general assets of the Company. The Company shall have no obligation to establish any fund or to set aside any assets to provide benefits under this Agreement.

(i) Termination upon Sale of Assets of Subsidiary. Notwithstanding anything contained herein, this Agreement shall automatically terminate and be of no further force and effect and no benefits shall be payable hereunder in the event that (i) the Executive is employed by a direct or indirect subsidiary of Sempra Energy, (ii) an Asset Sale (as defined in Section 16(e)) occurs (other than such a sale or disposition which is part of a transaction or series of transactions which would result in a Change in Control), and (iii) as a result of such Asset Sale, the Executive is offered employment by the Asset Purchaser in an executive position with reasonably comparable status, compensation, benefits and severance agreement (including the assumption of this Agreement in accordance with Section 16(e)) and which is consistent with the Executive's experience and education, but the Executive declines to accept such offer and the Executive fails to become employed by the Asset Purchaser on the date of the Asset Sale.

(j) Term. The term of this Agreement shall commence on the Effective Date and shall continue until the third (3rd) anniversary of the Effective Date; *provided, however*, that commencing on the second (2nd) anniversary of the Effective Date (and each anniversary of the Effective Date thereafter), the term of this Agreement shall automatically be extended for one (1) additional year, unless at least ninety (90) days prior to such date, the Company or the Executive shall give written notice to the other party that it or he, as the case may be, does not wish to so extend this Agreement. Notwithstanding the foregoing, if the Company gives such written notice to the Executive (i) at a time when Sempra Energy is a party to an agreement that, if consummated, would constitute a Change in Control or (ii) less than two (2) years after a Change in Control, the term of this Agreement shall be automatically extended until the later of (X) the date that is one (1) year after the anniversary of the Effective Date that follows such written notice or (Y) the first day of the calendar month following the second (2nd) anniversary of the Change in Control Date.

(k) Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Executive and, pursuant to due authorization from its Board of Directors, Sempra Energy have caused this Agreement to be executed as of the day and year first above written.

SEMPRA ENERGY

/s/ Karen L. Sedgwick

Karen L. Sedgwick  
Chief Administrative Officer and Chief Human Resources  
Officer

3/8/2023

Date

EXECUTIVE

/s/ Valerie A. Bille

Valerie A. Bille  
VP – Controller and Chief Accounting Officer San Diego  
Gas & Electric

2/28/2023

Date

SEPARATION AGREEMENT AND GENERAL RELEASE

This SEPARATION AGREEMENT AND GENERAL RELEASE (the "Agreement"), is made by and between \_\_\_\_\_, a California corporation (the "Company") and \_\_\_\_\_ ("Employee") (jointly referred to as the "Parties" or individually referred to as a "Party") as of the Effective Date (as defined below).

WHEREAS, Employee was employed by the Company as an at-will employee;

WHEREAS, Employee and the Company previously entered into that certain Severance Pay Agreement dated \_\_\_\_\_, 20\_\_ (the "Severance Pay Agreement") in connection with Employee's employment with the Company;

WHEREAS, Employee's right to receive certain severance pay and benefits pursuant to the terms of the Severance Pay Agreement is subject to and conditioned upon Employee's execution [and non-revocation] of a general release of claims Employee has or may have against the Company Releasees (as defined below); and

WHEREAS, Employee's right to receive the Consulting Payment provided pursuant to Section 14(e) of the Severance Pay Agreement is subject to and conditioned upon Employee's execution [and non-revocation] of a general release of claims by Employee against the Company Releasees and Employee's adherence to the covenants described under Section 14 of the Severance Pay Agreement.

NOW, THEREFORE, in consideration of the promises and mutual covenants contained herein, the adequacy of which is hereby acknowledged, the Parties hereby agree as follows:

1. Separation Date. Employee's employment with the Company terminated at the close of business on [\_\_\_\_\_] (the "Separation Date"). Employee has received his/her final wages through the Separation Date, less deductions required by law, including any accrued but unused vacation, in accordance with applicable law. Employee has also been reimbursed for any outstanding employment-related expenses that were incurred and submitted consistent with Company policy. This Agreement is not a condition of employment or continued employment or a condition of receiving a raise or a bonus. On the Separation Date, Employee will be deemed to have resigned from all positions that he/she holds with the Company and its affiliates, and Employee will promptly execute any instrument reasonably requested by the Company or any of its affiliates to effectuate or commemorate such resignation. The term "affiliate" as used herein shall include, without limitation, such Person's parent companies, divisions and subsidiaries, whether or not specified.

2. Severance Benefits. In exchange for Employee entering into this Agreement and not revoking it, and for the covenants and releases contained herein, the Company will provide Employee with the severance benefits described below. Employee acknowledges that the amounts and benefits set forth in this Section 2 as well as any benefits and claims not released under Section 4(b), fully satisfy any entitlement Employee may have to any payments or benefits from the Company through the Separation Date, including under the Severance Pay Agreement. Employee further acknowledges that no part of the severance payments described in this Section 2 consist of wages owed to Employee for his/her employment through the Separation Date.

(a) [The Company will pay Employee a lump sum payment of [\_\_\_\_\_], less applicable withholdings, pursuant to Section [4/5] of the Severance Pay Agreement. Pursuant to Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”), payment will be made on the earlier of (i) the date that is six (6) months and one (1) day after the Separation Date; and (ii) the date of Employee’s death.

(b) The Company will pay Employee a lump sum payment of [\_\_\_\_\_], less applicable withholdings, which is equal to the Consulting Payment set forth in Section 14(e) of the Severance Pay Agreement. Such payment will be made during the thirty (30) day period commencing on the earlier of (i) a date that is six (6) months and one (1) day after the Separation Date; and (ii) the date of Employee’s death

(c) The Company will also provide Employee with the severance benefits set forth in Sections 4(c), (d) and (e) of the Severance Pay Agreement. For the avoidance of doubt, the value of the services set forth in Sections 4(c), (d) and (e) of the Severance Pay Agreement shall not be subject to liquidation or exchange for any other benefit.]

3. Tax Consequences. The Company makes no representations or warranties with respect to the tax consequences of the payments and any other consideration provided to Employee or made on Employee’s behalf under the terms of this Agreement. Employee agrees and understands that Employee is responsible for payment, if any, of local, state, and/or federal taxes on the payments and any other consideration provided hereunder by the Company and any penalties or assessments thereon. Employee further agrees to indemnify and hold the Company and its affiliates harmless from any claims, demands, deficiencies, penalties, interest, assessments, executions, judgments, or recoveries by any government agency against the Company or any of its affiliates for any amounts claimed due on account of (a) Employee’s failure to pay or delayed payment of federal or state taxes, or (b) damages sustained by the Company or any of its affiliates by reason of any such claims, including reasonable attorneys’ fees and costs

4. Release of Claims. As a material inducement for the payment of the severance and benefits of the Severance Pay Agreement, and except as otherwise provided in this Agreement, Employee, on behalf of him/herself and on behalf of his/her heirs, family members, executors, agents and assigns, hereby irrevocably and unconditionally releases, acquits and forever discharges the Company Releasees from any and all Claims he/she has or may have. For purposes of this Agreement and the preceding sentence, the words “Releasee” or “Releasees” and “Claim” or “Claims” shall have the meanings set forth below:

(a) “Company Releasees” shall refer to (i) the Company, (ii) each of the Company’s owners, stockholders, predecessors, successors, assigns, agents, directors, officers, employees, representatives, attorneys, advisors, and affiliates (including parent companies, divisions, and subsidiaries), (iii) agents, directors, officers, employees, representatives, attorneys and advisors of such affiliates (including parent companies, divisions, and subsidiaries), and (iv) all persons and entities acting by, through, under or in concert with any of them

(b) The words “Claim” or “Claims” shall refer to any charges, complaints, claims, liabilities, obligations, promises, agreements, controversies, damages, actions, causes of action, suits, rights, demands, costs, losses, debts and expenses (including attorneys’ fees and costs actually incurred) of any nature whatsoever, known or unknown, suspected or unsuspected, which Employee had or may have, own or hold against any of the Company Releasees through and including the Effective Date that in any way arise out of, relate to, or are in connection with Employee’s employment relationship with the Company and its affiliates and the termination of that relationship, including, without limitation, all rights arising out of alleged violations of any contracts, express or implied, including the Severance Pay Agreement; any tort claim; any legal



restrictions on the Company's right to terminate employment relationships; and any federal, state or other governmental statute, regulation, law or ordinance, including common law principles, governing the employment relationship including, without limitation, all laws and regulations prohibiting discrimination or harassment based on protected categories, and all laws and regulations prohibiting retaliation against employees, including retaliation for engaging in protected activity or legal off-duty conduct. This release does not extend to claims for workers' compensation or other claims which by law may not be waived or released by this Agreement, nor does it limit Employee's right to receive any vested payments or benefits to which he/she is entitled under any Company (including its affiliates) benefit plan (including, without limitation, any of the Company's (including its affiliates) qualified retirement plans or non-qualified deferred compensation plan), which payments or benefits will be paid or provided pursuant to the terms of the applicable governing documents.

5. Release of Unknown Claims. Employee expressly waives and relinquishes all rights and benefits afforded by any statute (including, but not limited to, Section 1542 of the Civil Code of the State of California and analogous laws of other states), which limits the effect of a release with respect to unknown claims. Employee does so understanding and acknowledging the significance of the release of unknown claims and the waiver of statutory protection against a release of unknown claims (including, but not limited to, Section 1542). Section 1542 of the Civil Code of the State of California states as follows:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.”

Thus, notwithstanding the provisions of Section 1542 or of any similar statute, and for the purpose of implementing a full and complete release and discharge of the Company Releasees, Employee expressly acknowledges that this Agreement is intended to include in its effect, without limitation, all Claims which are known and all Claims which Employee does not know or suspect to exist in Employee's favor at the time of execution of this Agreement and that this Agreement contemplates the extinguishment of all such Claims. Employee acknowledges that he/she might hereafter discover facts different from, or in addition to, those Employee now knows or believes to be true with respect to a Claim or Claims released herein, and they expressly agree to assume the risk of possible discovery of additional or different facts, and agree that this Agreement shall be and remain effective, in all respects, regardless of such additional or different discovered facts.

6. Covenant Not to Sue. Employee agrees that Employee will not file any suit, claim, proceeding or complaint against any Company Releasees arising out of or in connection with any Claims released herein, except as required to enforce the terms of this Agreement. Employee's right to file or participate in an administrative claim or investigation by the Equal Employment Opportunity Commission, or any other local, state, or federal administrative body or government agency against the Company, which is guaranteed by law, cannot be and is not waived. However, to the extent permitted by law, and except as to Securities and Exchange Commission whistleblower awards, Employee agrees that if such an administrative claim is made against any Company Releasee(s) on Employee's behalf, Employee shall not be entitled to recover any individual monetary relief or other individual remedies beyond the separation benefits identified in this Agreement.

7. No Pending Lawsuits. Employee represents and warrants that Employee does not have any lawsuits, charges, claims, grievances, or actions of any kind pending against any Company Releasees arising out of or in connection with any Claims released herein, by or on behalf of Employee or on behalf of any other person or entity, and that, to the best of Employee's knowledge, Employee possess no such claims (including, but not limited to, under the Family and Medical Leave Act, the Age Discrimination in Employment Act, the California Family Rights Act, the Fair Labor Standards Act, the California Labor Code and/or workers' compensation claims). Employee further acknowledges that he/she is not aware of, or has fully disclosed to the Company, any information that could reasonably give rise to such a claim, cause of action, lawsuit or proceeding against any Company Releasee(s).

8. No Cooperation. Employee agrees that he/she will not knowingly encourage, counsel, or assist any attorneys or their clients in the presentation or prosecution of any disputes, differences, grievances, claims, charges, or complaints by any third party against any Company Releasee(s) arising out or in connection with any Claims released herein, unless under a subpoena or other court order to do so. Employee agrees to immediately notify the Company upon receipt of any such subpoena or court order, and to furnish to the Company, within three (3) business days of its receipt, a copy of such subpoena or other court order.

9. Payment of Salary and Receipt of All Benefits. Employee acknowledges and represents that, except as provided in this Agreement, the Company has fully paid or provided Employee all salary, wages, bonuses, accrued vacation/paid time off, premiums, leaves, housing allowances, relocation costs, interest, severance, outplacement costs, fees, reimbursable expenses, commissions or other incentive compensation, stock, stock options, vesting, and any and all other benefits and compensation due to Employee. Employee specifically represents that Employee is not owed any further sum by way of reimbursement from the Company or any of its affiliates. To the extent Employee claims that additional wages are or may become owed to Employee, there is a good faith dispute based in law and fact over whether any wages in excess of the wages already paid to Employee are or will be due, and thus California Labor Code Section 206.5 is inapplicable.

10. Indemnification.

(a) As a further material inducement to the Company to enter into this Agreement, Employee hereby agrees to indemnify and hold each of the Company Releasees harmless from all loss, costs, damages, or expenses, including without limitation, reasonable attorneys' fees incurred by the Company Releasees, arising out of any breach of this Agreement by Employee or the fact that any representation made in this Agreement by Employee was false when made. As a further material inducement to Employee to enter into this Agreement, the Company hereby agrees to indemnify and hold each of the Company Releasees harmless from all loss, costs, damages, or expenses, including without limitation, reasonable attorneys' fees incurred by the Company Releasees, arising out of any breach of this Agreement by the Company or the fact that any representation made in this Agreement by the Company was knowingly false when made.

(b) If Employee is a party or is threatened to be made a party to any proceeding by reason of the fact that Employee was an employee, officer or director of the Company or any of its affiliates, the Company shall indemnify and hold harmless Employee against any expenses (including reasonable attorneys' fees, *provided*, that counsel has been approved by the Company, which approval shall not be unreasonably withheld), judgments, fines, settlements and other amounts actually or reasonably incurred by Employee in connection with that proceeding, and *provided*, that Employee acted in good faith and in a manner Employee reasonably believed to be in the best interest of the Company. The limitations of Section 317 of the Corporations Code of the State of California shall apply to this assurance of indemnification.

Notwithstanding the foregoing or any other provision contained herein, this Agreement shall not supersede or in any way limit any (i) indemnification arrangements in favor of the Employee under the Company's or any of its affiliates charter documents or bylaws or pursuant to any agreement between the Employee and the Company or any of the Company's affiliates or (ii) the provision of insurance against insurable events which occurred while the Executive was a director or officer of the Company, in each as provided by and subject to the limitations set forth in Section 10 of the Severance Pay Agreement.

11. No Admission of Liability.

The Parties understand and acknowledge that no action taken by either Party in connection hereto, either previously or in connection with this Agreement, shall be deemed or construed to be (i) an admission of the truth or falsity of any actual or potential claims, or (ii) an acknowledgement or admission by either Party of any fault or liability whatsoever to the other Party or to any third party. This Agreement shall not in any way be construed as an admission by the Company that it has acted wrongfully with respect to Employee or any other person or entity, or that Employee has any rights whatsoever against the Company, and the Company specifically disclaims any liability to or wrongful acts against Employee or any other person or entity, on the part of itself, its employees or its agents. This Agreement shall not in any way be construed as an admission by Employee that Employee has acted wrongfully with respect to the Company, or that Employee failed to perform Employee's duties or negligently performed or breached Employee's duties, or that the Company had good cause to terminate Employee's employment.

12. Cooperation in Litigation. Employee agrees to cooperate with the Company and its affiliates and their respective designated attorneys, representatives and agents in connection with any actual or threatened judicial, administrative or other legal or equitable proceeding in which the Company or any of the Company's affiliates is or may become involved. Upon reasonable notice, Employee agrees to meet with and provide to the Company and its affiliates and their respective designated attorneys, representatives or agents all information and knowledge Employee has relating to the subject matter of any such proceeding. The Company agrees to reimburse Employee for any reasonable costs Employee incurs in providing such cooperation.

13. Governing Law. This Agreement is entered into in [state] and, except as provided in this section, shall be governed by substantive [state] law.

14. Arbitration of Disputes. If any dispute arises between Employee and the Company relating to this Agreement, including any dispute regarding the interpretation, enforceability, or validity of this Agreement ("Arbitrable Dispute"), the Parties agree to resolve that Arbitrable Dispute through **final and binding** arbitration under this section. Employee also agrees to arbitrate any Arbitrable Dispute which also involves any other Company Releasee who offers or agrees to arbitrate the dispute under this section.

(a) Any Arbitrable Dispute will be decided by an arbitrator through individual arbitration, and **Employee and the Company waive any right to a jury trial or a court bench trial.** Employee and the Company also waive the right for any dispute to be brought, maintained, decided or arbitrated as a class and/or collective action and the arbitrator shall have no authority to hear or preside over any such action ("Class Action Waiver"). Further, Arbitrable Disputes must be brought in the individual capacity of the party asserting the claim, Employee and the Company are waiving the right to pursue or have a dispute resolved as a plaintiff or class member in any purported class, collective or representative proceeding. To the extent the Class Action Waiver is determined to be invalid, unenforceable, or void, any class and/or collective action must proceed in a court of law and not in arbitration.

Notwithstanding any other provision of this Agreement, to the fullest extent permitted by law, Employee and the Company (1) agree not to bring a representative action on behalf of others under the Private Attorneys General Act of 2004 (“PAGA”), California Labor Code § 2698 et seq., in any court or in arbitration, and (2) agree that, for any claim brought on a private attorney general basis, including under the California PAGA, any such dispute shall be resolved in arbitration on an individual basis only (i.e., to resolve whether Employee has personally been aggrieved or subject to any violations of law), and that such an action may not be used to resolve the claims or rights of other individuals in a single or collective proceeding (collectively, “Representative PAGA Waiver”). Notwithstanding any other provision of this arbitration agreement or the JAMS Rules, the scope, applicability, enforceability, revocability or validity of this Representative PAGA Waiver may be resolved only by a court of competent jurisdiction and not by an arbitrator. If any provision of this representative PAGA Waiver is found to be unenforceable or unlawful for any reason, the unenforceable provision shall be severed from this Dispute Resolution provision, and any such representative PAGA claims or other representative private attorneys general act claims must be litigated in a court of competent jurisdiction and not in arbitration. To the extent that there are any Arbitrable Disputes to be litigated in a court of competent jurisdiction because a court determines that the representative PAGA Waiver is unenforceable with respect to those disputes, the Parties agree that litigation of those Arbitrable Disputes shall be stayed pending the outcome of any individual disputes in arbitration.

(b) The Arbitration shall take place at the office of JAMS that is nearest to the location where Employee last worked for the Company in accordance with the JAMS Employment Arbitration Rules & Procedures then in effect (“JAMS Rules”) (or, if Employee is employed outside of California at the time of the termination of Employee’s employment, at the nearest location of the American Arbitration Association (“AAA”) and in accordance with the AAA Employment Arbitration Rules and Mediation Procedures then in effect (“AAA Rules”), copies of which are available at [www.jamsadr.com](http://www.jamsadr.com); tel: 800.352.5267 and [www.adr.org](http://www.adr.org); tel: 800.778.7879, before a single experienced employment arbitrator selected in accordance with those rules.

(c) The Arbitrator may not modify or change this Agreement in any way. The Company will be responsible for paying any filing fee and the fees and costs of the Arbitrator; provided, however, that if Employee is the party initiating the claim, Employee will contribute an amount equal to the filing fee that would be paid to initiate a claim in the court of general jurisdiction in the state in which Employee is employed by the Company, unless a lower fee amount would be owed by Employee pursuant to the JAMS Rules (or AAA Rules, as applicable) or applicable law. Each Party shall pay for its own costs and attorneys’ fees and pay any costs that are not unique to arbitration (i.e., cost that each party would incur if the claim(s) were litigated in a court, such as costs to subpoena witnesses and/or documents, take depositions and purchase deposition transcripts, copy documents, etc.), if any. However if any party prevails on a statutory claim which affords the prevailing party attorneys’ fees and costs, or if there is a written agreement providing for attorneys’ fees and/or costs, the Arbitrator may award reasonable attorney’s fees and/or costs to the prevailing party, applying the same standards a court would apply under the law applicable to the claim.

(d) The Arbitrator shall apply the Federal Rules of Evidence and shall have the authority to entertain a motion to dismiss or a motion for summary judgment by any party and shall apply the standards governing such motions under the Federal Rules of Civil Procedure. The Arbitrator is required to issue a written award and opinion setting forth the essential findings and conclusions on which the award is based, and any judgment or award issued by the Arbitrator may be entered in any court of competent jurisdiction. The Arbitrator does not have the authority to consider, certify, or hear an arbitration as a class action, collective action, or any other type of representative action. In addition, unless all parties agree in writing otherwise, the Arbitrator shall not consolidate or join the arbitrations of one or more than one

individual. Neither party may seek, nor may the Arbitrator award, any relief that is not individualized to the claimant or that affects other individuals. The Arbitrator may award declaratory or injunctive relief only in favor of the individual party seeking relief and only to the extent necessary to provide relief warranted by that Party's individual claims.

(e) Employee and the Company recognize that this agreement to arbitrate arises out of or concerns interstate commerce and that the Federal Arbitration Act shall govern the arbitration and the interpretation or enforcement of this section or any arbitration award. If a court decides that applicable law does not permit the enforcement of any of this section's limitations as to a particular claim or any particular remedy for a claim, then that claim or particular remedy (and only that claim or particular remedy) must be severed from the arbitration and may be brought in court. To the extent that the Federal Arbitration Act is inapplicable, California law pertaining to arbitration agreements shall apply. Arbitration in this manner shall be the exclusive remedy for any Arbitrable Dispute. Except as prohibited by the Age Discrimination in Employment Act of 1967, as amended, should Employee or the Company attempt to resolve an Arbitrable Dispute by any method other than arbitration pursuant to this section, the responding party will be entitled to recover from the initiating party all damages, expenses, and attorneys' fees incurred as a result of this breach. This Section 13 supersedes any existing arbitration agreement between the Company and Employee as to any Arbitrable Dispute (as defined herein). Notwithstanding anything in this Section 13 to the contrary, a claim for benefits under an Employee Retirement Income Security Act of 1974, as amended, covered plan shall not be an Arbitrable Dispute.

15. Effective Date. The Parties understand and agree that this Agreement is final and binding eight (8) days after its execution and return (the "Effective Date"). Should Employee nevertheless attempt to challenge the enforceability of this Agreement as provided in Section 13 or, in violation of that section, through litigation, as a further limitation on any right to make such a challenge, Employee shall initially tender to the Company, by certified check delivered to the Company, all monies received pursuant to Section 4 or 5 of the Severance Pay Agreement, as applicable, plus interest, and invite the Company to retain such monies and agree with Employee to cancel this Agreement and void the Company's obligations under the Severance Pay Agreement. In the event the Company accepts this offer, the Company shall retain such monies and this Agreement shall be canceled and the Company shall have no obligation under Section 14(e) of the Severance Pay Agreement. In the event the Company does not accept such offer, the Company shall so notify Employee and shall place such monies in an interest-bearing escrow account pending resolution of the dispute between Employee and the Company as to whether or not this Agreement and the Company's obligations under the Severance Pay Agreement shall be set aside and/or otherwise rendered voidable or unenforceable. Additionally, any consulting agreement then in effect between Employee and the Company shall be immediately rescinded with no requirement of notice.

16. Notices. Any notices required to be given under this Agreement shall be delivered either personally or by first class United States mail, postage prepaid, addressed to the respective parties and shall be effective upon receipt as follows:

To Company: [TO COME]

Attn: [TO COME]

With a copy to:

Attn: [TO COME]

To Employee: \_\_\_\_\_

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17. Voluntary Waiver and Release of ADEA Claims. Employee understands and acknowledges that Employee is waiving any rights Employee may have under the Age Discrimination in Employment Act (“ADEA”), and that this waiver and release is knowing and voluntary. Employee acknowledges that the consideration given for this waiver and release is in addition to anything of value to which Employee was already entitled. Employee further understands and acknowledges that Employee has been given a period of twenty-one (21) days to review and consider this Agreement before signing it and may use as much of this twenty-one (21) period as Employee wishes prior to signing. In the event Employee signs this Agreement and returns it to the Company in less than the twenty-one (21)-day period identified above, Employee hereby acknowledges that Employee has freely and voluntarily chosen to waive the time period allotted for considering this Agreement, and that the Company has not promised Employee anything or made any representations not contained in this Agreement to induce Employee to sign this Agreement before the expiration of the twenty-one (21) day period. Employee is encouraged, at Employee’s personal expense, to consult with an attorney before signing this Agreement. Employee understands and acknowledges that whether or not Employee does so is Employee’s decision. Employee may revoke this Agreement within seven (7) days of signing it. If Employee wishes to revoke, the Company’s Vice President, Human Resources must receive written notice from Employee no later than the close of business on the seventh (7th) day after Employee has signed the Agreement. If revoked, this Agreement shall not be effective and enforceable, and Employee will not receive payments or benefits under Section 4 or 5 of the Severance Pay Agreement, as applicable. The Parties agree that changes, whether material or immaterial, do not restart the running of the twenty-one (21)-day period described above.

18. Section 409A. All payments and benefits payable under this Agreement are intended to comply with the requirements of Section 409A of the Code. Notwithstanding the foregoing, certain payments and benefits payable under this Agreement are intended to be exempt from the requirements of Section 409A of the Code. This Agreement shall be interpreted in accordance with the applicable requirements of, and exemptions from, Section 409A of the Code and the Treasury Regulations thereunder. To the extent the payments and benefits under this Agreement are subject to Section 409A of the Code, this Agreement shall be interpreted, construed and administered in a manner that satisfies the requirements of Section 409A(a)(2), (3) and (4) of the Code and the Treasury Regulations thereunder. To the extent that any payments under this Agreement are subject to Section 409A of the Code, the provisions of Section 9 of the Severance Pay Agreement shall apply.

19. Return of Company Property. Employee represents and warrants that he/she has returned all of the Company’s property, including all work in progress, files, photographs, notes, records, credit cards, keys, access cards, computers, and other Company or customer documents, products, or property that Employee has received in the course of his/her employment, or which reflect in any way any confidential or proprietary information of the Company. Employee also warrants that he has not downloaded or otherwise retained any information, whether in electronic or other form, belonging to the Company or derived from information belonging to the Company.

20. Confidential Information; Public Releases.

(a) Employee acknowledges and reaffirms Employee’s continuing obligations under the Confidentiality Agreement. The Parties understand and agree that nothing in this Agreement is intended to interfere with or discourage Employee’s good-faith disclosure to any

governmental entity related to a reasonably suspected violation of the law or to prevent Employee from discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that Employee has reason to believe is unlawful. The Parties further understand and agree that Employee cannot be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that (a) is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

(b) The Parties understand and agree that the Company and its affiliates shall take any and all necessary or appropriate action to timely satisfy their respective reporting and disclosure obligations in connection with Employee's separation and this Agreement, including filing any requisite forms with the Securities and Exchange Commission ("SEC") and Employee will promptly provide any information reasonably requested by the Company or any of its affiliates in fulfilling any such reporting or disclosure obligations.

21. Entire Agreement. This Agreement constitutes the entire agreement of the parties hereto and supersedes any and all other agreements (except the Severance Pay Agreement and the Confidentiality Agreement) with respect to the subject matter of this Agreement, whether written or oral, between the Parties. Any prior agreements/provisions agreeing to arbitrate disputes with the Company shall remain in full force and effect and shall not be affected by this Agreement. All modifications and amendments to this Agreement must be in writing and signed by all Parties.

22. No Representation. The Parties represent and acknowledge that in executing this Agreement, neither is relying upon any representation or statement not set forth in this Agreement or the Severance Pay Agreement.

23. Take All Necessary Further Action. Each party agrees, without further consideration, to sign or cause to be signed, and to deliver to the other party, any other documents and to take any other action as may be necessary to fulfill the obligations under this Agreement.

24. Severability. If any provision of this Agreement or the application thereof is held invalid, the invalidity shall not affect other provisions or applications of the Agreement which can be given effect without the invalid provisions or application; and to this end the provisions of this Agreement are declared to be severable.

25. Counterparts. This Agreement may be executed in counterparts.

With the benefit of representation and advice of counsel, the Parties have read the foregoing Severance Agreement and General Release, and accept and agree to the provisions it contains and hereby execute it voluntarily and with full understanding of its consequences. The Parties acknowledge that they are receiving valuable consideration in exchange for the execution of this Agreement, to which they would not otherwise be entitled.

DATED: \_\_\_\_\_

\_\_\_\_\_

DATED: \_\_\_\_\_

\_\_\_\_\_

Employee acknowledges that Employee first received this Agreement on [date].

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**SEMPRA ENERGY  
SEVERANCE PAY AGREEMENT**

**THIS AGREEMENT** (this “Agreement”), dated as of March 1, 2023 (the “Effective Date”), is made by and between SEMPra ENERGY, a California corporation (“Sempra Energy”), and Bruce A. Folkmann (the “Executive”).

**WHEREAS**, the Executive is currently employed by Sempra Energy or another corporation or trade or business which is a member of a Controlled Group of Corporations (Sempra Energy and such other controlled group members, collectively, the “Company”);

**WHEREAS**, Sempra Energy and the Executive desire to enter into this Agreement as may be restated from time to time in order to provide reasonable assurances to the Executive and maintain a constructive relationship following the termination of Executive’s employment with Company; and

**WHEREAS**, the Board of Directors of Sempra Energy (the “Board”) or an authorized committee thereof has authorized the terms of this Agreement.

**NOW, THEREFORE**, in consideration of the premises and mutual covenants herein contained, Sempra Energy and the Executive hereby agree as follows:

**Section 1. Definitions.** For purposes of this Agreement, the following capitalized terms have the meanings set forth below:

“AAA” has the meaning assigned thereto in Section 13(c) hereof.

“Accounting Firm” has the meaning assigned thereto in Section 8(e) hereof.

“Accrued Obligations” means the sum of (a) the Executive’s Annual Base Salary through the Date of Termination to the extent not theretofore paid, (b) an amount equal to any annual Incentive Compensation Awards earned with respect to fiscal years ended prior to the year that includes the Date of Termination to the extent not theretofore paid, (c) any accrued and unpaid vacation, and (d) reimbursement for unreimbursed business expenses, if any, properly incurred by the Executive in the performance of the Executive’s duties in accordance with Company policies applicable to the Executive from time to time, in each case to the extent not theretofore paid.

“Affiliate” has the meaning set forth in Rule 12b-2 promulgated under the Exchange Act.

“Annual Base Salary” means the Executive’s annual base salary from the Company.

“Asset Purchaser” has the meaning assigned thereto in Section 16(e).

“Asset Sale” has the meaning assigned thereto in Section 16(e).

“Average Annual Bonus” means the average of the annual bonuses from the Company earned by the Executive with respect to the three (3) fiscal years of Sempra Energy ending immediately preceding the Date of Termination (the “Bonus Fiscal Years”); *provided, however*, that, if the Executive was employed by the Company for less than three (3) Bonus Fiscal Years, “Average Annual Bonus” means the average of the annual bonuses (if any) from

the Company earned by the Executive with respect to the Bonus Fiscal Years during which the Executive was employed by the Company; and, *provided, further*, that, if the Executive was not employed by the Company during any of the Bonus Fiscal Years, “Average Annual Bonus” means zero (\$0).

“Cause” means:

(a) Prior to a Change in Control, (i) the Executive’s willful failure to substantially perform the Executive’s job duties, (ii) Executive’s grossly negligent performance of the Executive’s duties, (iii) the Executive’s gross insubordination; (iv) the Executive’s commission of one or more acts of significant dishonesty or moral turpitude (including but not limited to criminal acts involving one or more acts of moral turpitude) which have or result in an adverse effect on the Company, monetarily or otherwise; and/or (v) the Executive’s serious violation of a material policy of Sempra Energy or its Affiliates that is applicable to the Executive. For purposes of clause (i) of this subsection (a), no act, or failure to act, on the Executive’s part shall be deemed “willful” if due to the Executive’s incapacity due to physical or mental illness, or if the Executive acted in good faith and with reasonable belief that the Executive’s act, or failure to act, was in the best interests of the Company.

(b) From and after a Change in Control (or in connection with a termination occurring pursuant to Section 5(f)), (i) the Executive’s willful and continued failure to substantially perform the Executive’s duties with the Company (other than any such failure resulting from the Executive’s incapacity due to physical or mental illness or other than any such actual or anticipated failure after the issuance by the Executive of a Notice of Termination for Good Reason pursuant to Section 2 hereof and after the Company’s cure period relating to the event on which Good Reason is based, if any and if applicable, has expired) and/or (ii) the Executive’s commission of one or more acts of moral turpitude that constitute a violation of applicable law (including but not limited to a felony involving one or more acts of moral turpitude) which have or result in an adverse effect on the Company, monetarily or otherwise, or one or more significant acts of dishonesty. For purposes of clause (i) of this subsection (b), no act, or failure to act, on the Executive’s part shall be deemed “willful” unless done, or omitted to be done, by the Executive not in good faith and without reasonable belief that the Executive’s act, or failure to act, was in the best interests of the Company. Notwithstanding the foregoing, the Executive shall not be deemed terminated for Cause pursuant to clause (i) of this subsection (b) unless and until the Executive shall have been provided with reasonable notice of and, if possible, a reasonable opportunity to cure the facts and circumstances claimed to provide a basis for termination of the Executive’s employment for Cause.

“Change in Control” shall be deemed to have occurred on the date that a change in the ownership of Sempra Energy, a change in the effective control of Sempra Energy, or a change in the ownership of a substantial portion of assets of Sempra Energy occurs (each, as defined in subsection (a) below), except as otherwise provided in subsections (b), (c) and (d) below:

(a) (i) a “change in the ownership of Sempra Energy” occurs on the date that any one Person, or more than one Person acting as a Group, acquires ownership of stock of Sempra Energy that, together with stock held by such Person or Group, constitutes more than fifty percent (50%) of the total fair market value or total voting power of the stock of Sempra Energy,

(ii) a “change in the effective control of Sempra Energy” occurs only on either of the following dates:

(1) the date any one Person, or more than one Person acting as a Group, acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such Person or Persons) ownership of stock of Sempra Energy possessing thirty percent (30%) or more of the total voting power of the stock of Sempra Energy, or

(2) the date a majority of the members of the Board is replaced during any twelve (12) month period by directors whose appointment or election is not endorsed by a majority of the members of the Board before the date of appointment or election, and

(iii) a “change in the ownership of a substantial portion of assets of Sempra Energy” occurs on the date any one Person, or more than one Person acting as a Group, acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such Person or Persons) assets from Sempra Energy that have a total gross fair market value equal to or more than eighty-five percent (85%) of the total gross fair market value of all of the assets of Sempra Energy immediately before such acquisition or acquisitions.

(b) A “change in the ownership of Sempra Energy” or “a change in the effective control of Sempra Energy” shall not occur under clause (a)(i) or (a)(ii) by reason of any of the following:

(i) an acquisition of ownership of stock of Sempra Energy directly from Sempra Energy or its Affiliates other than in connection with the acquisition by Sempra Energy or its Affiliates of a business,

(ii) a merger or consolidation which would result in the voting securities of Sempra Energy outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof), in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of the Company, at least sixty percent (60%) of the combined voting power of the securities of Sempra Energy or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, or

(iii) a merger or consolidation effected to implement a recapitalization of Sempra Energy (or similar transaction) in which no Person is or becomes the “beneficial owner” (within the meaning of Rule 13d-3 promulgated under the Exchange Act), directly or indirectly, of securities of Sempra Energy (not including the securities beneficially owned by such Person any securities acquired directly from Sempra Energy or its Affiliates other than in connection with the acquisition by Sempra Energy or its Affiliates of a business) representing twenty percent (20%) or more of the combined voting power of Sempra Energy’s then outstanding securities.

(c) A “change in the ownership of a substantial portion of assets of Sempra Energy” shall not occur under clause (a)(iii) by reason of a sale or disposition by Sempra Energy of the assets of Sempra Energy to an entity, at least sixty percent (60%) of the combined voting power of the voting securities of which are owned by shareholders of Sempra Energy in substantially the same proportions as their ownership of Sempra Energy immediately prior to such sale.

(d) This definition of “Change in Control” shall be limited to the definition of a “change in control event” with respect to the Executive and relating to Sempra Energy under Treasury Regulation Section 1.409A-3(i)(5). A Change in Control shall only occur if there is a

Change in Control (as determined by the definition of Change in Control of this Agreement without regard to this subsection (d)) and a “change in control event” relating to Sempra Energy under Treasury Regulation Section 1.409A-3(i)(5) with respect to the Executive.

“Change in Control Date” means the date on which a Change in Control occurs.

“COBRA” means coverage required by Section 4980B of the Code.

“COBRA Premium” means, with respect to the type and level of coverage provided to the Executive and his/her dependents pursuant to COBRA, the employer-paid portion of the monthly premium for such coverage as applicable for similarly-situated active employees.

“Code” means the Internal Revenue Code of 1986, as amended.

“Compensation Committee” means the compensation committee (however designated) of the Board.

“Consulting Payment” has the meaning assigned thereto in Section 14(e) hereof.

“Consulting Period” has the meaning assigned thereto in Section 14(f) hereof.

“Continued Benefits” has the meaning assigned thereto in Section 5(c) hereof.

“Controlled Group of Corporations” means a group of companies within the meaning of Section 414(b) or (c) of the Code) of which Sempra Energy is a component member, determined by applying an ownership threshold of 50%.

“Date of Termination” has the meaning assigned thereto in Section 2(b) hereof.

“Disability” has the meaning set forth in the long-term disability plan or its successor maintained by the Company entity that is the employer of the Executive; *provided, however*, that the Executive’s employment hereunder may not be terminated by reason of Disability unless (a) at the time of such termination there is no reasonable expectation that the Executive will return to work within the next ninety (90) day period and (b) such termination is permitted by all applicable disability laws.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and the applicable rulings and regulations thereunder.

“Excise Tax” has the meaning assigned thereto in Section 8(a) hereof.

“Good Reason” means:

(a) Prior to a Change in Control, the occurrence of any of the following without the prior written consent of the Executive, unless such act or failure to act is corrected by the Company prior to the Date of Termination specified in the Notice of Termination (as required under Section 2 hereof):

(i) the assignment to the Executive of any duties materially inconsistent with the range of duties and responsibilities appropriate to an executive of comparable rank within the Company (such range determined by reference to past, current and reasonable practices within the Company);

(ii) a material reduction in the Executive's overall standing and responsibilities within the Company, not including a mere change in title or a transfer within the Company, which change in title or transfer does not adversely affect the Executive's overall status within the Company in any material respect;

(iii) a material reduction by the Company in the Executive's aggregate annualized compensation and benefits opportunities, except for across-the-board reductions (or modifications of benefit plans) similarly affecting all similarly situated executives of the Company of comparable rank with the Executive;

(iv) the failure by the Company to pay to the Executive any portion of the Executive's current compensation and benefits or any portion of an installment of deferred compensation under any deferred compensation program of the Company within thirty (30) days of the date such compensation is due;

(v) any purported termination of the Executive's employment that is not effected pursuant to a Notice of Termination satisfying the requirements of Section 2 hereof;

(vi) the failure by Sempra Energy to perform its obligations under Section 16(c) or (d) hereof;

(vii) the failure by the Company to provide the indemnification and D&O insurance protection Section 10 of this Agreement requires it to provide; or

(viii) the failure by Sempra Energy (or any of the entities comprising the Company, as applicable) to comply with any material provision of this Agreement.

(b) From and after a Change in Control (or in connection with a termination occurring pursuant to Section 5(f)), the occurrence of any of the following without the prior written consent of the Executive, unless such act or failure to act is corrected by the Company prior to the Date of Termination specified in the Notice of Termination (as required under Section 2 hereof):

(i) an adverse change in the Executive's title, authority, duties, responsibilities or reporting lines as in effect immediately prior to the Change in Control;

(ii) a reduction by the Company in the Executive's aggregate annualized compensation opportunities, except for across-the-board reductions in base salaries, annual bonus opportunities or long-term incentive compensation opportunities of less than ten percent (10%) similarly affecting all similarly situated executives (including, if applicable, of the Person then in control of Sempra Energy) of comparable rank with the Executive; or the failure by the Company to continue in effect any material benefit plan in which the Executive participates immediately prior to the Change in Control, unless an equitable arrangement (embodied in an ongoing substitute or alternative plan) has been made with respect to such plan, or the failure by the Company to continue the Executive's participation therein (or in such substitute or alternative plan) on a basis not materially less favorable, both in terms of the amount of benefits provided and the level of the Executive's participation relative to other participants, as existed at the time of the Change in Control;

(iii) the relocation of the Executive's principal place of employment immediately prior to the Change in Control Date (the "Principal Location") to a location which is both further away from the Executive's residence and more than thirty (30) miles from such Principal Location, or the Company's requiring the Executive to be based anywhere other than such Principal Location (or permitted relocation thereof), or a substantial increase in the

Executive's business travel obligations outside of the Southern California area as of immediately prior to the Change in Control (without regard to any changes therein in anticipation of the Change in Control) other than any such increase that (A) arises in connection with extraordinary business activities of the Company of limited duration and (B) is understood not to be part of the Executive's regular duties with the Company;

(iv) the failure by the Company to pay to the Executive any portion of the Executive's current compensation and benefits or any portion of an installment of deferred compensation under any deferred compensation program of the Company within thirty (30) days of the date such compensation is due;

(v) any purported termination of the Executive's employment that is not effected pursuant to a Notice of Termination satisfying the requirements of Section 2 hereof;

(vi) the failure by Sempra Energy to perform its obligations under Section 16(c) or (d) hereof;

(vii) the failure by the Company to provide the indemnification and D&O insurance protection Section 10 of this Agreement requires it to provide; or

(viii) the failure by Sempra Energy (or any of the entities comprising the Company, as applicable) to comply with any material provision of this Agreement.

Following a Change in Control, the Executive's determination that an act or failure to act constitutes Good Reason shall be presumed to be valid unless such determination is deemed to be unreasonable by an arbitrator pursuant to the procedure described in Section 13 hereof. The Executive's right to terminate the Executive's employment for Good Reason shall not be affected by the Executive's incapacity due to physical or mental illness. The Executive's continued employment shall not constitute consent to, or a waiver of rights with respect to, any act or failure to act constituting Good Reason hereunder.

"Group" shall have the meaning of such term as used in Rule 13d-5(b)(1) promulgated under the Exchange Act.

"Incentive Compensation Awards" means awards granted under Incentive Compensation Plans providing the Executive with the opportunity to earn, on a year-by-year basis, annual and long-term incentive compensation.

"Incentive Compensation Plans" means annual incentive compensation plans and long-term incentive compensation plans of the Company, which long-term incentive compensation plans may include plans offering stock options, restricted stock, units and other long-term incentive compensation.

"Involuntary Termination" means (a) the Executive's Separation from Service by reason other than for Cause, death, Disability, or Mandatory Retirement, or (b) the Executive's Separation from Service by reason of resignation of employment for Good Reason.

"JAMS" has the meaning assigned thereto in Section 13(c) hereof.

"Mandatory Retirement" means termination of employment pursuant to the Company's mandatory retirement policy.

"Medical Continuation Benefits" has the meaning assigned thereto in Section 4(c) hereof.

“Notice of Termination” has the meaning assigned thereto in Section 2(a) hereof.

“Payment” has the meaning assigned thereto in Section 8(a) hereof.

“Payment in Lieu of Notice” has the meaning assigned thereto in Section 2(b) hereof.

“Person” means any individual, corporation, partnership limited liability company, estate, trust, or other entity, including a “Group”.

“Post-Change in Control Severance Payment” has the meaning assigned thereto in Section 5 hereof.

“Pre-Change in Control Severance Payment” has the meaning assigned thereto in Section 4 hereof.

“Principal Location” has the meaning assigned thereto in clause (b)(iii) of the definition of Good Reason, above.

“Proprietary Information” has the meaning assigned thereto in Section 14(a) hereof.

“Pro Rata Bonus” means a severance amount equal to the greater of (a) the Executive’s Target Bonus as in effect immediately prior to the Change in Control or on the Date of Termination, whichever is greater, or (b) the Executive’s Average Annual Bonus, multiplied by a fraction, (X) the numerator of which shall be the number of days from the beginning of such fiscal year to and including the Date of Termination and (Y) the denominator of which shall be three hundred sixty-five (365).

“Release” has the meaning assigned thereto in Section 4 hereof. The Release is not a condition of employment or continued employment or a condition of receiving a raise or a bonus.

“Release Requirements” has the meaning assigned thereto in Section 4 hereof.

“Section 409A Payments” means any payments under this Agreement which are subject to Section 409A of the Code.

“Sempra Energy Control Group” means Sempra Energy and all Persons with whom Sempra Energy would be considered a single employer under Section 414(b) or (c) of the Code, as determined from time to time.

“Separation from Service” has the meaning set forth in Treasury Regulation Section 1.409A-1(h).

“Specified Employee” shall be determined in accordance with Section 409A(a)(2)(B)(i) of the Code and Treasury Regulation Section 1.409A-1(i).

“Target Bonus” means, for any year, the target annual bonus from the Company that may be earned by the Executive for such year (regardless of the actual annual bonus earned, if any); *provided, however*, that if, as of the Date of Termination, a target annual bonus has not been established for the Executive for the year in which the Date of Termination occurs, the “Target Bonus” as of the Date of Termination shall be equal to the target annual bonus, if any, for the immediately preceding fiscal year of Sempra Energy.

For purposes of this Agreement, references to any "Treasury Regulation" shall mean such Treasury Regulation as in effect on the date hereof.

**Section 2. Notice and Date of Termination.**

(a) Any termination of the Executive's employment by the Company or by the Executive shall be communicated by a written notice of termination to the other party (the "Notice of Termination"). Where applicable, the Notice of Termination shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated. Unless the Board or a committee thereof, in writing, provides a longer notice period, a Notice of Termination by the Executive alleging a termination for Good Reason must be made within one hundred eighty (180) days of the act or failure to act that the Executive alleges to constitute Good Reason.

(b) The date of the Executive's termination of employment with the Company (the "Date of Termination") shall be determined as follows: (i) if the Executive's Separation from Service is at the volition of the Company, then the Date of Termination shall be the date specified in the Notice of Termination (which, in the case of a termination by the Company other than for Cause, shall not be less than two (2) weeks from the date such Notice of Termination is given unless the Company elects to pay the Executive, in addition to any other amounts payable hereunder, an amount (the "Payment in Lieu of Notice") equal to two (2) weeks of the Executive's Annual Base Salary in effect on the Date of Termination), and (ii) if the Executive's Separation from Service is by the Executive for Good Reason, the Date of Termination shall be determined by the Executive and specified in the Notice of Termination, but in no event be less than fifteen (15) days nor more than sixty (60) days after the date such Notice of Termination is given. The Payment in Lieu of Notice shall be paid on such date as is required by law, but no later than thirty (30) days after the date of the Executive's Separation from Service.

**Section 3. Termination from the Board.** Upon the termination of the Executive's employment for any reason, the Executive's membership on the Board, the board of directors of any Affiliates of Sempra Energy, any committees of the Board and any committees of the board of directors of any of the Affiliates of Sempra Energy, if applicable, shall be automatically terminated and the Executive agrees to promptly take any and all actions (including resigning) required by Sempra Energy or any of its Affiliates to evidence and effect such termination of membership.

**Section 4. Severance Benefits upon Involuntary Termination Prior to Change in Control.** Except as provided in Sections 5(f) and 19(i) hereof, in the event of the Involuntary Termination of the Executive prior to a Change in Control, Sempra Energy shall, or shall cause one of its Affiliates that is the employer of the Executive to, pay the Executive, in one lump sum cash payment, an amount (the "Pre-Change in Control Severance Payment") equal to one-half (0.5) times the sum of (X) the Executive's Annual Base Salary as in effect on the Date of Termination plus (Y) an amount equal to the greater of (I) his/her Average Annual Bonus or (II) the Target Bonus in effect on the Date of Termination. In addition to the Pre-Change in Control Severance Payment, the Executive shall be entitled to the following additional benefits specified in Section 4(a) through (e). The Company's obligation to pay the Pre-Change in Control Severance Payment or provide the benefits set forth in Section 4(c), (d) and (e) is subject to and conditioned upon the Executive's satisfaction of the Release Requirements. The Pre-Change in Control Severance Payment shall be paid on the sixtieth (60<sup>th</sup>) day (or if the sixtieth (60<sup>th</sup>) day falls on a weekend or banking holiday, the next succeeding business day) after the date of the Involuntary Termination (the "Payment Date"), *provided* that the Release Requirements are



satisfied on or before the Payment Date and remain satisfied on the Payment Date. If the Release Requirements are not satisfied on the Payment Date, no Pre-Change in Control Severance Payment shall be paid hereunder and none of the benefits described in Section 4(c), (d) or (e) shall be provided, and the Executive shall have no right to the Pre-Change in Control Severance Payment or the applicable benefits. The “Release Requirements” will be satisfied if, on the Payment Date, the Executive has executed a release of all claims substantially in the form attached hereto as Exhibit A (the “Release”), the revocation period required by applicable law has expired, and the Executive has not revoked the Release and the Release is effective. If the Release Requirements are satisfied on a date prior to the Payment Date, any portion of the Pre-Change in Control Severance Payment or the applicable benefits that are not subject to Section 409A of the Code can be paid on a date prior to the Payment Date, as determined in the sole discretion of Sempra Energy (and in no event shall the Executive be able to elect the date of payment). If the period in which the Release Requirements could be satisfied spans more than one taxable year, then the Pre-Change in Control Severance Payment shall not be made until the later taxable year.

(a) Accrued Obligations. The Company shall pay the Executive a lump sum amount in cash equal to Accrued Obligations within the time prescribed by law.

(b) Equity-Based Compensation. The Executive shall retain all rights to any equity-based compensation awards to the extent set forth in the applicable plan and/or award agreement.

(c) Welfare Benefits. Subject to the terms and conditions of this Agreement, if the Executive (and, to the extent applicable, his/her eligible dependents) is eligible to and elects COBRA coverage in connection with the Executive’s Involuntary Termination, then the Executive (and the Executive’s dependents who have elected COBRA coverage) shall be provided with group medical benefits as required by COBRA (“Medical Continuation Benefits”) on substantially the same terms and conditions and at the same cost to the Executive as apply to similarly-situated active employees of the Company for the same type and level of coverage. The Medical Continuation Benefits shall be provided for a period of up to six (6) months following the date of the Involuntary Termination (and up to an additional twelve (12) months if the Executive provides consulting services under Section 14(f) hereof); *provided, however*, that (i) the Medical Continuation Benefits (including any Medical Continuation Benefits that are provided pursuant to this Section 4(c) for periods after the maximum COBRA coverage period) shall be provided on the same terms and conditions that apply to COBRA coverage (including termination thereof), (ii) if the Medical Continuation Benefits are to be provided pursuant to this Section 4(c) past the maximum COBRA coverage period, Sempra Energy may, in its sole discretion, provide or cause to be provided to the Executive, in lieu of the Medical Continuation Benefits for any period in excess of the maximum COBRA coverage period, a taxable monthly cash payment in an amount equal to the COBRA Premium, and (iii) the Medical Continuation Benefits shall be provided in a manner that complies with Treasury Regulation Section 1.409A-1(a)(5). Notwithstanding the foregoing, if Sempra Energy determines in its sole discretion that the Medical Continuation Benefits cannot be provided without potentially violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act) or that the provision of Medical Continuation Benefits under this Agreement would subject Sempra Energy or any of its Affiliates to a material tax or penalty, (A) the Executive shall be provided, in lieu thereof, with a taxable monthly payment in an amount equal to the COBRA

Premium or (B) Sempra Energy shall have the authority to amend the Agreement to the limited extent reasonably necessary to avoid such violation of law or tax or penalty and shall use all reasonable efforts to provide the Executive with a comparable benefit that does not violate applicable law or subject Sempra Energy or any of its Affiliates to such tax or penalty. Any Medical Continuation Benefits provided pursuant to this Section 4(c) shall be co-extensive with (and not in addition to) any benefits to which the Executive (and the Executive's covered dependents) may be entitled under COBRA or similar provisions of applicable state law.

(d) Outplacement Services. The Executive shall receive reasonable outplacement services, on an in-kind basis, suitable to the Executive's position and directly related to the Executive's Involuntary Termination, for a period of eighteen (18) months following the date of the Involuntary Termination, in an aggregate amount of cost to the Company not to exceed \$50,000. Notwithstanding the foregoing, the Executive shall cease to receive outplacement services on the date the Executive accepts employment with a subsequent employer. Such outplacement services shall be provided in a manner that complies with Treasury Regulation Section 1.409A-1(b)(9)(v)(A).

(e) Financial Planning Services. The Executive shall receive financial planning services, on an in-kind basis, for a period of eighteen (18) months following the Date of Termination. Such financial planning services shall include expert financial and legal resources to assist the Executive with financial planning needs and shall be limited to (i) current investment portfolio management, (ii) tax planning, (iii) tax return preparation, and (iv) estate planning advice and document preparation (including wills and trusts); *provided, however*, that the Company shall provide such financial planning services during any taxable year of the Executive only to the extent the cost to the Company for such taxable year does not exceed \$25,000. The Company shall provide such financial planning services through a financial planner selected by the Company, and shall pay the fees for such financial planning services. The financial planning services provided during any taxable year of the Executive shall not affect the financial planning services provided in any other taxable year of the Executive. The Executive's right to financial planning services shall not be subject to liquidation or exchange for any other benefit. Such financial planning services shall be provided in a manner that complies with Treasury Regulation Section 1.409A-3(i)(1)(iv).

**Section 5.** Severance Benefits upon Involuntary Termination in Connection with and after Change in Control. Notwithstanding the provisions of Section 4 above, and except as provided in Section 19(i) hereof, in the event of the Involuntary Termination of the Executive on or within two (2) years following a Change in Control, in lieu of the payments described in Section 4 above, Sempra Energy shall, or shall cause one of its Affiliates that is the employer of the Executive to, pay the Executive, in one lump sum cash payment, an amount (the "Post-Change in Control Severance Payment") equal to (a) the Pro Rata Bonus plus (b) the sum of (X) the Executive's Annual Base Salary as in effect immediately prior to the Change in Control or on the Date of Termination, whichever is greater, plus (Y) an amount equal to the greater of (I) the Executive's Target Bonus determined immediately prior to the Change in Control or the Date of Termination, whichever is greater and (II) the Executive's Average Annual Bonus. In addition to the Post-Change in Control Severance Payment, the Executive shall be entitled to the following additional benefits specified in Section 5(a) through (e). The Company's obligation to pay the Post-Change in Control Severance Payment or provide the benefits set forth in Section 5(b), (c), (d) and (e) is subject to and conditioned upon the Executive's satisfaction of the

Release Requirements. Except as provided in Section 5(f), the Post-Change in Control Severance Payment shall be paid on the Payment Date provided that the Release Requirements are satisfied on or before the Payment Date and remain satisfied on the Payment Date. If the Release Requirements are not satisfied on the Payment Date, no Post-Change in Control Severance Payment shall be paid hereunder and none of the benefits described in Section 5(b), (c), (d) or (e) shall be provided, and the Executive shall have no right to the Pre-Change in Control Severance Payment or the applicable benefits. If the Release Requirements are satisfied on a date prior to the Payment Date, any portion of the Post-Change in Control Severance Payment or the applicable benefits that are not subject to Section 409A of the Code can be paid on a date prior to the Payment Date, as determined in the sole discretion of Sempra Energy (and in no event shall the Executive be able to elect the date of payment). If the period in which Release Requirements could be satisfied spans more than one taxable year, then the Post-Change in Control Severance Payment and applicable benefits shall not be made until the later taxable year.

(a) Accrued Obligations. The Company shall pay the Executive a lump sum amount in cash equal to the Accrued Obligations within the time required by law and, to the extent applicable, in accordance with the applicable plan, policy or arrangement pursuant to which such payments are to be made.

(b) Equity-Based Compensation. Notwithstanding the provisions of any applicable equity-based compensation plan or award agreement to the contrary, all equity-based Incentive Compensation Awards (including, without limitation, stock options, stock appreciation rights, restricted stock awards, performance share awards, and dividend equivalents) held by the Executive shall immediately vest and become exercisable or payable, as the case may be, as of the Date of Termination, to be exercised or paid, as the case may be, in accordance with the terms of the applicable Incentive Compensation Plan and Incentive Compensation Award agreement, and any restrictions on any such Incentive Compensation Awards shall automatically lapse; *provided, however*, that, in the case of any stock option or stock appreciation rights awards that remain outstanding on the Date of Termination, such stock options and stock appreciation rights shall remain exercisable until the earlier of (i) the later of eighteen (18) months following the Date of Termination or the period specified in the applicable Incentive Compensation Award agreement or (ii) the expiration of the original term of such Incentive Compensation Award (or, if earlier, the tenth (10th) anniversary of the original date of grant) (it being understood that all Incentive Compensation Awards shall remain outstanding and exercisable for a period that is no less than that provided for in the applicable agreement in effect as of the date of grant).

(c) Welfare Benefits. Subject to the terms and conditions of this Agreement, the Executive and the Executive's dependents shall be provided with life, disability, accident and Medical Continuation Benefits (which benefits are collectively referred to herein as "Continued Benefits") which are substantially similar to those provided to the Executive and the Executive's dependents immediately prior to the date of Involuntary Termination or the Change in Control Date, whichever is more favorable to the Executive; *provided, however*, that the Medical Continuation Benefits shall be provided pursuant to this Section 5(c) only if the Executive (and, to the extent applicable, his/her eligible dependents) is eligible to and elects COBRA coverage in connection with the Executive's Involuntary Termination, the Medical Continuation Benefits shall be provided in accordance with COBRA, and the Medical Continuation Benefits shall be provided on substantially the same terms and conditions and at the same cost to the Executive as apply to similarly-situated active employees of the Company for the same type and level of coverage. The Continued Benefits shall be provided for a period of up to twelve (12) months

following the date of the Involuntary Termination (and up to an additional twelve (12) months if the Executive provides consulting services under Section 14(f) hereof); *provided, however*, that (i) the Medical Continuation Benefits (including any Medical Continuation Benefits that are provided pursuant to this Section 5(c) for periods after the maximum COBRA coverage period) shall be provided on the same terms and conditions that apply to COBRA coverage (including termination thereof), (ii) if the Medical Continuation Benefits are to be provided pursuant to this Section 5(c) past the maximum COBRA coverage period, Sempra Energy may, in its sole discretion, provide or cause to be provided to the Executive, in lieu of the Medical Continuation Benefits for any period in excess of the maximum COBRA coverage period, a taxable monthly cash payment in an amount equal to the COBRA Premium, and (iii) the Medical Continuation Benefits shall be provided in a manner that complies with Treasury Regulation Section 1.409A-1(a)(5) and the Continued Benefits will be provided in a manner that complies with Section 409A of the Code. Notwithstanding the foregoing, if Sempra Energy determines in its sole discretion that the Medical Continuation Benefits cannot be provided without potentially violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act) or that the provision of Medical Continuation Benefits under this Agreement would subject Sempra Energy or any of its Affiliates to a material tax or penalty, (A) the Executive shall be provided, in lieu thereof, with a taxable monthly payment in an amount equal to the COBRA Premium or (B) Sempra Energy shall have the authority to amend the Agreement to the limited extent reasonably necessary to avoid such violation of law or tax or penalty and shall use all reasonable efforts to provide the Executive with a comparable benefit that does not violate applicable law or subject Sempra Energy or any of its Affiliates to such tax or penalty. Any Medical Continuation Benefits provided pursuant to this Section 5(c) shall be co-extensive with (and not in addition to) any benefits to which the Executive (and the Executive's covered dependents) may be entitled under COBRA or similar provisions of applicable state law.

(d) Outplacement Services. The Executive shall receive reasonable outplacement services, on an in-kind basis, suitable to the Executive's position and directly related to the Executive's Involuntary Termination, for a period of twenty-four (24) months following the date of Involuntary Termination (but in no event beyond the last day of the Executive's second (2nd) taxable year following the Executive's taxable year in which the Involuntary Termination occurs), in the aggregate amount of cost to the Company not to exceed \$50,000. Notwithstanding the foregoing, the Executive shall cease to receive outplacement services on the date the Executive accepts employment with a subsequent employer. Such outplacement services shall be provided in a manner that complies with Treasury Regulation Section 1.409A-1(b)(9)(v)(A).

(e) Financial Planning Services. The Executive shall receive financial planning services, on an in-kind basis, for a period of twenty-four (24) months following the date of Involuntary Termination. Such financial planning services shall include expert financial and legal resources to assist the Executive with financial planning needs and shall be limited to (i) current investment portfolio management, (ii) tax planning, (iii) tax return preparation, and (iv) estate planning advice and document preparation (including wills and trusts); *provided, however*, that the Company shall provide such financial services during any taxable year of the Executive only to the extent the cost to the Company for such taxable year does not exceed \$25,000. The Company shall provide such financial planning services through a financial planner selected by the Company, and shall pay the fees for such financial planning services. The financial planning services provided during any taxable year of the Executive shall not affect the financial planning services provided in any other taxable year of the Executive. The Executive's right to financial

planning services shall not be subject to liquidation or exchange for any other benefit. Such financial planning services shall be provided in a manner that complies with Section 1.409A-3(i)(1)(iv).

(f) Involuntary Termination in Connection with a Change in Control. Notwithstanding anything contained herein, in the event of an Involuntary Termination prior to a Change in Control, if the Involuntary Termination (i) was at the request of a third party who has taken steps reasonably calculated to effect such Change in Control or (ii) otherwise arose in connection with or in anticipation of such Change in Control, then the Executive shall, in lieu of the payments described in Section 4 hereof, be entitled to the Post-Change in Control Severance Payment and the additional benefits described in this Section 5 as if such Involuntary Termination had occurred within two (2) years following the Change in Control. The amounts specified in Section 5 that are to be paid under this Section 5(f) shall be reduced by any amount previously paid under Section 4. The amounts to be paid under this Section 5(f) shall be paid within sixty (60) days after the Change in Control Date of such Change in Control unless otherwise required by Section 409A of the Code.

**Section 6.** Severance Benefits upon Termination by the Company for Cause or by the Executive Other than for Good Reason. If the Executive's employment shall be terminated for Cause, or if the Executive terminates employment other than for Good Reason, the Company shall have no further obligations to the Executive under this Agreement other than the pre-Change in Control Accrued Obligations and any amounts or benefits described in Section 10 hereof.

**Section 7.** Severance Benefits upon Termination due to Death or Disability. If the Executive has a Separation from Service by reason of death or Disability, the Company shall pay the Executive or the Executive's estate, as the case may be, the Accrued Obligations and a severance amount equal to the Pro Rata Bonus (without regard to whether a Change in Control has occurred) and any amounts or benefits described in Section 10 hereof. Such payments shall be in addition to those rights and benefits to which the Executive or the Executive's estate may be entitled under the relevant Company plans or programs. The Company's obligation to pay the severance amount pursuant to this Section 7 is conditioned upon satisfaction of the Release Requirements by the Executive, the Executive's representative or the Executive's estate, as the case may be. The Accrued Obligations shall be paid within the time required by law and the severance amount payable pursuant to this Section 7 shall be paid on the Payment Date *provided* that the Release Requirements are satisfied on or prior to the Payment Date. If the Release Requirements are not satisfied on or prior to the Payment Date, no severance payment shall be provided hereunder and neither the Executive nor the Executive's estate, as the case may be, will have any right to the severance payment. If the Release Requirements are satisfied on a date prior to the Payment Date, any portion of the severance benefit pursuant to this Section 7 that is not subject to Section 409A of the Code can be paid on a date prior to the Payment Date, as determined in the sole discretion of Sempra Energy (and in no event shall the Executive or the Executive's estate, as applicable, be able to elect the date of payment). If the period in which Release Requirements could be satisfied spans more than one taxable year, then the severance payment pursuant to this Section 7 shall not be made until the later taxable year.

**Section 8.** Limitation on Payments by the Company.

(a) Anything in this Agreement to the contrary notwithstanding and except as set forth in this Section 8 below, in the event it shall be determined that any payment or distribution "in the nature of compensation" (within the meaning of Section 280G(b)(2) of the Code) to or for the benefit of the Executive, whether paid or payable pursuant to this Agreement or otherwise (the "Payment") would be subject (in whole or in part) to the excise tax imposed by

Section 4999 of the Code, (the “Excise Tax”), then, subject to Section 8(b), the Pre-Change in Control Severance Payment or the Post-Change in Control Severance Payment (whichever is applicable) payable under this Agreement shall be reduced under this Section 8(a) to the amount equal to the Reduced Payment. For such Payment payable under this Agreement, the “Reduced Payment” shall be the amount equal to the greatest portion of the Payment (which may be zero (\$0)) that, if paid, would result in no portion of any Payment being subject to the Excise Tax.

(b) The Pre-Change in Control Severance Payment or the Post-Change in Control Severance Payment (whichever is applicable) payable under this Agreement shall not be reduced under Section 8(a) if:

- (i) such reduction in such Payment is not sufficient to cause no portion of any Payment to be subject to the Excise Tax, or
- (ii) the Net After-Tax Unreduced Payments (as defined below) would equal or exceed one hundred five percent (105%) of the Net After-Tax Reduced Payments (as defined below).

For purposes of determining the amount of any Reduced Payment under Section 8(a), and the Net-After Tax Reduced Payments and the Net After-Tax Unreduced Payments, the Executive shall be considered to pay federal, state and local income and employment taxes at the Executive’s applicable marginal rates taking into consideration any reduction in federal income taxes which could be obtained from the deduction of state and local income taxes, and any reduction or disallowance of itemized deductions and personal exemptions under applicable tax law). The applicable federal, state and local income and employment taxes and the Excise Tax (to the extent applicable) are collectively referred to as the “Taxes.”

(c) For purposes of determining the amount of any Reduced Payment under this Section 8, the amount of any Payment shall be reduced in the following order:

- (i) first, by reducing the amounts of parachute payments that would not constitute deferred compensation subject to Section 409A of the Code;
- (ii) next, if after the reduction described in Section 8(c)(i), additional reductions are required, then by reducing the cash portion of the Payment that constitutes “deferred compensation” (within the meaning of Section 409A) subject to Section 409A, with the reductions to be applied first to the portion of the Payment scheduled for the latest distribution date, and then applied to distributions scheduled for progressively earlier distribution dates, to the extent necessary to decrease the Payment as required under this Section 8; and
- (iii) next, if after the reduction described in Section 8(c)(ii), additional reductions are required, then, by reducing the non-cash portion of the Payment that constitutes deferred compensation (within the meaning of Section 409A) subject to Section 409A, with the reductions to be applied first to the portion of the Payment scheduled for the latest distribution date, and then applied to distributions scheduled for progressively earlier distribution dates, to the extent necessary to decrease the Payment as required under this Section 8.

(d) The following definitions shall apply for purposes of this Section 8:

(i) “Net After-Tax Reduced Payments” shall mean the total amount of all Payments that the Executive would retain, on a Net After-Tax Basis, in the event that the Payments payable under this Agreement are reduced pursuant to Section 8(a).

(ii) “Net After-Tax Unreduced Payments” shall mean the total amount of all Payments that the Executive would retain, on a Net After-Tax Basis, in the event that the Payments payable under this Agreement are not reduced pursuant to Section 8(a).

(iii) “Net After-Tax Basis” shall mean, with respect to the Payments, either with or without reduction under Section 8(a) (as applicable), the amount that would be retained by the Executive from such Payments after the payment of all Taxes.

(e) All determinations required to be made under this Section 8 and the assumptions to be utilized in arriving at such determinations, shall be made by a nationally recognized accounting firm as may be agreed by the Company and the Executive (the “Accounting Firm”); *provided*, that the Accounting Firm’s determination shall be made based upon “substantial authority” within the meaning of Section 6662 of the Code. The Accounting Firm shall provide detailed supporting calculations to both the Company and the Executive within fifteen (15) business days of the receipt of notice from the Executive that there has been a Payment or such earlier time as is requested by the Company. All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any determination by the Accounting Firm shall be binding upon the Company and the Executive. For purposes of determining whether and the extent to which the Payments will be subject to the Excise Tax, (i) no portion of the Payments the receipt or enjoyment of which the Executive shall have waived at such time and in such manner as not to constitute a “payment” within the meaning of Section 280G(b) of the Code shall be taken into account, (ii) no portion of the Payments shall be taken into account which, in the written opinion of the Accounting Firm, does not constitute a “parachute payment” within the meaning of Section 280G(b)(2) of the Code (including by reason of Section 280G(b)(4)(A) of the Code) and, in calculating the Excise Tax, no portion of such Payments shall be taken into account which, in the opinion of the Accounting Firm, constitutes “reasonable compensation” for services actually rendered, within the meaning of Section 280G(b)(4)(B) of the Code, in excess of the “base amount” (as defined in Section 280G(b)(3) of the Code) allocable to such reasonable compensation, and (iii) the value of any non-cash benefit or any deferred payment or benefit included in the Payments shall be determined by the Accounting Firm in accordance with the principles of Section 280G(d)(3) and (4) of the Code.

**Section 9.** Delayed Distribution under Section 409A of the Code. Notwithstanding any other provision of this Agreement to the contrary, if the Executive is a Specified Employee on the date of the Executive’s Involuntary Termination (or on the date of the Executive’s Separation from Service by reason of Disability), the Section 409A Payments which are payable upon Separation from Service shall be delayed to the extent necessary in order to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code, and such delayed payments or benefits shall be paid or distributed to the Executive during the thirty (30) day period commencing on the earlier of (a) the expiration of the six (6) month period measured from the date of the Executive’s Separation from Service or (b) the date of the Executive’s death. Upon the expiration of the applicable six (6) month period, all payments deferred pursuant to this Section 9 (excluding in-kind benefits) shall be paid in a lump sum payment to the Executive, plus interest thereon from the date of the Executive’s Involuntary Termination through the payment date at an annual rate equal to Moody’s Rate. The “Moody’s Rate” shall mean the average of the daily Moody’s Corporate Bond Yield Average – Monthly Average Corporates as published by Moody’s Investors Service, Inc. (or any successor) for the month next preceding the Date of Termination. Any remaining payments due under the Agreement shall be paid as otherwise provided herein.

**Section 10. Nonexclusivity of Rights.** Nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any benefit, plan, program, policy or practice provided by the Company and for which the Executive may qualify (except with respect to any benefit to which the Executive has waived the Executive's rights in writing), including, without limitation, any and all indemnification arrangements in favor of the Executive (whether under agreements or under the Company's charter documents, bylaws, or otherwise), and insurance policies covering the Executive, nor shall anything herein limit or otherwise affect such rights as the Executive may have under any other contract or agreement entered into after the Effective Date with the Company. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any benefit, plan, policy, practice or program of, or any contract or agreement entered into with, the Company shall be payable in accordance with such benefit, plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement. At all times during the Executive's employment with the Company and thereafter, the Company shall provide (to the extent permissible under applicable law) the Executive with indemnification and D&O insurance insuring the Executive against insurable events which occur or have occurred while the Executive was a director or officer of the Company, that with respect to such insurance is on terms and conditions that, to the extent reasonably practical, are at least as generous as that then currently provided to any other similarly situated current or former director or officer of the Company or any Affiliate. Such indemnification and D&O insurance shall be provided in a manner that complies with Treasury Regulation Section 1.409A-1(b) (10).

**Section 11. Clawbacks.** Notwithstanding anything herein to the contrary, (a) if Sempra Energy determines prior to a Change in Control, in its good faith judgment, that the Executive is required to forfeit or to make any repayment of any compensation or benefit(s) to the Company under the Sarbanes-Oxley Act of 2002 or pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act or any other law or listing standards of the national securities exchange that maintains the principal listing for any class of Sempra Energy's common equity or pursuant to any formal policy of Sempra Energy, or (b) if an arbitrator or court determines following a Change in Control that the Executive is required to forfeit or to make any repayment of any compensation or benefit(s) to the Company under the Sarbanes-Oxley Act of 2002 or pursuant to the Dodd Frank Wall Street Reform and Consumer Protection Act or any other law or listing standards of the national securities exchange that maintains the principal listing for any class of Sempra Energy's common equity, such forfeiture or repayment shall not constitute Good Reason.

**Section 12. Full Settlement; Mitigation.** The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Executive or others, provided that nothing herein shall preclude the Company from separately pursuing recovery from the Executive based on any such claim. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts (including amounts for damages for breach) payable to the Executive under any of the provisions of this Agreement, and such amounts shall not be reduced whether or not the Executive obtains other employment.

**Section 13. Dispute Resolution and Arbitration.**

(a) If any dispute arises between the Executive and Sempra Energy or any of its Affiliates, including, but not limited to, disputes relating to or arising out of this Agreement, disputes relating to or arising out of the Executive's employment and/or the termination thereof, and/or disputes regarding the interpretation, enforceability, or validity of this Agreement ("Arbitrable Dispute"), the Executive and Sempra Energy mutually agree to waive their respective rights to resolution of disputes through litigation in a judicial forum and agree to



resolve any Arbitrable Dispute through **final and binding arbitration** as set forth below, except as prohibited by law. Arbitration shall be the exclusive remedy for any Arbitrable Dispute. Accordingly, this agreement to arbitrate applies with respect to all Arbitrable Disputes, whether initiated by Executive or Sempra Energy. Any Arbitrable Dispute will be decided by an arbitrator through individual arbitration and not by way of court or jury trial. **Sempra Energy and the Executive waive any right to a jury trial or a court bench trial.**

(b) Sempra Energy and the Executive agree to bring any dispute in arbitration in an individual capacity only:

Sempra Energy and the Executive hereby waive any right for any dispute to be brought, maintained, heard, decided or arbitrated as a class and/or collective action and the arbitrator will have no authority to hear or preside over any such action ("Class Action Waiver"). The Executive understands and agrees that the Executive and Sempra Energy are waiving the right to pursue or have a dispute resolved as a plaintiff or class member in any purported class, collective or representative proceeding. To the extent the Class Action Waiver is determined to be invalid, unenforceable, or void, any class and/or collective action must proceed in a court of law and not in arbitration.

Notwithstanding any other provision of this Agreement, to the fullest extent permitted by law, the Executive and Sempra Energy (1) agree not to bring a representative action on behalf of others under the Private Attorneys General Act of 2004 ("PAGA"), California Labor Code § 2698 *et seq.*, in any court or in arbitration, and (2) agree that, for any claim brought on a private attorney general basis, including under the California PAGA, any such dispute shall be resolved in arbitration on an individual basis only (*i.e.*, to resolve whether the Executive has personally been aggrieved or subject to any violations of law), and that such an action may not be used to resolve the claims or rights of other individuals in a single or collective proceeding (collectively, "Representative PAGA Waiver"). Notwithstanding any other provision of this agreement to arbitrate or the JAMS Rules, the scope, applicability, enforceability, revocability or validity of this Representative PAGA Waiver may be resolved only by a court of competent jurisdiction and not by an arbitrator. If any provision of this representative PAGA Waiver is found to be unenforceable or unlawful for any reason, the unenforceable provision shall be severed from this Dispute Resolution provision, and any such representative PAGA claims or other representative private attorneys general act claims must be litigated in a court of competent jurisdiction and not in arbitration. To the extent that there are any Arbitrable Disputes to be litigated in a court of competent jurisdiction because a court determines that the Representative PAGA Waiver is unenforceable with respect to those disputes, the Parties agree that litigation of those Arbitrable Disputes shall be stayed pending the outcome of any individual disputes in arbitration.

(c) Arbitration shall take place at the office of JAMS (or, if the Executive is employed outside of California, the American Arbitration Association ("AAA")) nearest to the location where the Executive last worked for the Company. Except to the extent it conflicts with the rules and procedures set forth in this Agreement, arbitration shall be conducted in accordance with the JAMS Employment Arbitration Rules & Procedures then in effect ("JAMS Rules") (if the Executive is employed outside of California, the AAA Employment Arbitration Rules & Mediation Procedures ("AAA Rules")), copies of which are available at [www.jamsadr.com](http://www.jamsadr.com); tel: 800.352.5267 and [www.adr.org](http://www.adr.org); tel: 800.778.7879, before a single experienced, neutral employment arbitrator selected in accordance with those rules.

(d) Sempra Energy will be responsible for paying any filing fee and the fees and costs of the arbitrator. However, the Executive will be responsible for contributing up to any amount equal to the filing fee that would be paid to initiate the claim in a court of general jurisdiction in the state in which the Executive is employed, unless a lower fee amount would be owed by the Executive pursuant to the JAMS Rules (or AAA rules, as applicable) or applicable

law. Subject to Section 15 of this Agreement, each party shall pay its own attorneys' fees and pay any costs that are not unique to arbitration (i.e., costs that each party would incur if the claim(s) were litigated in a court, such as costs to subpoena witnesses and/or documents, take depositions and purchase deposition transcripts, copy documents, etc.). However, subject to Section 15 of this Agreement, if any party prevails on a statutory claim that authorizes an award of attorneys' fees to the prevailing party, or if there is a written agreement providing for attorneys' fees, the arbitrator may award reasonable attorneys' fees to the prevailing party, applying the same standards a court would apply under the law applicable to the claim.

(e) The arbitrator shall apply the Federal Rules of Evidence, shall have the authority to entertain a motion to dismiss or a motion for summary judgment by any party, and shall apply the standards governing such motions under the Federal Rules of Civil Procedure. The arbitrator is required to issue a written award and opinion setting forth the essential findings and conclusions on which the award is based, and any judgment or award issued by an arbitrator may be entered in any court of competent jurisdiction. The arbitrator does not have the authority to consider, certify, or hear an arbitration as a class action, collective action, or any other type of representative action. In addition, unless all parties agree in writing otherwise, the arbitrator shall not consolidate or join the arbitrations of one or more than one individual. Neither party may seek, nor may the arbitrator award, any relief that is not individualized to the claimant or that affects other individuals. The arbitrator may award declaratory or injunctive relief only in favor of the individual party seeking relief and only to the extent necessary to provide relief warranted by that party's individual claims. Sempra Energy and the Executive recognize that this agreement to arbitrate arises out of or concerns interstate commerce and that the Federal Arbitration Act shall govern the arbitration and shall govern the interpretation or enforcement of this Agreement or any arbitration award.

(f) If a court decides that applicable law does not permit the enforcement of any of this section's limitations as to a particular claim or any particular remedy for a claim, then that claim or particular remedy (and only that claim or particular remedy) must be severed from the arbitration and may be brought in court.

#### **Section 14. Executive's Covenants.**

(a) Confidentiality. The Executive acknowledges that in the course of the Executive's employment with the Company, the Executive has acquired non-public privileged or confidential information and trade secrets concerning the operations, future plans and methods of doing business ("Proprietary Information") of Sempra Energy and its Affiliates; and the Executive agrees that it would be extremely damaging to Sempra Energy and its Affiliates if such Proprietary Information were disclosed to a competitor of Sempra Energy and its Affiliates or to any other Person. The Executive understands and agrees that all Proprietary Information has been divulged to the Executive in confidence and further understands and agrees to keep all Proprietary Information secret and confidential (except for such information which is or becomes publicly available other than as a result of a breach by the Executive of this provision or information the Executive is required by law or any governmental, administrative or court order to disclose) without limitation in time. In view of the nature of the Executive's employment and the Proprietary Information the Executive has acquired during the course of such employment, the Executive likewise agrees that Sempra Energy and its Affiliates would be irreparably harmed by any disclosure of Proprietary Information in violation of the terms of this Section 14(a) and that Sempra Energy and its Affiliates shall therefore be entitled to preliminary and/or permanent injunctive relief prohibiting the Executive from engaging in any activity or threatened activity in violation of the terms of this Section 14(a) and to any other relief available to them. Inquiries regarding whether specific information constitutes Proprietary Information shall be directed to the Company's most senior officer of Human Resources (or, if such position is vacant, the

Company's then Chief Executive Officer); *provided*, that the Company shall not unreasonably classify information as Proprietary Information.

(b) Governmental Reporting. Nothing in this Agreement is intended to interfere with or discourage the Executive's good faith disclosure related to a suspected violation of federal or state law or regulation to any governmental agency or entity or making other disclosures that are protected under the whistleblower provisions of federal or state law or regulation. The Executive cannot and will not be held criminally or civilly liable under any federal or state trade secret law for disclosing otherwise protected trade secrets and/or confidential or proprietary information so long as the disclosure is made in (i) confidence to a federal, state, or local government official, directly or indirectly, or to an attorney and solely for the purpose of reporting or investigating a suspected violation of law; or (ii) a complaint or other document filed in a lawsuit or other proceeding, so long as such filing is made under seal. The Company will not retaliate against the Executive in any way for a disclosure made pursuant to this Section 14(b). Further, in the event the Executive makes such a disclosure, and files a lawsuit against the Company alleging that the Company retaliated against the Executive because of the disclosure, the Executive may disclose the relevant trade secret or confidential information to the Executive's attorney, and may use the same in the court proceeding only if (X) the Executive ensures that any court filing that includes the trade secret or confidential information at issue is made under seal; and (Y) the Executive does not otherwise disclose the trade secret or confidential information except as required by court order.

(c) Non-Solicitation of Employees. The Executive recognizes that the Executive possesses and will possess confidential information about other employees of Sempra Energy and its Affiliates relating to their education, experience, skills, abilities, compensation and benefits, and inter-personal relationships with customers of Sempra Energy and its Affiliates. The Executive recognizes that the information the Executive possesses and will possess about these other employees is not generally known, is of substantial value to Sempra Energy and its Affiliates in developing their business and in securing and retaining customers, and has been and will be acquired by the Executive because of the Executive's business position with Sempra Energy and its Affiliates. The Executive agrees that at all times during the Executive's employment with the Company and for a period of one (1) year thereafter, the Executive will not use such information to directly or indirectly solicit or recruit any employee of the Company or its Affiliates for the purpose of being employed by the Executive or by any competitor of the Company or its Affiliates on whose behalf the Executive is acting as an agent, representative or employee and that the Executive will not convey any such confidential information or trade secrets about other employees of Sempra Energy and its Affiliates to any other Person; *provided, however*, that it shall not constitute a solicitation or recruitment of employment in violation of this Section 14(c) to discuss employment opportunities with any employee of the Company or its Affiliates who has either first contacted the Executive or regarding whose employment the Executive has discussed with and received the written approval of the Company's most senior officer of Human Resources (or, if such position is vacant, the Company's then Chief Executive Officer), prior to making such solicitation or recruitment. In view of the nature of the Executive's employment with the Company, the Executive likewise agrees that Sempra Energy and its Affiliates would be irreparably harmed by any solicitation or recruitment in violation of the terms of this Section 14(c) and that Sempra Energy and its Affiliates shall therefore be entitled to preliminary and/or permanent injunctive relief prohibiting the Executive from engaging in any activity or threatened activity in violation of the terms of this Section 14(c) and to any other relief available to them.

(d) Survival of Provisions. The obligations contained in Section 14(a), (b) and (c) above shall survive the termination of the Executive's employment within the Company and shall be fully enforceable thereafter to the same extent that it was enforceable prior to such termination. If it is determined by a court of competent jurisdiction in any state that any

restriction in Section 14(a) or (c) above is excessive in duration or scope or is unreasonable or unenforceable under the laws of that state, it is the intention of the parties that such restriction may be modified or amended by the court to render it enforceable to the maximum extent permitted by the law of that state.

(e) Consulting Payment. In the event of the Executive's Involuntary Termination, if (i) the Executive reconfirms and agrees to abide by the covenants described in Section 14(a) and (c) above, (ii) the Release Requirements are satisfied by the Payment Date, and (iii) the Executive agrees to provide the consulting services described in Section 14(f) below, then in consideration for such covenants and consulting services, the Company shall pay the Executive, in one (1) cash lump sum, an amount (the "Consulting Payment") in cash equal to the sum of (X) the Executive's Annual Base Salary as in effect on the Date of Termination, plus (Y) the greater of the Executive's Average Annual Bonus or the Executive's Target Bonus on the Date of Termination. If the requirements of this Section 14(e) are satisfied, the Consulting Payment shall be paid during the thirty (30) day period commencing on the earlier of (i) the expiration of the six (6) month period measured from the date of the Executive's Separation from Service or (ii) the date of the Executive's death.

(f) Consulting. If the Executive agrees to the provisions of Section 14(e) above, then the Executive shall have the obligation to provide consulting services to the Company as an independent contractor, commencing on the Date of Termination and ending on the second (2<sup>nd</sup>) anniversary of the Date of Termination (the "Consulting Period"). The Executive shall hold himself available at reasonable times and on reasonable notice to render such consulting services as may be so assigned to the Executive by the Board or the Company's then Chief Executive Officer; *provided, however*, that unless the parties otherwise agree, the consulting services rendered by the Executive during the Consulting Period shall not exceed twenty (20) hours each month; and, *provided, further*, that the consulting services rendered by the Executive during the Consulting Period shall in no event exceed twenty percent (20%) of the average level of services performed by the Executive for the Company over the thirty-six (36) month period immediately preceding the Executive's Separation from Service (or the full period of services to the Company, if the Executive has been providing services to the Company for less than thirty-six (36) months). The Company agrees to use its best efforts during the Consulting Period to secure the benefit of the Executive's consulting services so as to minimize the interference with the Executive's other activities, including requiring the performance of consulting services at the Company's offices only when such services may not be reasonably performed off-site by the Executive.

#### **Section 15. Legal Fees.**

(a) Reimbursement of Legal Fees. Subject to Section 15(b), in the event of the Executive's Separation from Service either (i) prior to a Change in Control, or (ii) on or within two (2) years following a Change in Control, the Company shall reimburse the Executive for all legal fees and expenses (including but not limited to fees and expenses in connection with any legal proceeding) incurred by the Executive in disputing any issue arising under this Agreement relating to the Executive's Separation from Service or in seeking to obtain or enforce any benefit or right provided by this Agreement.

(b) Requirements for Reimbursement. The Company shall reimburse the Executive's legal fees and expenses pursuant to Section 15(a) above only to the extent the arbitrator or court determines (i) in the case of Section 15(a)(ii) that the Executive had a

reasonable basis for such claim and (ii) in the case of Section 15(a)(i) that the Executive disputed such issue, or sought to obtain or enforce such benefit or right, in good faith, the Executive had a reasonable basis for such claim, and the Executive is the prevailing party. In addition, the Company shall reimburse such legal fees and expenses, in each case only if such legal fees and expenses are incurred during the twenty (20) year period beginning on the date of the Executive's Separation from Service. The legal fees and expenses paid to the Executive for any taxable year of the Executive shall not affect the legal fees and expenses paid to the Executive for any other taxable year of the Executive. The legal fees and expenses shall be paid to the Executive as soon as practicable following the date on which documentation relating to the incurred expenses is provided by the Executive to the Company; provided, however, that any such reimbursement shall occur on or before the last day of the Executive's taxable year following the taxable year in which the fees or expenses are determined to be payable pursuant to this Agreement. The Executive's right to reimbursement of legal fees and expenses shall not be subject to liquidation or exchange for any other benefit. Such right to reimbursement of legal fees and expenses shall be provided in a manner that complies with Treasury Regulation Section 1.409A-3(i)(1)(iv).

#### **Section 16. Successors.**

(a) Assignment by the Executive. This Agreement is personal to the Executive and without the prior written consent of Sempra Energy shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives.

(b) Successors and Assigns of Sempra Energy. This Agreement shall inure to the benefit of and be binding upon Sempra Energy and its successors and assigns. Sempra Energy may not assign this Agreement to any Person (except for a successor described in Section 16(c), (d) or (e) below) without the Executive's written consent.

(c) Assumption. Sempra Energy shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of Sempra Energy to assume expressly and agree to perform the obligations and satisfy and discharge the liabilities of this Agreement in the same manner and to the same extent that Sempra Energy would have been required to perform the obligations and satisfy and discharge the liabilities under this Agreement if no such succession had taken place, and Sempra Energy shall have no further obligations and liabilities under this Agreement. Upon such assumption, references to Sempra Energy in this Agreement shall be replaced with references to such successor.

(d) Sale of Subsidiary. In the event that (i) the Executive is employed by a direct or indirect subsidiary of Sempra Energy that is a member of the Sempra Energy Control Group, (ii) Sempra Energy, directly or indirectly through one or more intermediaries, sells or otherwise disposes of such subsidiary, and (iii) such subsidiary ceases to be a member of the Sempra Energy Control Group, then if, on the date such subsidiary ceases to be a member of the Sempra Energy Control Group, the Executive continues in employment with such subsidiary and the Executive does not have a Separation from Service, Sempra Energy shall require such subsidiary or any successor (whether direct or indirect, by purchase merger, consolidation or otherwise) to such subsidiary, or the parent thereof, to assume expressly and agree to perform the obligations and satisfy and discharge the liabilities under this Agreement in the same manner and to the same extent that Sempra Energy would have been required to perform the obligations and satisfy and discharge the liabilities under this Agreement, if such subsidiary had not ceased to be part of the Sempra Energy Control Group, and, upon such assumption, Sempra Energy shall have no further obligations and liabilities under the Agreement. Upon such assumption, references to Sempra Energy in this Agreement shall be replaced with references to such subsidiary, or such

successor or parent thereof, assuming this Agreement, and subsection (b) of the definition of “Cause” and subsection (b) of the definition of “Good Reason” shall apply thereafter, as if a Change in Control had occurred on the date of such cessation.

(e) Sale of Assets of Subsidiary. In the event that (i) the Executive is employed by a direct or indirect subsidiary of Sempra Energy, and (ii) such subsidiary sells or otherwise disposes of substantial assets of such subsidiary to an unrelated service recipient, as determined under Treasury Regulation Section 1.409A-1(f)(2)(ii) (the “Asset Purchaser”), in a transaction described in Treasury Regulation Section 1.409A-1(h)(4) (an “Asset Sale”), then if, on the date of such Asset Sale, the Executive becomes employed by the Asset Purchaser, Sempra Energy and the Asset Purchaser may specify, in accordance with Treasury Regulation Section 1.409A-1(h)(4), that the Executive shall not be treated as having a Separation from Service, and in such event, Sempra Energy may require such Asset Purchaser, or the parent thereof, to assume expressly and agree to perform the obligations and satisfy and discharge the liabilities under this Agreement in the same manner and to the same extent that the Company would have been required to perform the obligations and satisfy and discharge the liabilities under this Agreement, if the Asset Sale had not taken place, and, upon such assumption, Sempra Energy shall have no further obligations and liabilities under the Agreement. Upon such assumption, references to Sempra Energy in this Agreement shall be replaced with references to the Asset Purchaser or the parent thereof, as applicable, and subsection (b) of the definition of “Cause” and subsection (b) of the definition of “Good Reason” shall apply thereafter, as if a Change in Control had occurred on the date of the Asset Sale.

**Section 17.** Administration Prior to Change in Control. Prior to a Change in Control, the Compensation Committee shall have full and complete authority to construe and interpret the provisions of this Agreement, to determine an individual’s entitlement to benefits under this Agreement, to make in its sole and absolute discretion all determinations contemplated under this Agreement, to investigate and make factual determinations necessary or advisable to administer or implement this Agreement, and to adopt such rules and procedures as it deems necessary or advisable for the administration or implementation of this Agreement. All determinations made under this Agreement by the Compensation Committee shall be final, conclusive and binding on all interested Persons. Prior to a Change in Control, the Compensation Committee may delegate responsibilities for the operation and administration of this Agreement to one or more officers or employees of the Company. The provisions of this Section 17 shall terminate and be of no further force and effect upon the occurrence of a Change in Control.

**Section 18.** Compliance with Section 409A of the Code. All payments and benefits payable under this Agreement (including, without limitation, the Section 409A Payments) are intended to comply with the requirements of Section 409A of the Code. Certain payments and benefits payable under this Agreement are intended to or may be exempt from the requirements of Section 409A of the Code. This Agreement shall be interpreted in accordance with the applicable requirements of, and exemptions from, Section 409A of the Code, the Treasury Regulations thereunder and other guidance of general applicability. If the Company determines that any compensation, benefits or other payments that are payable under this Agreement and intended to comply with Section 409A of the Code do not comply with Section 409A of the Code, the Treasury Regulations thereunder and other applicable authority issued by the Internal Revenue Service, to the extent permitted under Section 409A of the Code, the Treasury Regulations thereunder and any other applicable guidance, the Company and the Executive agree to amend this Agreement, or take such other actions as the Company and the Executive deem reasonably necessary or appropriate, to cause such compensation, benefits and other payments to comply with the requirements of Section 409A of the Code, the Treasury Regulations thereunder and other applicable guidance, while providing compensation, benefits and other payments that are, in the aggregate, no less favorable than the compensation, benefits

and other payments provided under this Agreement. In the case of any compensation, benefits or other payments that are payable under this Agreement and intended to comply with Section 409A of the Code, if any provision of the Agreement would cause such compensation, benefits or other payments to fail to so comply, such provision shall not be effective and shall be null and void with respect to such compensation, benefits or other payments to the extent such provision would cause a failure to comply, and such provision shall otherwise remain in full force and effect.

**Section 19. Miscellaneous.**

(a) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California, without reference to its principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. Except as provided herein, the Agreement may not be amended, modified, repealed, waived, extended or discharged except by an agreement in writing signed by the parties hereto. No Person, other than pursuant to a resolution of the Board or a committee thereof, shall have authority on behalf of Sempra Energy to agree to amend, modify, repeal, waive, extend or discharge any provision of this Agreement or anything in reference thereto.

(b) Notices. All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party, by a reputable overnight carrier or by registered or certified mail, return receipt requested, postage prepaid, addressed, in the case of the Company, to Sempra Energy's headquarters attention the most senior officer of Human Resources with a copy to the General Counsel or in the case of the Executive, the home address of the Executive on file with the Company, or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notices and communications shall be effective when actually received by the addressee.

(c) Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(d) Taxes. The Company may withhold from any amounts payable under this Agreement such federal, state or local taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(e) No Waiver. The Executive's or the Company's failure to insist upon strict compliance with any provision hereof or any other provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder, including, without limitation, the right of the Executive to terminate employment for Good Reason, or the right of the Company to terminate the Executive's employment for Cause shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(f) Entire Agreement; Exclusive Benefit; Supersession of Prior Agreement. This Agreement contains the entire agreement of the Executive, the Company or any predecessor or subsidiary thereof with respect to any severance or termination pay. The Pre-Change in Control Severance Payment, the Post-Change in Control Severance Payment and all other benefits provided hereunder shall be in lieu of any other severance payments to which the Executive is entitled under any other severance plan or program or arrangement sponsored by the Company, as well as pursuant to any individual employment or severance agreement that was entered into by the Executive and the Company, and, upon the Effective Date of this Agreement, all such plans, programs, arrangements and agreements other than agreements to arbitrate disputes with the Company, to the extent in conflict with this Agreement, are hereby automatically superseded and terminated. Any prior agreements/provisions agreeing to arbitrate

disputes with the Company shall remain in full force and effect and shall not be affected by this Agreement.

(g) No Right of Employment. Nothing in this Agreement shall be construed as giving the Executive any right to be retained in the employ of the Company or shall interfere in any way with the right of the Company to terminate the Executive's employment at any time, with or without Cause.

(h) Unfunded Obligation. The obligations under this Agreement shall be unfunded. Benefits payable under this Agreement shall be paid from the general assets of the Company. The Company shall have no obligation to establish any fund or to set aside any assets to provide benefits under this Agreement.

(i) Termination upon Sale of Assets of Subsidiary. Notwithstanding anything contained herein, this Agreement shall automatically terminate and be of no further force and effect and no benefits shall be payable hereunder in the event that (i) the Executive is employed by a direct or indirect subsidiary of Sempra Energy, (ii) an Asset Sale (as defined in Section 16(e)) occurs (other than such a sale or disposition which is part of a transaction or series of transactions which would result in a Change in Control), and (iii) as a result of such Asset Sale, the Executive is offered employment by the Asset Purchaser in an executive position with reasonably comparable status, compensation, benefits and severance agreement (including the assumption of this Agreement in accordance with Section 16(e)) and which is consistent with the Executive's experience and education, but the Executive declines to accept such offer and the Executive fails to become employed by the Asset Purchaser on the date of the Asset Sale.

(j) Term. The term of this Agreement shall commence on the Effective Date and shall continue until the third (3rd) anniversary of the Effective Date; *provided, however*, that commencing on the second (2nd) anniversary of the Effective Date (and each anniversary of the Effective Date thereafter), the term of this Agreement shall automatically be extended for one (1) additional year, unless at least ninety (90) days prior to such date, the Company or the Executive shall give written notice to the other party that it or he, as the case may be, does not wish to so extend this Agreement. Notwithstanding the foregoing, if the Company gives such written notice to the Executive (i) at a time when Sempra Energy is a party to an agreement that, if consummated, would constitute a Change in Control or (ii) less than two (2) years after a Change in Control, the term of this Agreement shall be automatically extended until the later of (X) the date that is one (1) year after the anniversary of the Effective Date that follows such written notice or (Y) the first day of the calendar month following the second (2nd) anniversary of the Change in Control Date.

(k) Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.



IN WITNESS WHEREOF, the Executive and, pursuant to due authorization from its Board of Directors, Sempra Energy have caused this Agreement to be executed as of the day and year first above written.

SEMPRA ENERGY

/s/ Karen L. Sedgwick

Karen L. Sedgwick  
Chief Administrative Officer and Chief Human Resources Officer

3/8/2023

Date

EXECUTIVE

/s/ Bruce A. Folkmann

Bruce A. Folkmann  
President and Chief Financial Officer – San Diego Gas & Electric

2/27/2023

Date

**SEPARATION AGREEMENT AND GENERAL RELEASE**

This SEPARATION AGREEMENT AND GENERAL RELEASE (the "Agreement"), is made by and between \_\_\_\_\_, a California corporation (the "Company") and \_\_\_\_\_ ("Employee") (jointly referred to as the "Parties" or individually referred to as a "Party") as of the Effective Date (as defined below).

WHEREAS, Employee was employed by the Company as an at-will employee;

WHEREAS, Employee and the Company previously entered into that certain Severance Pay Agreement dated \_\_\_\_\_, 20\_\_ (the "Severance Pay Agreement") in connection with Employee's employment with the Company;

WHEREAS, Employee's right to receive certain severance pay and benefits pursuant to the terms of the Severance Pay Agreement is subject to and conditioned upon Employee's execution [and non-revocation] of a general release of claims Employee has or may have against the Company Releasees (as defined below); and

WHEREAS, Employee's right to receive the Consulting Payment provided pursuant to Section 14(e) of the Severance Pay Agreement is subject to and conditioned upon Employee's execution [and non-revocation] of a general release of claims by Employee against the Company Releasees and Employee's adherence to the covenants described under Section 14 of the Severance Pay Agreement.

NOW, THEREFORE, in consideration of the promises and mutual covenants contained herein, the adequacy of which is hereby acknowledged, the Parties hereby agree as follows:

1. Separation Date. Employee's employment with the Company terminated at the close of business on [\_\_\_\_\_] (the "Separation Date"). Employee has received his/her final wages through the Separation Date, less deductions required by law, including any accrued but unused vacation, in accordance with applicable law. Employee has also been reimbursed for any outstanding employment-related expenses that were incurred and submitted consistent with Company policy. This Agreement is not a condition of employment or continued employment or a condition of receiving a raise or a bonus. On the Separation Date, Employee will be deemed to have resigned from all positions that he/she holds with the Company and its affiliates, and Employee will promptly execute any instrument reasonably requested by the Company or any of its affiliates to effectuate or commemorate such resignation. The term "affiliate" as used herein shall include, without limitation, such Person's parent companies, divisions and subsidiaries, whether or not specified.

2. Severance Benefits. In exchange for Employee entering into this Agreement and not revoking it, and for the covenants and releases contained herein, the Company will provide Employee with the severance benefits described below. Employee acknowledges that the amounts and benefits set forth in this Section 2 as well as any benefits and claims not released under Section 4(b), fully satisfy any entitlement Employee may have to any payments or benefits from the Company through the Separation Date, including under the Severance Pay Agreement. Employee further acknowledges that no part of the severance payments described in this Section 2 consist of wages owed to Employee for his/her employment through the Separation Date.

(a) [The Company will pay Employee a lump sum payment of \_\_\_\_\_], less applicable withholdings, pursuant to Section [4/5] of the Severance Pay Agreement. Pursuant to Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”), payment will be made on the earlier of (i) the date that is six (6) months and one (1) day after the Separation Date; and (ii) the date of Employee’s death.

(b) The Company will pay Employee a lump sum payment of \_\_\_\_\_], less applicable withholdings, which is equal to the Consulting Payment set forth in Section 14(e) of the Severance Pay Agreement. Such payment will be made during the thirty (30) day period commencing on the earlier of (i) a date that is six (6) months and one (1) day after the Separation Date; and (ii) the date of Employee’s death

(c) The Company will also provide Employee with the severance benefits set forth in Sections 4(c), (d) and (e) of the Severance Pay Agreement. For the avoidance of doubt, the value of the services set forth in Sections 4(c), (d) and (e) of the Severance Pay Agreement shall not be subject to liquidation or exchange for any other benefit.]

3. Tax Consequences. The Company makes no representations or warranties with respect to the tax consequences of the payments and any other consideration provided to Employee or made on Employee’s behalf under the terms of this Agreement. Employee agrees and understands that Employee is responsible for payment, if any, of local, state, and/or federal taxes on the payments and any other consideration provided hereunder by the Company and any penalties or assessments thereon. Employee further agrees to indemnify and hold the Company and its affiliates harmless from any claims, demands, deficiencies, penalties, interest, assessments, executions, judgments, or recoveries by any government agency against the Company or any of its affiliates for any amounts claimed due on account of (a) Employee’s failure to pay or delayed payment of federal or state taxes, or (b) damages sustained by the Company or any of its affiliates by reason of any such claims, including reasonable attorneys’ fees and costs

4. Release of Claims. As a material inducement for the payment of the severance and benefits of the Severance Pay Agreement, and except as otherwise provided in this Agreement, Employee, on behalf of him/herself and on behalf of his/her heirs, family members, executors, agents and assigns, hereby irrevocably and unconditionally releases, acquits and forever discharges the Company Releasees from any and all Claims he/she has or may have. For purposes of this Agreement and the preceding sentence, the words “Releasee” or “Releasees” and “Claim” or “Claims” shall have the meanings set forth below:

(a) “Company Releasees” shall refer to (i) the Company, (ii) each of the Company’s owners, stockholders, predecessors, successors, assigns, agents, directors, officers, employees, representatives, attorneys, advisors, and affiliates (including parent companies, divisions, and subsidiaries), (iii) agents, directors, officers, employees, representatives, attorneys and advisors of such affiliates (including parent companies, divisions, and subsidiaries), and (iv) all persons and entities acting by, through, under or in concert with any of them

(b) The words “Claim” or “Claims” shall refer to any charges, complaints, claims, liabilities, obligations, promises, agreements, controversies, damages, actions, causes of action, suits, rights, demands, costs, losses, debts and expenses (including attorneys’ fees and costs actually incurred) of any nature whatsoever, known or unknown, suspected or unsuspected, which Employee had or may have, own or hold against any of the Company Releasees through and including the Effective Date that in any way arise out of, relate to, or are in connection with Employee’s employment relationship with the Company and its affiliates and the termination of that relationship, including, without limitation, all rights arising out of alleged violations of any contracts, express or implied, including the Severance Pay Agreement; any tort claim; any legal

restrictions on the Company's right to terminate employment relationships; and any federal, state or other governmental statute, regulation, law or ordinance, including common law principles, governing the employment relationship including, without limitation, all laws and regulations prohibiting discrimination or harassment based on protected categories, and all laws and regulations prohibiting retaliation against employees, including retaliation for engaging in protected activity or legal off-duty conduct. This release does not extend to claims for workers' compensation or other claims which by law may not be waived or released by this Agreement, nor does it limit Employee's right to receive any vested payments or benefits to which he/she is entitled under any Company (including its affiliates) benefit plan (including, without limitation, any of the Company's (including its affiliates) qualified retirement plans or non-qualified deferred compensation plan), which payments or benefits will be paid or provided pursuant to the terms of the applicable governing documents.

5. Release of Unknown Claims. Employee expressly waives and relinquishes all rights and benefits afforded by any statute (including, but not limited to, Section 1542 of the Civil Code of the State of California and analogous laws of other states), which limits the effect of a release with respect to unknown claims. Employee does so understanding and acknowledging the significance of the release of unknown claims and the waiver of statutory protection against a release of unknown claims (including, but not limited to, Section 1542). Section 1542 of the Civil Code of the State of California states as follows:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.”

Thus, notwithstanding the provisions of Section 1542 or of any similar statute, and for the purpose of implementing a full and complete release and discharge of the Company Releasees, Employee expressly acknowledges that this Agreement is intended to include in its effect, without limitation, all Claims which are known and all Claims which Employee does not know or suspect to exist in Employee's favor at the time of execution of this Agreement and that this Agreement contemplates the extinguishment of all such Claims. Employee acknowledges that he/she might hereafter discover facts different from, or in addition to, those Employee now knows or believes to be true with respect to a Claim or Claims released herein, and they expressly agree to assume the risk of possible discovery of additional or different facts, and agree that this Agreement shall be and remain effective, in all respects, regardless of such additional or different discovered facts.

6. Covenant Not to Sue. Employee agrees that Employee will not file any suit, claim, proceeding or complaint against any Company Releasees arising out of or in connection with any Claims released herein, except as required to enforce the terms of this Agreement. Employee's right to file or participate in an administrative claim or investigation by the Equal Employment Opportunity Commission, or any other local, state, or federal administrative body or government agency against the Company, which is guaranteed by law, cannot be and is not waived. However, to the extent permitted by law, and except as to Securities and Exchange Commission whistleblower awards, Employee agrees that if such an administrative claim is made against any Company Releasee(s) on Employee's behalf, Employee shall not be entitled to recover any individual monetary relief or other individual remedies beyond the separation benefits identified in this Agreement.

7. No Pending Lawsuits. Employee represents and warrants that Employee does not have any lawsuits, charges, claims, grievances, or actions of any kind pending against any Company Releasees arising out of or in connection with any Claims released herein, by or on behalf of Employee or on behalf of any other person or entity, and that, to the best of Employee's knowledge, Employee possess no such claims (including, but not limited to, under the Family and Medical Leave Act, the Age Discrimination in Employment Act, the California Family Rights Act, the Fair Labor Standards Act, the California Labor Code and/or workers' compensation claims). Employee further acknowledges that he/she is not aware of, or has fully disclosed to the Company, any information that could reasonably give rise to such a claim, cause of action, lawsuit or proceeding against any Company Releasee(s).

8. No Cooperation. Employee agrees that he/she will not knowingly encourage, counsel, or assist any attorneys or their clients in the presentation or prosecution of any disputes, differences, grievances, claims, charges, or complaints by any third party against any Company Releasee(s) arising out of or in connection with any Claims released herein, unless under a subpoena or other court order to do so. Employee agrees to immediately notify the Company upon receipt of any such subpoena or court order, and to furnish to the Company, within three (3) business days of its receipt, a copy of such subpoena or other court order.

9. Payment of Salary and Receipt of All Benefits. Employee acknowledges and represents that, except as provided in this Agreement, the Company has fully paid or provided Employee all salary, wages, bonuses, accrued vacation/paid time off, premiums, leaves, housing allowances, relocation costs, interest, severance, outplacement costs, fees, reimbursable expenses, commissions or other incentive compensation, stock, stock options, vesting, and any and all other benefits and compensation due to Employee. Employee specifically represents that Employee is not owed any further sum by way of reimbursement from the Company or any of its affiliates. To the extent Employee claims that additional wages are or may become owed to Employee, there is a good faith dispute based in law and fact over whether any wages in excess of the wages already paid to Employee are or will be due, and thus California Labor Code Section 206.5 is inapplicable.

10. Indemnification.

(a) As a further material inducement to the Company to enter into this Agreement, Employee hereby agrees to indemnify and hold each of the Company Releasees harmless from all loss, costs, damages, or expenses, including without limitation, reasonable attorneys' fees incurred by the Company Releasees, arising out of any breach of this Agreement by Employee or the fact that any representation made in this Agreement by Employee was false when made. As a further material inducement to Employee to enter into this Agreement, the Company hereby agrees to indemnify and hold each of the Company Releasees harmless from all loss, costs, damages, or expenses, including without limitation, reasonable attorneys' fees incurred by the Company Releasees, arising out of any breach of this Agreement by the Company or the fact that any representation made in this Agreement by the Company was knowingly false when made.

(b) If Employee is a party or is threatened to be made a party to any proceeding by reason of the fact that Employee was an employee, officer or director of the Company or any of its affiliates, the Company shall indemnify and hold harmless Employee against any expenses (including reasonable attorneys' fees, *provided*, that counsel has been approved by the Company, which approval shall not be unreasonably withheld), judgments, fines, settlements and other amounts actually or reasonably incurred by Employee in connection with that proceeding, and *provided*, that Employee acted in good faith and in a manner Employee reasonably believed to be in the best interest of the Company. The limitations of Section 317 of the Corporations Code of the State of California shall apply to this assurance of indemnification.

Notwithstanding the foregoing or any other provision contained herein, this Agreement shall not supersede or in any way limit any (i) indemnification arrangements in favor of the Employee under the Company's or any of its affiliates charter documents or bylaws or pursuant to any agreement between the Employee and the Company or any of the Company's affiliates or (ii) the provision of insurance against insurable events which occurred while the Executive was a director or officer of the Company, in each as provided by and subject to the limitations set forth in Section 10 of the Severance Pay Agreement.

11. No Admission of Liability.

The Parties understand and acknowledge that no action taken by either Party in connection hereto, either previously or in connection with this Agreement, shall be deemed or construed to be (i) an admission of the truth or falsity of any actual or potential claims, or (ii) an acknowledgement or admission by either Party of any fault or liability whatsoever to the other Party or to any third party. This Agreement shall not in any way be construed as an admission by the Company that it has acted wrongfully with respect to Employee or any other person or entity, or that Employee has any rights whatsoever against the Company, and the Company specifically disclaims any liability to or wrongful acts against Employee or any other person or entity, on the part of itself, its employees or its agents. This Agreement shall not in any way be construed as an admission by Employee that Employee has acted wrongfully with respect to the Company, or that Employee failed to perform Employee's duties or negligently performed or breached Employee's duties, or that the Company had good cause to terminate Employee's employment.

12. Cooperation in Litigation. Employee agrees to cooperate with the Company and its affiliates and their respective designated attorneys, representatives and agents in connection with any actual or threatened judicial, administrative or other legal or equitable proceeding in which the Company or any of the Company's affiliates is or may become involved. Upon reasonable notice, Employee agrees to meet with and provide to the Company and its affiliates and their respective designated attorneys, representatives or agents all information and knowledge Employee has relating to the subject matter of any such proceeding. The Company agrees to reimburse Employee for any reasonable costs Employee incurs in providing such cooperation.

13. Governing Law. This Agreement is entered into in [state] and, except as provided in this section, shall be governed by substantive [state] law.

14. Arbitration of Disputes. If any dispute arises between Employee and the Company relating to this Agreement, including any dispute regarding the interpretation, enforceability, or validity of this Agreement ("Arbitrable Dispute"), the Parties agree to resolve that Arbitrable Dispute through **final and binding** arbitration under this section. Employee also agrees to arbitrate any Arbitrable Dispute which also involves any other Company Releasee who offers or agrees to arbitrate the dispute under this section.

(a) Any Arbitrable Dispute will be decided by an arbitrator through individual arbitration, and **Employee and the Company waive any right to a jury trial or a court bench trial.** Employee and the Company also waive the right for any dispute to be brought, maintained, decided or arbitrated as a class and/or collective action and the arbitrator shall have no authority to hear or preside over any such action ("Class Action Waiver"). Further, Arbitrable Disputes must be brought in the individual capacity of the party asserting the claim, Employee and the Company are waiving the right to pursue or have a dispute resolved as a plaintiff or class member in any purported class, collective or representative proceeding. To the extent the Class Action Waiver is determined to be invalid, unenforceable, or void, any class and/or collective action must proceed in a court of law and not in arbitration.

Notwithstanding any other provision of this Agreement, to the fullest extent permitted by law, Employee and the Company (1) agree not to bring a representative action on behalf of others under the Private Attorneys General Act of 2004 (“PAGA”), California Labor Code § 2698 et seq., in any court or in arbitration, and (2) agree that, for any claim brought on a private attorney general basis, including under the California PAGA, any such dispute shall be resolved in arbitration on an individual basis only (i.e., to resolve whether Employee has personally been aggrieved or subject to any violations of law), and that such an action may not be used to resolve the claims or rights of other individuals in a single or collective proceeding (collectively, “Representative PAGA Waiver”). Notwithstanding any other provision of this arbitration agreement or the JAMS Rules, the scope, applicability, enforceability, revocability or validity of this Representative PAGA Waiver may be resolved only by a court of competent jurisdiction and not by an arbitrator. If any provision of this representative PAGA Waiver is found to be unenforceable or unlawful for any reason, the unenforceable provision shall be severed from this Dispute Resolution provision, and any such representative PAGA claims or other representative private attorneys general act claims must be litigated in a court of competent jurisdiction and not in arbitration. To the extent that there are any Arbitrable Disputes to be litigated in a court of competent jurisdiction because a court determines that the representative PAGA Waiver is unenforceable with respect to those disputes, the Parties agree that litigation of those Arbitrable Disputes shall be stayed pending the outcome of any individual disputes in arbitration.

(b) The Arbitration shall take place at the office of JAMS that is nearest to the location where Employee last worked for the Company in accordance with the JAMS Employment Arbitration Rules & Procedures then in effect (“JAMS Rules”) (or, if Employee is employed outside of California at the time of the termination of Employee’s employment, at the nearest location of the American Arbitration Association (“AAA”) and in accordance with the AAA Employment Arbitration Rules and Mediation Procedures then in effect (“AAA Rules”), copies of which are available at [www.jamsadr.com](http://www.jamsadr.com); tel: 800.352.5267 and [www.adr.org](http://www.adr.org); tel: 800.778.7879, before a single experienced employment arbitrator selected in accordance with those rules.

(c) The Arbitrator may not modify or change this Agreement in any way. The Company will be responsible for paying any filing fee and the fees and costs of the Arbitrator; provided, however, that if Employee is the party initiating the claim, Employee will contribute an amount equal to the filing fee that would be paid to initiate a claim in the court of general jurisdiction in the state in which Employee is employed by the Company, unless a lower fee amount would be owed by Employee pursuant to the JAMS Rules (or AAA Rules, as applicable) or applicable law. Each Party shall pay for its own costs and attorneys’ fees and pay any costs that are not unique to arbitration (i.e., cost that each party would incur if the claim(s) were litigated in a court, such as costs to subpoena witnesses and/or documents, take depositions and purchase deposition transcripts, copy documents, etc.), if any. However if any party prevails on a statutory claim which affords the prevailing party attorneys’ fees and costs, or if there is a written agreement providing for attorneys’ fees and/or costs, the Arbitrator may award reasonable attorney’s fees and/or costs to the prevailing party, applying the same standards a court would apply under the law applicable to the claim.

(d) The Arbitrator shall apply the Federal Rules of Evidence and shall have the authority to entertain a motion to dismiss or a motion for summary judgment by any party and shall apply the standards governing such motions under the Federal Rules of Civil Procedure. The Arbitrator is required to issue a written award and opinion setting forth the essential findings and conclusions on which the award is based, and any judgment or award issued by the Arbitrator may be entered in any court of competent jurisdiction. The Arbitrator does not have the authority to consider, certify, or hear an arbitration as a class action, collective action, or any other type of representative action. In addition, unless all parties agree in writing otherwise, the Arbitrator shall not consolidate or join the arbitrations of one or more than one

individual. Neither party may seek, nor may the Arbitrator award, any relief that is not individualized to the claimant or that affects other individuals. The Arbitrator may award declaratory or injunctive relief only in favor of the individual party seeking relief and only to the extent necessary to provide relief warranted by that Party's individual claims.

(e) Employee and the Company recognize that this agreement to arbitrate arises out of or concerns interstate commerce and that the Federal Arbitration Act shall govern the arbitration and the interpretation or enforcement of this section or any arbitration award. If a court decides that applicable law does not permit the enforcement of any of this section's limitations as to a particular claim or any particular remedy for a claim, then that claim or particular remedy (and only that claim or particular remedy) must be severed from the arbitration and may be brought in court. To the extent that the Federal Arbitration Act is inapplicable, California law pertaining to arbitration agreements shall apply. Arbitration in this manner shall be the exclusive remedy for any Arbitrable Dispute. Except as prohibited by the Age Discrimination in Employment Act of 1967, as amended, should Employee or the Company attempt to resolve an Arbitrable Dispute by any method other than arbitration pursuant to this section, the responding party will be entitled to recover from the initiating party all damages, expenses, and attorneys' fees incurred as a result of this breach. This Section 13 supersedes any existing arbitration agreement between the Company and Employee as to any Arbitrable Dispute (as defined herein). Notwithstanding anything in this Section 13 to the contrary, a claim for benefits under an Employee Retirement Income Security Act of 1974, as amended, covered plan shall not be an Arbitrable Dispute.

15. Effective Date. The Parties understand and agree that this Agreement is final and binding eight (8) days after its execution and return (the "Effective Date"). Should Employee nevertheless attempt to challenge the enforceability of this Agreement as provided in Section 13 or, in violation of that section, through litigation, as a further limitation on any right to make such a challenge, Employee shall initially tender to the Company, by certified check delivered to the Company, all monies received pursuant to Section 4 or 5 of the Severance Pay Agreement, as applicable, plus interest, and invite the Company to retain such monies and agree with Employee to cancel this Agreement and void the Company's obligations under the Severance Pay Agreement. In the event the Company accepts this offer, the Company shall retain such monies and this Agreement shall be canceled and the Company shall have no obligation under Section 14(e) of the Severance Pay Agreement. In the event the Company does not accept such offer, the Company shall so notify Employee and shall place such monies in an interest-bearing escrow account pending resolution of the dispute between Employee and the Company as to whether or not this Agreement and the Company's obligations under the Severance Pay Agreement shall be set aside and/or otherwise rendered voidable or unenforceable. Additionally, any consulting agreement then in effect between Employee and the Company shall be immediately rescinded with no requirement of notice.

16. Notices. Any notices required to be given under this Agreement shall be delivered either personally or by first class United States mail, postage prepaid, addressed to the respective parties and shall be effective upon receipt as follows:

To Company: [TO COME]

Attn: [TO COME]

With a copy to:

Attn: [TO COME]

To Employee: \_\_\_\_\_



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17. Voluntary Waiver and Release of ADEA Claims. Employee understands and acknowledges that Employee is waiving any rights Employee may have under the Age Discrimination in Employment Act (“ADEA”), and that this waiver and release is knowing and voluntary. Employee acknowledges that the consideration given for this waiver and release is in addition to anything of value to which Employee was already entitled. Employee further understands and acknowledges that Employee has been given a period of twenty-one (21) days to review and consider this Agreement before signing it and may use as much of this twenty-one (21) period as Employee wishes prior to signing. In the event Employee signs this Agreement and returns it to the Company in less than the twenty-one (21)-day period identified above, Employee hereby acknowledges that Employee has freely and voluntarily chosen to waive the time period allotted for considering this Agreement, and that the Company has not promised Employee anything or made any representations not contained in this Agreement to induce Employee to sign this Agreement before the expiration of the twenty-one (21) day period. Employee is encouraged, at Employee’s personal expense, to consult with an attorney before signing this Agreement. Employee understands and acknowledges that whether or not Employee does so is Employee’s decision. Employee may revoke this Agreement within seven (7) days of signing it. If Employee wishes to revoke, the Company’s Vice President, Human Resources must receive written notice from Employee no later than the close of business on the seventh (7th) day after Employee has signed the Agreement. If revoked, this Agreement shall not be effective and enforceable, and Employee will not receive payments or benefits under Section 4 or 5 of the Severance Pay Agreement, as applicable. The Parties agree that changes, whether material or immaterial, do not restart the running of the twenty-one (21)-day period described above.

18. Section 409A. All payments and benefits payable under this Agreement are intended to comply with the requirements of Section 409A of the Code. Notwithstanding the foregoing, certain payments and benefits payable under this Agreement are intended to be exempt from the requirements of Section 409A of the Code. This Agreement shall be interpreted in accordance with the applicable requirements of, and exemptions from, Section 409A of the Code and the Treasury Regulations thereunder. To the extent the payments and benefits under this Agreement are subject to Section 409A of the Code, this Agreement shall be interpreted, construed and administered in a manner that satisfies the requirements of Section 409A(a)(2), (3) and (4) of the Code and the Treasury Regulations thereunder. To the extent that any payments under this Agreement are subject to Section 409A of the Code, the provisions of Section 9 of the Severance Pay Agreement shall apply.

19. Return of Company Property. Employee represents and warrants that he/she has returned all of the Company’s property, including all work in progress, files, photographs, notes, records, credit cards, keys, access cards, computers, and other Company or customer documents, products, or property that Employee has received in the course of his/her employment, or which reflect in any way any confidential or proprietary information of the Company. Employee also warrants that he has not downloaded or otherwise retained any information, whether in electronic or other form, belonging to the Company or derived from information belonging to the Company.

20. Confidential Information; Public Releases.

(a) Employee acknowledges and reaffirms Employee’s continuing obligations under the Confidentiality Agreement. The Parties understand and agree that nothing in this Agreement is intended to interfere with or discourage Employee’s good-faith disclosure to any

governmental entity related to a reasonably suspected violation of the law or to prevent Employee from discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that Employee has reason to believe is unlawful. The Parties further understand and agree that Employee cannot be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that (a) is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

(b) The Parties understand and agree that the Company and its affiliates shall take any and all necessary or appropriate action to timely satisfy their respective reporting and disclosure obligations in connection with Employee's separation and this Agreement, including filing any requisite forms with the Securities and Exchange Commission ("SEC") and Employee will promptly provide any information reasonably requested by the Company or any of its affiliates in fulfilling any such reporting or disclosure obligations.

21. Entire Agreement. This Agreement constitutes the entire agreement of the parties hereto and supersedes any and all other agreements (except the Severance Pay Agreement and the Confidentiality Agreement) with respect to the subject matter of this Agreement, whether written or oral, between the Parties. Any prior agreements/provisions agreeing to arbitrate disputes with the Company shall remain in full force and effect and shall not be affected by this Agreement. All modifications and amendments to this Agreement must be in writing and signed by all Parties.

22. No Representation. The Parties represent and acknowledge that in executing this Agreement, neither is relying upon any representation or statement not set forth in this Agreement or the Severance Pay Agreement.

23. Take All Necessary Further Action. Each party agrees, without further consideration, to sign or cause to be signed, and to deliver to the other party, any other documents and to take any other action as may be necessary to fulfill the obligations under this Agreement.

24. Severability. If any provision of this Agreement or the application thereof is held invalid, the invalidity shall not affect other provisions or applications of the Agreement which can be given effect without the invalid provisions or application; and to this end the provisions of this Agreement are declared to be severable.

25. Counterparts. This Agreement may be executed in counterparts.

With the benefit of representation and advice of counsel, the Parties have read the foregoing Severance Agreement and General Release, and accept and agree to the provisions it contains and hereby execute it voluntarily and with full understanding of its consequences. The Parties acknowledge that they are receiving valuable consideration in exchange for the execution of this Agreement, to which they would not otherwise be entitled.

DATED: \_\_\_\_\_

\_\_\_\_\_

DATED: \_\_\_\_\_

\_\_\_\_\_

Employee acknowledges that Employee first received this Agreement on [date].

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**SEMPRA ENERGY  
SEVERANCE PAY AGREEMENT**

**THIS AGREEMENT** (this “Agreement”), dated as of March 1, 2023 (the “Effective Date”), is made by and between SEMPra ENERGY, a California corporation (“Sempra Energy”), and Kevin C. Geraghty (the “Executive”).

**WHEREAS**, the Executive is currently employed by Sempra Energy or another corporation or trade or business which is a member of a Controlled Group of Corporations (Sempra Energy and such other controlled group members, collectively, the “Company”);

**WHEREAS**, Sempra Energy and the Executive desire to enter into this Agreement as may be restated from time to time in order to provide reasonable assurances to the Executive and maintain a constructive relationship following the termination of Executive’s employment with Company; and

**WHEREAS**, the Board of Directors of Sempra Energy (the “Board”) or an authorized committee thereof has authorized the terms of this Agreement.

**NOW, THEREFORE**, in consideration of the premises and mutual covenants herein contained, Sempra Energy and the Executive hereby agree as follows:

**Section 1. Definitions.** For purposes of this Agreement, the following capitalized terms have the meanings set forth below:

“AAA” has the meaning assigned thereto in Section 13(c) hereof.

“Accounting Firm” has the meaning assigned thereto in Section 8(e) hereof.

“Accrued Obligations” means the sum of (a) the Executive’s Annual Base Salary through the Date of Termination to the extent not theretofore paid, (b) an amount equal to any annual Incentive Compensation Awards earned with respect to fiscal years ended prior to the year that includes the Date of Termination to the extent not theretofore paid, (c) any accrued and unpaid vacation, and (d) reimbursement for unreimbursed business expenses, if any, properly incurred by the Executive in the performance of the Executive’s duties in accordance with Company policies applicable to the Executive from time to time, in each case to the extent not theretofore paid.

“Affiliate” has the meaning set forth in Rule 12b-2 promulgated under the Exchange Act.

“Annual Base Salary” means the Executive’s annual base salary from the Company.

“Asset Purchaser” has the meaning assigned thereto in Section 16(e).

“Asset Sale” has the meaning assigned thereto in Section 16(e).

“Average Annual Bonus” means the average of the annual bonuses from the Company earned by the Executive with respect to the three (3) fiscal years of Sempra Energy ending immediately preceding the Date of Termination (the “Bonus Fiscal Years”); *provided, however*, that, if the Executive was employed by the Company for less than three (3) Bonus Fiscal Years, “Average Annual Bonus” means the average of the annual bonuses (if any) from the Company earned by the Executive with respect to the Bonus Fiscal Years during which the

Executive was employed by the Company; and, *provided, further*, that, if the Executive was not employed by the Company during any of the Bonus Fiscal Years, "Average Annual Bonus" means zero (\$0).

"Cause" means:

(a) Prior to a Change in Control, (i) the Executive's willful failure to substantially perform the Executive's job duties, (ii) Executive's grossly negligent performance of the Executive's duties, (iii) the Executive's gross insubordination; (iv) the Executive's commission of one or more acts of significant dishonesty or moral turpitude (including but not limited to criminal acts involving one or more acts of moral turpitude) which have or result in an adverse effect on the Company, monetarily or otherwise; and/or (v) the Executive's serious violation of a material policy of Sempra Energy or its Affiliates that is applicable to the Executive. For purposes of clause (i) of this subsection (a), no act, or failure to act, on the Executive's part shall be deemed "willful" if due to the Executive's incapacity due to physical or mental illness, or if the Executive acted in good faith and with reasonable belief that the Executive's act, or failure to act, was in the best interests of the Company.

(b) From and after a Change in Control (or in connection with a termination occurring pursuant to Section 5(f)), (i) the Executive's willful and continued failure to substantially perform the Executive's duties with the Company (other than any such failure resulting from the Executive's incapacity due to physical or mental illness or other than any such actual or anticipated failure after the issuance by the Executive of a Notice of Termination for Good Reason pursuant to Section 2 hereof and after the Company's cure period relating to the event on which Good Reason is based, if any and if applicable, has expired) and/or (ii) the Executive's commission of one or more acts of moral turpitude that constitute a violation of applicable law (including but not limited to a felony involving one or more acts of moral turpitude) which have or result in an adverse effect on the Company, monetarily or otherwise, or one or more significant acts of dishonesty. For purposes of clause (i) of this subsection (b), no act, or failure to act, on the Executive's part shall be deemed "willful" unless done, or omitted to be done, by the Executive not in good faith and without reasonable belief that the Executive's act, or failure to act, was in the best interests of the Company. Notwithstanding the foregoing, the Executive shall not be deemed terminated for Cause pursuant to clause (i) of this subsection (b) unless and until the Executive shall have been provided with reasonable notice of and, if possible, a reasonable opportunity to cure the facts and circumstances claimed to provide a basis for termination of the Executive's employment for Cause.

"Change in Control" shall be deemed to have occurred on the date that a change in the ownership of Sempra Energy, a change in the effective control of Sempra Energy, or a change in the ownership of a substantial portion of assets of Sempra Energy occurs (each, as defined in subsection (a) below), except as otherwise provided in subsections (b), (c) and (d) below:

(a) (i) a "change in the ownership of Sempra Energy" occurs on the date that any one Person, or more than one Person acting as a Group, acquires ownership of stock of Sempra Energy that, together with stock held by such Person or Group, constitutes more than fifty percent (50%) of the total fair market value or total voting power of the stock of Sempra Energy,

(ii) a "change in the effective control of Sempra Energy" occurs only on either of the following dates:

(1) the date any one Person, or more than one Person acting as a Group, acquires (or has acquired during the twelve (12) month period ending on

the date of the most recent acquisition by such Person or Persons) ownership of stock of Sempra Energy possessing thirty percent (30%) or more of the total voting power of the stock of Sempra Energy, or

(2) the date a majority of the members of the Board is replaced during any twelve (12) month period by directors whose appointment or election is not endorsed by a majority of the members of the Board before the date of appointment or election, and

(iii) a “change in the ownership of a substantial portion of assets of Sempra Energy” occurs on the date any one Person, or more than one Person acting as a Group, acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such Person or Persons) assets from Sempra Energy that have a total gross fair market value equal to or more than eighty-five percent (85%) of the total gross fair market value of all of the assets of Sempra Energy immediately before such acquisition or acquisitions.

(b) A “change in the ownership of Sempra Energy” or “a change in the effective control of Sempra Energy” shall not occur under clause (a)(i) or (a)(ii) by reason of any of the following:

(i) an acquisition of ownership of stock of Sempra Energy directly from Sempra Energy or its Affiliates other than in connection with the acquisition by Sempra Energy or its Affiliates of a business,

(ii) a merger or consolidation which would result in the voting securities of Sempra Energy outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof), in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of the Company, at least sixty percent (60%) of the combined voting power of the securities of Sempra Energy or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, or

(iii) a merger or consolidation effected to implement a recapitalization of Sempra Energy (or similar transaction) in which no Person is or becomes the “beneficial owner” (within the meaning of Rule 13d-3 promulgated under the Exchange Act), directly or indirectly, of securities of Sempra Energy (not including the securities beneficially owned by such Person any securities acquired directly from Sempra Energy or its Affiliates other than in connection with the acquisition by Sempra Energy or its Affiliates of a business) representing twenty percent (20%) or more of the combined voting power of Sempra Energy’s then outstanding securities.

(c) A “change in the ownership of a substantial portion of assets of Sempra Energy” shall not occur under clause (a)(iii) by reason of a sale or disposition by Sempra Energy of the assets of Sempra Energy to an entity, at least sixty percent (60%) of the combined voting power of the voting securities of which are owned by shareholders of Sempra Energy in substantially the same proportions as their ownership of Sempra Energy immediately prior to such sale.

(d) This definition of “Change in Control” shall be limited to the definition of a “change in control event” with respect to the Executive and relating to Sempra Energy under Treasury Regulation Section 1.409A-3(i)(5). A Change in Control shall only occur if there is a Change in Control (as determined by the definition of Change in Control of this Agreement

without regard to this subsection (d)) and a “change in control event” relating to Sempra Energy under Treasury Regulation Section 1.409A-3(i)(5) with respect to the Executive.

“Change in Control Date” means the date on which a Change in Control occurs.

“COBRA” means coverage required by Section 4980B of the Code.

“COBRA Premium” means, with respect to the type and level of coverage provided to the Executive and his/her dependents pursuant to COBRA, the employer-paid portion of the monthly premium for such coverage as applicable for similarly-situated active employees.

“Code” means the Internal Revenue Code of 1986, as amended.

“Compensation Committee” means the compensation committee (however designated) of the Board.

“Consulting Payment” has the meaning assigned thereto in Section 14(e) hereof.

“Consulting Period” has the meaning assigned thereto in Section 14(f) hereof.

“Continued Benefits” has the meaning assigned thereto in Section 5(c) hereof.

“Controlled Group of Corporations” means a group of companies within the meaning of Section 414(b) or (c) of the Code) of which Sempra Energy is a component member, determined by applying an ownership threshold of 50%.

“Date of Termination” has the meaning assigned thereto in Section 2(b) hereof.

“Disability” has the meaning set forth in the long-term disability plan or its successor maintained by the Company entity that is the employer of the Executive; *provided, however*, that the Executive’s employment hereunder may not be terminated by reason of Disability unless (a) at the time of such termination there is no reasonable expectation that the Executive will return to work within the next ninety (90) day period and (b) such termination is permitted by all applicable disability laws.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and the applicable rulings and regulations thereunder.

“Excise Tax” has the meaning assigned thereto in Section 8(a) hereof.

“Good Reason” means:

(a) Prior to a Change in Control, the occurrence of any of the following without the prior written consent of the Executive, unless such act or failure to act is corrected by the Company prior to the Date of Termination specified in the Notice of Termination (as required under Section 2 hereof):

(i) the assignment to the Executive of any duties materially inconsistent with the range of duties and responsibilities appropriate to an executive of comparable rank within the Company (such range determined by reference to past, current and reasonable practices within the Company);

(ii) a material reduction in the Executive's overall standing and responsibilities within the Company, not including a mere change in title or a transfer within the Company, which change in title or transfer does not adversely affect the Executive's overall status within the Company in any material respect;

(iii) a material reduction by the Company in the Executive's aggregate annualized compensation and benefits opportunities, except for across-the-board reductions (or modifications of benefit plans) similarly affecting all similarly situated executives of the Company of comparable rank with the Executive;

(iv) the failure by the Company to pay to the Executive any portion of the Executive's current compensation and benefits or any portion of an installment of deferred compensation under any deferred compensation program of the Company within thirty (30) days of the date such compensation is due;

(v) any purported termination of the Executive's employment that is not effected pursuant to a Notice of Termination satisfying the requirements of Section 2 hereof;

(vi) the failure by Sempra Energy to perform its obligations under Section 16(c) or (d) hereof;

(vii) the failure by the Company to provide the indemnification and D&O insurance protection Section 10 of this Agreement requires it to provide; or

(viii) the failure by Sempra Energy (or any of the entities comprising the Company, as applicable) to comply with any material provision of this Agreement.

(b) From and after a Change in Control (or in connection with a termination occurring pursuant to Section 5(f)), the occurrence of any of the following without the prior written consent of the Executive, unless such act or failure to act is corrected by the Company prior to the Date of Termination specified in the Notice of Termination (as required under Section 2 hereof):

(i) an adverse change in the Executive's title, authority, duties, responsibilities or reporting lines as in effect immediately prior to the Change in Control;

(ii) a reduction by the Company in the Executive's aggregate annualized compensation opportunities, except for across-the-board reductions in base salaries, annual bonus opportunities or long-term incentive compensation opportunities of less than ten percent (10%) similarly affecting all similarly situated executives (including, if applicable, of the Person then in control of Sempra Energy) of comparable rank with the Executive; or the failure by the Company to continue in effect any material benefit plan in which the Executive participates immediately prior to the Change in Control, unless an equitable arrangement (embodied in an ongoing substitute or alternative plan) has been made with respect to such plan, or the failure by the Company to continue the Executive's participation therein (or in such substitute or alternative plan) on a basis not materially less favorable, both in terms of the amount of benefits provided and the level of the Executive's participation relative to other participants, as existed at the time of the Change in Control;

(iii) the relocation of the Executive's principal place of employment immediately prior to the Change in Control Date (the "Principal Location") to a location which is both further away from the Executive's residence and more than thirty (30) miles from such Principal Location, or the Company's requiring the Executive to be based anywhere other than such Principal Location (or permitted relocation thereof), or a substantial increase in the



Executive's business travel obligations outside of the Southern California area as of immediately prior to the Change in Control (without regard to any changes therein in anticipation of the Change in Control) other than any such increase that (A) arises in connection with extraordinary business activities of the Company of limited duration and (B) is understood not to be part of the Executive's regular duties with the Company;

(iv) the failure by the Company to pay to the Executive any portion of the Executive's current compensation and benefits or any portion of an installment of deferred compensation under any deferred compensation program of the Company within thirty (30) days of the date such compensation is due;

(v) any purported termination of the Executive's employment that is not effected pursuant to a Notice of Termination satisfying the requirements of Section 2 hereof;

(vi) the failure by Sempra Energy to perform its obligations under Section 16(c) or (d) hereof;

(vii) the failure by the Company to provide the indemnification and D&O insurance protection Section 10 of this Agreement requires it to provide; or

(viii) the failure by Sempra Energy (or any of the entities comprising the Company, as applicable) to comply with any material provision of this Agreement.

Following a Change in Control, the Executive's determination that an act or failure to act constitutes Good Reason shall be presumed to be valid unless such determination is deemed to be unreasonable by an arbitrator pursuant to the procedure described in Section 13 hereof. The Executive's right to terminate the Executive's employment for Good Reason shall not be affected by the Executive's incapacity due to physical or mental illness. The Executive's continued employment shall not constitute consent to, or a waiver of rights with respect to, any act or failure to act constituting Good Reason hereunder.

"Group" shall have the meaning of such term as used in Rule 13d-5(b)(1) promulgated under the Exchange Act.

"Incentive Compensation Awards" means awards granted under Incentive Compensation Plans providing the Executive with the opportunity to earn, on a year-by-year basis, annual and long-term incentive compensation.

"Incentive Compensation Plans" means annual incentive compensation plans and long-term incentive compensation plans of the Company, which long-term incentive compensation plans may include plans offering stock options, restricted stock, units and other long-term incentive compensation.

"Involuntary Termination" means (a) the Executive's Separation from Service by reason other than for Cause, death, Disability, or Mandatory Retirement, or (b) the Executive's Separation from Service by reason of resignation of employment for Good Reason.

"JAMS" has the meaning assigned thereto in Section 13(c) hereof.

"Mandatory Retirement" means termination of employment pursuant to the Company's mandatory retirement policy.

"Medical Continuation Benefits" has the meaning assigned thereto in Section 4(c) hereof.

“Notice of Termination” has the meaning assigned thereto in Section 2(a) hereof.

“Payment” has the meaning assigned thereto in Section 8(a) hereof.

“Payment in Lieu of Notice” has the meaning assigned thereto in Section 2(b) hereof.

“Person” means any individual, corporation, partnership limited liability company, estate, trust, or other entity, including a “Group”.

“Post-Change in Control Severance Payment” has the meaning assigned thereto in Section 5 hereof.

“Pre-Change in Control Severance Payment” has the meaning assigned thereto in Section 4 hereof.

“Principal Location” has the meaning assigned thereto in clause (b)(iii) of the definition of Good Reason, above.

“Proprietary Information” has the meaning assigned thereto in Section 14(a) hereof.

“Pro Rata Bonus” means a severance amount equal to the greater of (a) the Executive’s Target Bonus as in effect immediately prior to the Change in Control or on the Date of Termination, whichever is greater, or (b) the Executive’s Average Annual Bonus, multiplied by a fraction, (X) the numerator of which shall be the number of days from the beginning of such fiscal year to and including the Date of Termination and (Y) the denominator of which shall be three hundred sixty-five (365).

“Release” has the meaning assigned thereto in Section 4 hereof. The Release is not a condition of employment or continued employment or a condition of receiving a raise or a bonus.

“Release Requirements” has the meaning assigned thereto in Section 4 hereof.

“Section 409A Payments” means any payments under this Agreement which are subject to Section 409A of the Code.

“Sempra Energy Control Group” means Sempra Energy and all Persons with whom Sempra Energy would be considered a single employer under Section 414(b) or (c) of the Code, as determined from time to time.

“Separation from Service” has the meaning set forth in Treasury Regulation Section 1.409A-1(h).

“Specified Employee” shall be determined in accordance with Section 409A(a)(2)(B)(i) of the Code and Treasury Regulation Section 1.409A-1(i).

“Target Bonus” means, for any year, the target annual bonus from the Company that may be earned by the Executive for such year (regardless of the actual annual bonus earned, if any); *provided, however*, that if, as of the Date of Termination, a target annual bonus has not been established for the Executive for the year in which the Date of Termination occurs, the “Target Bonus” as of the Date of Termination shall be equal to the target annual bonus, if any, for the immediately preceding fiscal year of Sempra Energy.

For purposes of this Agreement, references to any "Treasury Regulation" shall mean such Treasury Regulation as in effect on the date hereof.

**Section 2.**     Notice and Date of Termination.

(a) Any termination of the Executive's employment by the Company or by the Executive shall be communicated by a written notice of termination to the other party (the "Notice of Termination"). Where applicable, the Notice of Termination shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated. Unless the Board or a committee thereof, in writing, provides a longer notice period, a Notice of Termination by the Executive alleging a termination for Good Reason must be made within one hundred eighty (180) days of the act or failure to act that the Executive alleges to constitute Good Reason.

(b) The date of the Executive's termination of employment with the Company (the "Date of Termination") shall be determined as follows: (i) if the Executive's Separation from Service is at the volition of the Company, then the Date of Termination shall be the date specified in the Notice of Termination (which, in the case of a termination by the Company other than for Cause, shall not be less than two (2) weeks from the date such Notice of Termination is given unless the Company elects to pay the Executive, in addition to any other amounts payable hereunder, an amount (the "Payment in Lieu of Notice") equal to two (2) weeks of the Executive's Annual Base Salary in effect on the Date of Termination), and (ii) if the Executive's Separation from Service is by the Executive for Good Reason, the Date of Termination shall be determined by the Executive and specified in the Notice of Termination, but in no event be less than fifteen (15) days nor more than sixty (60) days after the date such Notice of Termination is given. The Payment in Lieu of Notice shall be paid on such date as is required by law, but no later than thirty (30) days after the date of the Executive's Separation from Service.

**Section 3.**     Termination from the Board. Upon the termination of the Executive's employment for any reason, the Executive's membership on the Board, the board of directors of any Affiliates of Sempra Energy, any committees of the Board and any committees of the board of directors of any of the Affiliates of Sempra Energy, if applicable, shall be automatically terminated and the Executive agrees to promptly take any and all actions (including resigning) required by Sempra Energy or any of its Affiliates to evidence and effect such termination of membership.

**Section 4.**     Severance Benefits upon Involuntary Termination Prior to Change in Control. Except as provided in Sections 5(f) and 19(i) hereof, in the event of the Involuntary Termination of the Executive prior to a Change in Control, Sempra Energy shall, or shall cause one of its Affiliates that is the employer of the Executive to, pay the Executive, in one lump sum cash payment, an amount (the "Pre-Change in Control Severance Payment") equal to one-half (0.5) times the sum of (X) the Executive's Annual Base Salary as in effect on the Date of Termination plus (Y) an amount equal to the greater of (I) his/her Average Annual Bonus or (II) the Target Bonus in effect on the Date of Termination. In addition to the Pre-Change in Control Severance Payment, the Executive shall be entitled to the following additional benefits specified in Section 4(a) through (e). The Company's obligation to pay the Pre-Change in Control Severance Payment or provide the benefits set forth in Section 4(c), (d) and (e) is subject to and conditioned upon the Executive's satisfaction of the Release Requirements. The Pre-Change in Control Severance Payment shall be paid on the sixtieth (60<sup>th</sup>) day (or if the sixtieth (60<sup>th</sup>) day falls on a weekend or banking holiday, the next succeeding business day) after the date of the Involuntary Termination (the "Payment Date"), *provided* that the Release Requirements are

satisfied on or before the Payment Date and remain satisfied on the Payment Date. If the Release Requirements are not satisfied on the Payment Date, no Pre-Change in Control Severance Payment shall be paid hereunder and none of the benefits described in Section 4(c), (d) or (e) shall be provided, and the Executive shall have no right to the Pre-Change in Control Severance Payment or the applicable benefits. The “Release Requirements” will be satisfied if, on the Payment Date, the Executive has executed a release of all claims substantially in the form attached hereto as Exhibit A (the “Release”), the revocation period required by applicable law has expired, and the Executive has not revoked the Release and the Release is effective. If the Release Requirements are satisfied on a date prior to the Payment Date, any portion of the Pre-Change in Control Severance Payment or the applicable benefits that are not subject to Section 409A of the Code can be paid on a date prior to the Payment Date, as determined in the sole discretion of Sempra Energy (and in no event shall the Executive be able to elect the date of payment). If the period in which the Release Requirements could be satisfied spans more than one taxable year, then the Pre-Change in Control Severance Payment shall not be made until the later taxable year.

(a) Accrued Obligations. The Company shall pay the Executive a lump sum amount in cash equal to Accrued Obligations within the time prescribed by law.

(b) Equity-Based Compensation. The Executive shall retain all rights to any equity-based compensation awards to the extent set forth in the applicable plan and/or award agreement.

(c) Welfare Benefits. Subject to the terms and conditions of this Agreement, if the Executive (and, to the extent applicable, his/her eligible dependents) is eligible to and elects COBRA coverage in connection with the Executive’s Involuntary Termination, then the Executive (and the Executive’s dependents who have elected COBRA coverage) shall be provided with group medical benefits as required by COBRA (“Medical Continuation Benefits”) on substantially the same terms and conditions and at the same cost to the Executive as apply to similarly-situated active employees of the Company for the same type and level of coverage. The Medical Continuation Benefits shall be provided for a period of up to six (6) months following the date of the Involuntary Termination (and up to an additional twelve (12) months if the Executive provides consulting services under Section 14(f) hereof); *provided, however*, that (i) the Medical Continuation Benefits (including any Medical Continuation Benefits that are provided pursuant to this Section 4(c) for periods after the maximum COBRA coverage period) shall be provided on the same terms and conditions that apply to COBRA coverage (including termination thereof), (ii) if the Medical Continuation Benefits are to be provided pursuant to this Section 4(c) past the maximum COBRA coverage period, Sempra Energy may, in its sole discretion, provide or cause to be provided to the Executive, in lieu of the Medical Continuation Benefits for any period in excess of the maximum COBRA coverage period, a taxable monthly cash payment in an amount equal to the COBRA Premium, and (iii) the Medical Continuation Benefits shall be provided in a manner that complies with Treasury Regulation Section 1.409A-1(a)(5). Notwithstanding the foregoing, if Sempra Energy determines in its sole discretion that the Medical Continuation Benefits cannot be provided without potentially violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act) or that the provision of Medical Continuation Benefits under this Agreement would subject Sempra Energy or any of its Affiliates to a material tax or penalty, (A) the Executive shall be provided, in lieu thereof, with a taxable monthly payment in an amount equal to the COBRA Premium or (B) Sempra Energy shall have the authority to amend the Agreement to the limited

extent reasonably necessary to avoid such violation of law or tax or penalty and shall use all reasonable efforts to provide the Executive with a comparable benefit that does not violate applicable law or subject Sempra Energy or any of its Affiliates to such tax or penalty. Any Medical Continuation Benefits provided pursuant to this Section 4(c) shall be co-extensive with (and not in addition to) any benefits to which the Executive (and the Executive's covered dependents) may be entitled under COBRA or similar provisions of applicable state law.

(d) Outplacement Services. The Executive shall receive reasonable outplacement services, on an in-kind basis, suitable to the Executive's position and directly related to the Executive's Involuntary Termination, for a period of eighteen (18) months following the date of the Involuntary Termination, in an aggregate amount of cost to the Company not to exceed \$50,000. Notwithstanding the foregoing, the Executive shall cease to receive outplacement services on the date the Executive accepts employment with a subsequent employer. Such outplacement services shall be provided in a manner that complies with Treasury Regulation Section 1.409A-1(b)(9)(v)(A).

(e) Financial Planning Services. The Executive shall receive financial planning services, on an in-kind basis, for a period of eighteen (18) months following the Date of Termination. Such financial planning services shall include expert financial and legal resources to assist the Executive with financial planning needs and shall be limited to (i) current investment portfolio management, (ii) tax planning, (iii) tax return preparation, and (iv) estate planning advice and document preparation (including wills and trusts); *provided, however*, that the Company shall provide such financial planning services during any taxable year of the Executive only to the extent the cost to the Company for such taxable year does not exceed \$25,000. The Company shall provide such financial planning services through a financial planner selected by the Company, and shall pay the fees for such financial planning services. The financial planning services provided during any taxable year of the Executive shall not affect the financial planning services provided in any other taxable year of the Executive. The Executive's right to financial planning services shall not be subject to liquidation or exchange for any other benefit. Such financial planning services shall be provided in a manner that complies with Treasury Regulation Section 1.409A-3(i)(1)(iv).

**Section 5. Severance Benefits upon Involuntary Termination in Connection with and after Change in Control.**

Notwithstanding the provisions of Section 4 above, and except as provided in Section 19(i) hereof, in the event of the Involuntary Termination of the Executive on or within two (2) years following a Change in Control, in lieu of the payments described in Section 4 above, Sempra Energy shall, or shall cause one of its Affiliates that is the employer of the Executive to, pay the Executive, in one lump sum cash payment, an amount (the "Post-Change in Control Severance Payment") equal to (a) the Pro Rata Bonus plus (b) the sum of (X) the Executive's Annual Base Salary as in effect immediately prior to the Change in Control or on the Date of Termination, whichever is greater, plus (Y) an amount equal to the greater of (I) the Executive's Target Bonus determined immediately prior to the Change in Control or the Date of Termination, whichever is greater and (II) the Executive's Average Annual Bonus; *provided, however*, that, in the event that the Involuntary Termination occurs prior to July 1, 2025, the Post-Change in Control Severance Payment shall be increased by twenty-five percent (25%). In addition to the Post-Change in Control Severance Payment, the Executive shall be entitled to the following additional benefits specified in Section 5(a) through (e). The Company's obligation to pay the Post-Change in Control Severance Payment or provide the benefits set forth in Section

5(b), (c), (d) and (e) is subject to and conditioned upon the Executive's satisfaction of the Release Requirements. Except as provided in Section 5(f), the Post-Change in Control Severance Payment shall be paid on the Payment Date provided that the Release Requirements are satisfied on or before the Payment Date and remain satisfied on the Payment Date. If the Release Requirements are not satisfied on the Payment Date, no Post-Change in Control Severance Payment shall be paid hereunder and none of the benefits described in Section 5(b), (c), (d) or (e) shall be provided, and the Executive shall have no right to the Pre-Change in Control Severance Payment or the applicable benefits. If the Release Requirements are satisfied on a date prior to the Payment Date, any portion of the Post-Change in Control Severance Payment or the applicable benefits that are not subject to Section 409A of the Code can be paid on a date prior to the Payment Date, as determined in the sole discretion of Sempra Energy (and in no event shall the Executive be able to elect the date of payment). If the period in which Release Requirements could be satisfied spans more than one taxable year, then the Post-Change in Control Severance Payment and applicable benefits shall not be made until the later taxable year.

(a) Accrued Obligations. The Company shall pay the Executive a lump sum amount in cash equal to the Accrued Obligations within the time required by law and, to the extent applicable, in accordance with the applicable plan, policy or arrangement pursuant to which such payments are to be made.

(b) Equity-Based Compensation. Notwithstanding the provisions of any applicable equity-based compensation plan or award agreement to the contrary, all equity-based Incentive Compensation Awards (including, without limitation, stock options, stock appreciation rights, restricted stock awards, restricted stock units, performance share awards, and dividend equivalents) held by the Executive shall immediately vest and become exercisable or payable, as the case may be, as of the Date of Termination, to be exercised or paid, as the case may be, in accordance with the terms of the applicable Incentive Compensation Plan and Incentive Compensation Award agreement, and any restrictions on any such Incentive Compensation Awards shall automatically lapse; *provided, however*, that, in the case of any stock option or stock appreciation rights awards that remain outstanding on the Date of Termination, such stock options and stock appreciation rights shall remain exercisable until the earlier of (i) the later of eighteen (18) months following the Date of Termination or the period specified in the applicable Incentive Compensation Award agreement or (ii) the expiration of the original term of such Incentive Compensation Award (or, if earlier, the tenth (10th) anniversary of the original date of grant) (it being understood that all Incentive Compensation Awards shall remain outstanding and exercisable for a period that is no less than that provided for in the applicable agreement in effect as of the date of grant).

(c) Welfare Benefits. Subject to the terms and conditions of this Agreement, the Executive and the Executive's dependents shall be provided with life, disability, accident and Medical Continuation Benefits (which benefits are collectively referred to herein as "Continued Benefits") which are substantially similar to those provided to the Executive and the Executive's dependents immediately prior to the date of Involuntary Termination or the Change in Control Date, whichever is more favorable to the Executive; *provided, however*, that the Medical Continuation Benefits shall be provided pursuant to this Section 5(c) only if the Executive (and, to the extent applicable, his/her eligible dependents) is eligible to and elects COBRA coverage in connection with the Executive's Involuntary Termination, the Medical Continuation Benefits shall be provided in accordance with COBRA, and the Medical Continuation Benefits shall be provided on substantially the same terms and conditions and at the same cost to the Executive as apply to similarly-situated active employees of the Company for the same type and level of

coverage. The Continued Benefits shall be provided for a period of up to twelve (12) months following the date of the Involuntary Termination (and up to an additional twelve (12) months if the Executive provides consulting services under Section 14(f) hereof); *provided, however*, that (i) the Medical Continuation Benefits (including any Medical Continuation Benefits that are provided pursuant to this Section 5(c) for periods after the maximum COBRA coverage period) shall be provided on the same terms and conditions that apply to COBRA coverage (including termination thereof), (ii) if the Medical Continuation Benefits are to be provided pursuant to this Section 5(c) past the maximum COBRA coverage period, Sempra Energy may, in its sole discretion, provide or cause to be provided to the Executive, in lieu of the Medical Continuation Benefits for any period in excess of the maximum COBRA coverage period, a taxable monthly cash payment in an amount equal to the COBRA Premium, and (iii) the Medical Continuation Benefits shall be provided in a manner that complies with Treasury Regulation Section 1.409A-1(a)(5) and the Continued Benefits will be provided in a manner that complies with Section 409A of the Code. Notwithstanding the foregoing, if Sempra Energy determines in its sole discretion that the Medical Continuation Benefits cannot be provided without potentially violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act) or that the provision of Medical Continuation Benefits under this Agreement would subject Sempra Energy or any of its Affiliates to a material tax or penalty, (A) the Executive shall be provided, in lieu thereof, with a taxable monthly payment in an amount equal to the COBRA Premium or (B) Sempra Energy shall have the authority to amend the Agreement to the limited extent reasonably necessary to avoid such violation of law or tax or penalty and shall use all reasonable efforts to provide the Executive with a comparable benefit that does not violate applicable law or subject Sempra Energy or any of its Affiliates to such tax or penalty. Any Medical Continuation Benefits provided pursuant to this Section 5(c) shall be co-extensive with (and not in addition to) any benefits to which the Executive (and the Executive's covered dependents) may be entitled under COBRA or similar provisions of applicable state law.

(d) Outplacement Services. The Executive shall receive reasonable outplacement services, on an in-kind basis, suitable to the Executive's position and directly related to the Executive's Involuntary Termination, for a period of twenty-four (24) months following the date of Involuntary Termination (but in no event beyond the last day of the Executive's second (2nd) taxable year following the Executive's taxable year in which the Involuntary Termination occurs), in the aggregate amount of cost to the Company not to exceed \$50,000. Notwithstanding the foregoing, the Executive shall cease to receive outplacement services on the date the Executive accepts employment with a subsequent employer. Such outplacement services shall be provided in a manner that complies with Treasury Regulation Section 1.409A-1(b)(9)(v)(A).

(e) Financial Planning Services. The Executive shall receive financial planning services, on an in-kind basis, for a period of twenty-four (24) months following the date of Involuntary Termination. Such financial planning services shall include expert financial and legal resources to assist the Executive with financial planning needs and shall be limited to (i) current investment portfolio management, (ii) tax planning, (iii) tax return preparation, and (iv) estate planning advice and document preparation (including wills and trusts); *provided, however*, that the Company shall provide such financial services during any taxable year of the Executive only to the extent the cost to the Company for such taxable year does not exceed \$25,000. The Company shall provide such financial planning services through a financial planner selected by the Company, and shall pay the fees for such financial planning services. The financial planning services provided during any taxable year of the Executive shall not affect the financial planning

services provided in any other taxable year of the Executive. The Executive's right to financial planning services shall not be subject to liquidation or exchange for any other benefit. Such financial planning services shall be provided in a manner that complies with Section 1.409A-3(i)(1)(iv).

(f) Involuntary Termination in Connection with a Change in Control. Notwithstanding anything contained herein, in the event of an Involuntary Termination prior to a Change in Control, if the Involuntary Termination (i) was at the request of a third party who has taken steps reasonably calculated to effect such Change in Control or (ii) otherwise arose in connection with or in anticipation of such Change in Control, then the Executive shall, in lieu of the payments described in Section 4 hereof, be entitled to the Post-Change in Control Severance Payment and the additional benefits described in this Section 5 as if such Involuntary Termination had occurred within two (2) years following the Change in Control. The amounts specified in Section 5 that are to be paid under this Section 5(f) shall be reduced by any amount previously paid under Section 4. The amounts to be paid under this Section 5(f) shall be paid within sixty (60) days after the Change in Control Date of such Change in Control unless otherwise required by Section 409A of the Code.

**Section 6.** Severance Benefits upon Termination by the Company for Cause or by the Executive Other than for Good Reason. If the Executive's employment shall be terminated for Cause, or if the Executive terminates employment other than for Good Reason, the Company shall have no further obligations to the Executive under this Agreement other than the pre-Change in Control Accrued Obligations and any amounts or benefits described in Section 10 hereof.

**Section 7.** Severance Benefits upon Termination due to Death or Disability. If the Executive has a Separation from Service by reason of death or Disability, the Company shall pay the Executive or the Executive's estate, as the case may be, the Accrued Obligations and a severance amount equal to the Pro Rata Bonus (without regard to whether a Change in Control has occurred) and any amounts or benefits described in Section 10 hereof. Such payments shall be in addition to those rights and benefits to which the Executive or the Executive's estate may be entitled under the relevant Company plans or programs. The Company's obligation to pay the severance amount pursuant to this Section 7 is conditioned upon satisfaction of the Release Requirements by the Executive, the Executive's representative or the Executive's estate, as the case may be. The Accrued Obligations shall be paid within the time required by law and the severance amount payable pursuant to this Section 7 shall be paid on the Payment Date *provided* that the Release Requirements are satisfied on or prior to the Payment Date. If the Release Requirements are not satisfied on or prior to the Payment Date, no severance payment shall be provided hereunder and neither the Executive nor the Executive's estate, as the case may be, will have any right to the severance payment. If the Release Requirements are satisfied on a date prior to the Payment Date, any portion of the severance benefit pursuant to this Section 7 that is not subject to Section 409A of the Code can be paid on a date prior to the Payment Date, as determined in the sole discretion of Sempra Energy (and in no event shall the Executive or the Executive's estate, as applicable, be able to elect the date of payment). If the period in which Release Requirements could be satisfied spans more than one taxable year, then the severance payment pursuant to this Section 7 shall not be made until the later taxable year.

**Section 8.** Limitation on Payments by the Company.

(a) Anything in this Agreement to the contrary notwithstanding and except as set forth in this Section 8 below, in the event it shall be determined that any payment or distribution "in the nature of compensation" (within the meaning of Section 280G(b)(2) of the Code) to or for the benefit of the Executive, whether paid or payable pursuant to this Agreement



or otherwise (the “Payment”) would be subject (in whole or in part) to the excise tax imposed by Section 4999 of the Code, (the “Excise Tax”), then, subject to Section 8(b), the Pre-Change in Control Severance Payment or the Post-Change in Control Severance Payment (whichever is applicable) payable under this Agreement shall be reduced under this Section 8(a) to the amount equal to the Reduced Payment. For such Payment payable under this Agreement, the “Reduced Payment” shall be the amount equal to the greatest portion of the Payment (which may be zero (\$0)) that, if paid, would result in no portion of any Payment being subject to the Excise Tax.

(b) The Pre-Change in Control Severance Payment or the Post-Change in Control Severance Payment (whichever is applicable) payable under this Agreement shall not be reduced under Section 8(a) if:

- (i) such reduction in such Payment is not sufficient to cause no portion of any Payment to be subject to the Excise Tax, or
- (ii) the Net After-Tax Unreduced Payments (as defined below) would equal or exceed one hundred five percent (105%) of the Net After-Tax Reduced Payments (as defined below).

For purposes of determining the amount of any Reduced Payment under Section 8(a), and the Net-After Tax Reduced Payments and the Net After-Tax Unreduced Payments, the Executive shall be considered to pay federal, state and local income and employment taxes at the Executive’s applicable marginal rates taking into consideration any reduction in federal income taxes which could be obtained from the deduction of state and local income taxes, and any reduction or disallowance of itemized deductions and personal exemptions under applicable tax law). The applicable federal, state and local income and employment taxes and the Excise Tax (to the extent applicable) are collectively referred to as the “Taxes.”

(c) For purposes of determining the amount of any Reduced Payment under this Section 8, the amount of any Payment shall be reduced in the following order:

- (i) first, by reducing the amounts of parachute payments that would not constitute deferred compensation subject to Section 409A of the Code;
- (ii) next, if after the reduction described in Section 8(c)(i), additional reductions are required, then by reducing the cash portion of the Payment that constitutes “deferred compensation” (within the meaning of Section 409A) subject to Section 409A, with the reductions to be applied first to the portion of the Payment scheduled for the latest distribution date, and then applied to distributions scheduled for progressively earlier distribution dates, to the extent necessary to decrease the Payment as required under this Section 8; and
- (iii) next, if after the reduction described in Section 8(c)(ii), additional reductions are required, then, by reducing the non-cash portion of the Payment that constitutes deferred compensation (within the meaning of Section 409A) subject to Section 409A, with the reductions to be applied first to the portion of the Payment scheduled for the latest distribution date, and then applied to distributions scheduled for progressively earlier distribution dates, to the extent necessary to decrease the Payment as required under this Section 8.

(d) The following definitions shall apply for purposes of this Section 8:

(i) “Net After-Tax Reduced Payments” shall mean the total amount of all Payments that the Executive would retain, on a Net After-Tax Basis, in the event that the Payments payable under this Agreement are reduced pursuant to Section 8(a).

(ii) “Net After-Tax Unreduced Payments” shall mean the total amount of all Payments that the Executive would retain, on a Net After-Tax Basis, in the event that the Payments payable under this Agreement are not reduced pursuant to Section 8(a).

(iii) “Net After-Tax Basis” shall mean, with respect to the Payments, either with or without reduction under Section 8(a) (as applicable), the amount that would be retained by the Executive from such Payments after the payment of all Taxes.

(e) All determinations required to be made under this Section 8 and the assumptions to be utilized in arriving at such determinations, shall be made by a nationally recognized accounting firm as may be agreed by the Company and the Executive (the “Accounting Firm”); *provided*, that the Accounting Firm’s determination shall be made based upon “substantial authority” within the meaning of Section 6662 of the Code. The Accounting Firm shall provide detailed supporting calculations to both the Company and the Executive within fifteen (15) business days of the receipt of notice from the Executive that there has been a Payment or such earlier time as is requested by the Company. All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any determination by the Accounting Firm shall be binding upon the Company and the Executive. For purposes of determining whether and the extent to which the Payments will be subject to the Excise Tax, (i) no portion of the Payments the receipt or enjoyment of which the Executive shall have waived at such time and in such manner as not to constitute a “payment” within the meaning of Section 280G(b) of the Code shall be taken into account, (ii) no portion of the Payments shall be taken into account which, in the written opinion of the Accounting Firm, does not constitute a “parachute payment” within the meaning of Section 280G(b)(2) of the Code (including by reason of Section 280G(b)(4)(A) of the Code) and, in calculating the Excise Tax, no portion of such Payments shall be taken into account which, in the opinion of the Accounting Firm, constitutes “reasonable compensation” for services actually rendered, within the meaning of Section 280G(b)(4)(B) of the Code, in excess of the “base amount” (as defined in Section 280G(b)(3) of the Code) allocable to such reasonable compensation, and (iii) the value of any non-cash benefit or any deferred payment or benefit included in the Payments shall be determined by the Accounting Firm in accordance with the principles of Section 280G(d)(3) and (4) of the Code.

**Section 9.** Delayed Distribution under Section 409A of the Code. Notwithstanding any other provision of this Agreement to the contrary, if the Executive is a Specified Employee on the date of the Executive’s Involuntary Termination (or on the date of the Executive’s Separation from Service by reason of Disability), the Section 409A Payments which are payable upon Separation from Service shall be delayed to the extent necessary in order to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code, and such delayed payments or benefits shall be paid or distributed to the Executive during the thirty (30) day period commencing on the earlier of (a) the expiration of the six (6) month period measured from the date of the Executive’s Separation from Service or (b) the date of the Executive’s death. Upon the expiration of the applicable six (6) month period, all payments deferred pursuant to this Section 9 (excluding in-kind benefits) shall be paid in a lump sum payment to the Executive, plus interest thereon from the date of the Executive’s Involuntary Termination through the payment date at an annual rate equal to Moody’s Rate. The “Moody’s Rate” shall mean the average of the daily Moody’s Corporate Bond Yield Average – Monthly Average Corporates as published by Moody’s Investors Service, Inc. (or any successor) for the month next preceding the Date of Termination. Any remaining payments due under the Agreement shall be paid as otherwise provided herein.

**Section 10. Nonexclusivity of Rights.** Nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any benefit, plan, program, policy or practice provided by the Company and for which the Executive may qualify (except with respect to any benefit to which the Executive has waived the Executive's rights in writing), including, without limitation, any and all indemnification arrangements in favor of the Executive (whether under agreements or under the Company's charter documents, bylaws, or otherwise), and insurance policies covering the Executive, nor shall anything herein limit or otherwise affect such rights as the Executive may have under any other contract or agreement entered into after the Effective Date with the Company. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any benefit, plan, policy, practice or program of, or any contract or agreement entered into with, the Company shall be payable in accordance with such benefit, plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement. At all times during the Executive's employment with the Company and thereafter, the Company shall provide (to the extent permissible under applicable law) the Executive with indemnification and D&O insurance insuring the Executive against insurable events which occur or have occurred while the Executive was a director or officer of the Company, that with respect to such insurance is on terms and conditions that, to the extent reasonably practical, are at least as generous as that then currently provided to any other similarly situated current or former director or officer of the Company or any Affiliate. Such indemnification and D&O insurance shall be provided in a manner that complies with Treasury Regulation Section 1.409A-1(b) (10).

**Section 11. Clawbacks.** Notwithstanding anything herein to the contrary, (a) if Sempra Energy determines prior to a Change in Control, in its good faith judgment, that the Executive is required to forfeit or to make any repayment of any compensation or benefit(s) to the Company under the Sarbanes-Oxley Act of 2002 or pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act or any other law or listing standards of the national securities exchange that maintains the principal listing for any class of Sempra Energy's common equity or pursuant to any formal policy of Sempra Energy, or (b) if an arbitrator or court determines following a Change in Control that the Executive is required to forfeit or to make any repayment of any compensation or benefit(s) to the Company under the Sarbanes-Oxley Act of 2002 or pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act or any other law or listing standards of the national securities exchange that maintains the principal listing for any class of Sempra Energy's common equity, such forfeiture or repayment shall not constitute Good Reason.

**Section 12. Full Settlement; Mitigation.** The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Executive or others, provided that nothing herein shall preclude the Company from separately pursuing recovery from the Executive based on any such claim. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts (including amounts for damages for breach) payable to the Executive under any of the provisions of this Agreement, and such amounts shall not be reduced whether or not the Executive obtains other employment.

**Section 13. Dispute Resolution and Arbitration.**

(a) If any dispute arises between the Executive and Sempra Energy or any of its Affiliates, including, but not limited to, disputes relating to or arising out of this Agreement, disputes relating to or arising out of the Executive's employment and/or the termination thereof, and/or disputes regarding the interpretation, enforceability, or validity of this Agreement ("Arbitrable Dispute"), the Executive and Sempra Energy mutually agree to waive their respective rights to resolution of disputes through litigation in a judicial forum and agree to

resolve any Arbitrable Dispute through **final and binding arbitration** as set forth below, except as prohibited by law. Arbitration shall be the exclusive remedy for any Arbitrable Dispute. Accordingly, this agreement to arbitrate applies with respect to all Arbitrable Disputes, whether initiated by Executive or Sempra Energy. Any Arbitrable Dispute will be decided by an arbitrator through individual arbitration and not by way of court or jury trial. **Sempra Energy and the Executive waive any right to a jury trial or a court bench trial.**

(b) Sempra Energy and the Executive agree to bring any dispute in arbitration in an individual capacity only:

Sempra Energy and the Executive hereby waive any right for any dispute to be brought, maintained, heard, decided or arbitrated as a class and/or collective action and the arbitrator will have no authority to hear or preside over any such action ("Class Action Waiver"). The Executive understands and agrees that the Executive and Sempra Energy are waiving the right to pursue or have a dispute resolved as a plaintiff or class member in any purported class, collective or representative proceeding. To the extent the Class Action Waiver is determined to be invalid, unenforceable, or void, any class and/or collective action must proceed in a court of law and not in arbitration.

Notwithstanding any other provision of this Agreement, to the fullest extent permitted by law, the Executive and Sempra Energy (1) agree not to bring a representative action on behalf of others under the Private Attorneys General Act of 2004 ("PAGA"), California Labor Code § 2698 *et seq.*, in any court or in arbitration, and (2) agree that, for any claim brought on a private attorney general basis, including under the California PAGA, any such dispute shall be resolved in arbitration on an individual basis only (*i.e.*, to resolve whether the Executive has personally been aggrieved or subject to any violations of law), and that such an action may not be used to resolve the claims or rights of other individuals in a single or collective proceeding (collectively, "Representative PAGA Waiver"). Notwithstanding any other provision of this agreement to arbitrate or the JAMS Rules, the scope, applicability, enforceability, revocability or validity of this Representative PAGA Waiver may be resolved only by a court of competent jurisdiction and not by an arbitrator. If any provision of this representative PAGA Waiver is found to be unenforceable or unlawful for any reason, the unenforceable provision shall be severed from this Dispute Resolution provision, and any such representative PAGA claims or other representative private attorneys general act claims must be litigated in a court of competent jurisdiction and not in arbitration. To the extent that there are any Arbitrable Disputes to be litigated in a court of competent jurisdiction because a court determines that the Representative PAGA Waiver is unenforceable with respect to those disputes, the Parties agree that litigation of those Arbitrable Disputes shall be stayed pending the outcome of any individual disputes in arbitration.

(c) Arbitration shall take place at the office of JAMS (or, if the Executive is employed outside of California, the American Arbitration Association ("AAA")) nearest to the location where the Executive last worked for the Company. Except to the extent it conflicts with the rules and procedures set forth in this Agreement, arbitration shall be conducted in accordance with the JAMS Employment Arbitration Rules & Procedures then in effect ("JAMS Rules") (if the Executive is employed outside of California, the AAA Employment Arbitration Rules & Mediation Procedures ("AAA Rules")), copies of which are available at [www.jamsadr.com](http://www.jamsadr.com); tel: 800.352.5267 and [www.adr.org](http://www.adr.org); tel: 800.778.7879, before a single experienced, neutral employment arbitrator selected in accordance with those rules.

(d) Sempra Energy will be responsible for paying any filing fee and the fees and costs of the arbitrator. However, the Executive will be responsible for contributing up to any amount equal to the filing fee that would be paid to initiate the claim in a court of general jurisdiction in the state in which the Executive is employed, unless a lower fee amount would be owed by the Executive pursuant to the JAMS Rules (or AAA rules, as applicable) or applicable

law. Subject to Section 15 of this Agreement, each party shall pay its own attorneys' fees and pay any costs that are not unique to arbitration (i.e., costs that each party would incur if the claim(s) were litigated in a court, such as costs to subpoena witnesses and/or documents, take depositions and purchase deposition transcripts, copy documents, etc.). However, subject to Section 15 of this Agreement, if any party prevails on a statutory claim that authorizes an award of attorneys' fees to the prevailing party, or if there is a written agreement providing for attorneys' fees, the arbitrator may award reasonable attorneys' fees to the prevailing party, applying the same standards a court would apply under the law applicable to the claim.

(e) The arbitrator shall apply the Federal Rules of Evidence, shall have the authority to entertain a motion to dismiss or a motion for summary judgment by any party, and shall apply the standards governing such motions under the Federal Rules of Civil Procedure. The arbitrator is required to issue a written award and opinion setting forth the essential findings and conclusions on which the award is based, and any judgment or award issued by an arbitrator may be entered in any court of competent jurisdiction. The arbitrator does not have the authority to consider, certify, or hear an arbitration as a class action, collective action, or any other type of representative action. In addition, unless all parties agree in writing otherwise, the arbitrator shall not consolidate or join the arbitrations of one or more than one individual. Neither party may seek, nor may the arbitrator award, any relief that is not individualized to the claimant or that affects other individuals. The arbitrator may award declaratory or injunctive relief only in favor of the individual party seeking relief and only to the extent necessary to provide relief warranted by that party's individual claims. Sempra Energy and the Executive recognize that this agreement to arbitrate arises out of or concerns interstate commerce and that the Federal Arbitration Act shall govern the arbitration and shall govern the interpretation or enforcement of this Agreement or any arbitration award.

(f) If a court decides that applicable law does not permit the enforcement of any of this section's limitations as to a particular claim or any particular remedy for a claim, then that claim or particular remedy (and only that claim or particular remedy) must be severed from the arbitration and may be brought in court.

#### **Section 14. Executive's Covenants.**

(a) Confidentiality. The Executive acknowledges that in the course of the Executive's employment with the Company, the Executive has acquired non-public privileged or confidential information and trade secrets concerning the operations, future plans and methods of doing business ("Proprietary Information") of Sempra Energy and its Affiliates; and the Executive agrees that it would be extremely damaging to Sempra Energy and its Affiliates if such Proprietary Information were disclosed to a competitor of Sempra Energy and its Affiliates or to any other Person. The Executive understands and agrees that all Proprietary Information has been divulged to the Executive in confidence and further understands and agrees to keep all Proprietary Information secret and confidential (except for such information which is or becomes publicly available other than as a result of a breach by the Executive of this provision or information the Executive is required by law or any governmental, administrative or court order to disclose) without limitation in time. In view of the nature of the Executive's employment and the Proprietary Information the Executive has acquired during the course of such employment, the Executive likewise agrees that Sempra Energy and its Affiliates would be irreparably harmed by any disclosure of Proprietary Information in violation of the terms of this Section 14(a) and that Sempra Energy and its Affiliates shall therefore be entitled to preliminary and/or permanent injunctive relief prohibiting the Executive from engaging in any activity or threatened activity in violation of the terms of this Section 14(a) and to any other relief available to them. Inquiries regarding whether specific information constitutes Proprietary Information shall be directed to the Company's most senior officer of Human Resources (or, if such position is vacant, the

Company's then Chief Executive Officer); *provided*, that the Company shall not unreasonably classify information as Proprietary Information.

(b) Governmental Reporting. Nothing in this Agreement is intended to interfere with or discourage the Executive's good faith disclosure related to a suspected violation of federal or state law or regulation to any governmental agency or entity or making other disclosures that are protected under the whistleblower provisions of federal or state law or regulation. The Executive cannot and will not be held criminally or civilly liable under any federal or state trade secret law for disclosing otherwise protected trade secrets and/or confidential or proprietary information so long as the disclosure is made in (i) confidence to a federal, state, or local government official, directly or indirectly, or to an attorney and solely for the purpose of reporting or investigating a suspected violation of law; or (ii) a complaint or other document filed in a lawsuit or other proceeding, so long as such filing is made under seal. The Company will not retaliate against the Executive in any way for a disclosure made pursuant to this Section 14(b). Further, in the event the Executive makes such a disclosure, and files a lawsuit against the Company alleging that the Company retaliated against the Executive because of the disclosure, the Executive may disclose the relevant trade secret or confidential information to the Executive's attorney, and may use the same in the court proceeding only if (X) the Executive ensures that any court filing that includes the trade secret or confidential information at issue is made under seal; and (Y) the Executive does not otherwise disclose the trade secret or confidential information except as required by court order.

(c) Non-Solicitation of Employees. The Executive recognizes that the Executive possesses and will possess confidential information about other employees of Sempra Energy and its Affiliates relating to their education, experience, skills, abilities, compensation and benefits, and inter-personal relationships with customers of Sempra Energy and its Affiliates. The Executive recognizes that the information the Executive possesses and will possess about these other employees is not generally known, is of substantial value to Sempra Energy and its Affiliates in developing their business and in securing and retaining customers, and has been and will be acquired by the Executive because of the Executive's business position with Sempra Energy and its Affiliates. The Executive agrees that at all times during the Executive's employment with the Company and for a period of one (1) year thereafter, the Executive will not use such information to directly or indirectly solicit or recruit any employee of the Company or its Affiliates for the purpose of being employed by the Executive or by any competitor of the Company or its Affiliates on whose behalf the Executive is acting as an agent, representative or employee and that the Executive will not convey any such confidential information or trade secrets about other employees of Sempra Energy and its Affiliates to any other Person; *provided, however*, that it shall not constitute a solicitation or recruitment of employment in violation of this Section 14(c) to discuss employment opportunities with any employee of the Company or its Affiliates who has either first contacted the Executive or regarding whose employment the Executive has discussed with and received the written approval of the Company's most senior officer of Human Resources (or, if such position is vacant, the Company's then Chief Executive Officer), prior to making such solicitation or recruitment. In view of the nature of the Executive's employment with the Company, the Executive likewise agrees that Sempra Energy and its Affiliates would be irreparably harmed by any solicitation or recruitment in violation of the terms of this Section 14(c) and that Sempra Energy and its Affiliates shall therefore be entitled to preliminary and/or permanent injunctive relief prohibiting the Executive from engaging in any activity or threatened activity in violation of the terms of this Section 14(c) and to any other relief available to them.

(d) Survival of Provisions. The obligations contained in Section 14(a), (b) and (c) above shall survive the termination of the Executive's employment within the Company and shall be fully enforceable thereafter to the same extent that it was enforceable prior to such termination. If it is determined by a court of competent jurisdiction in any state that any

restriction in Section 14(a) or (c) above is excessive in duration or scope or is unreasonable or unenforceable under the laws of that state, it is the intention of the parties that such restriction may be modified or amended by the court to render it enforceable to the maximum extent permitted by the law of that state.

(e) Consulting Payment. In the event of the Executive's Involuntary Termination, if (i) the Executive reconfirms and agrees to abide by the covenants described in Section 14(a) and (c) above, (ii) the Release Requirements are satisfied by the Payment Date, and (iii) the Executive agrees to provide the consulting services described in Section 14(f) below, then in consideration for such covenants and consulting services, the Company shall pay the Executive, in one (1) cash lump sum, an amount (the "Consulting Payment") in cash equal to the sum of (X) the Executive's Annual Base Salary as in effect on the Date of Termination, plus (Y) the greater of the Executive's Average Annual Bonus or the Executive's Target Bonus on the Date of Termination. If the requirements of this Section 14(e) are satisfied, the Consulting Payment shall be paid during the thirty (30) day period commencing on the earlier of (i) the expiration of the six (6) month period measured from the date of the Executive's Separation from Service or (ii) the date of the Executive's death.

(f) Consulting. If the Executive agrees to the provisions of Section 14(e) above, then the Executive shall have the obligation to provide consulting services to the Company as an independent contractor, commencing on the Date of Termination and ending on the second (2<sup>nd</sup>) anniversary of the Date of Termination (the "Consulting Period"). The Executive shall hold himself available at reasonable times and on reasonable notice to render such consulting services as may be so assigned to the Executive by the Board or the Company's then Chief Executive Officer; *provided, however*, that unless the parties otherwise agree, the consulting services rendered by the Executive during the Consulting Period shall not exceed twenty (20) hours each month; and, *provided, further*, that the consulting services rendered by the Executive during the Consulting Period shall in no event exceed twenty percent (20%) of the average level of services performed by the Executive for the Company over the thirty-six (36) month period immediately preceding the Executive's Separation from Service (or the full period of services to the Company, if the Executive has been providing services to the Company for less than thirty-six (36) months). The Company agrees to use its best efforts during the Consulting Period to secure the benefit of the Executive's consulting services so as to minimize the interference with the Executive's other activities, including requiring the performance of consulting services at the Company's offices only when such services may not be reasonably performed off-site by the Executive.

#### **Section 15. Legal Fees.**

(a) Reimbursement of Legal Fees. Subject to Section 15(b), in the event of the Executive's Separation from Service either (i) prior to a Change in Control, or (ii) on or within two (2) years following a Change in Control, the Company shall reimburse the Executive for all legal fees and expenses (including but not limited to fees and expenses in connection with any legal proceeding) incurred by the Executive in disputing any issue arising under this Agreement relating to the Executive's Separation from Service or in seeking to obtain or enforce any benefit or right provided by this Agreement.

(b) Requirements for Reimbursement. The Company shall reimburse the Executive's legal fees and expenses pursuant to Section 15(a) above only to the extent the arbitrator or court determines (i) in the case of Section 15(a)(ii) that the Executive had a

reasonable basis for such claim and (ii) in the case of Section 15(a)(i) that the Executive disputed such issue, or sought to obtain or enforce such benefit or right, in good faith, the Executive had a reasonable basis for such claim, and the Executive is the prevailing party. In addition, the Company shall reimburse such legal fees and expenses, in each case only if such legal fees and expenses are incurred during the twenty (20) year period beginning on the date of the Executive's Separation from Service. The legal fees and expenses paid to the Executive for any taxable year of the Executive shall not affect the legal fees and expenses paid to the Executive for any other taxable year of the Executive. The legal fees and expenses shall be paid to the Executive as soon as practicable following the date on which documentation relating to the incurred expenses is provided by the Executive to the Company; provided, however, that any such reimbursement shall occur on or before the last day of the Executive's taxable year following the taxable year in which the fees or expenses are determined to be payable pursuant to this Agreement. The Executive's right to reimbursement of legal fees and expenses shall not be subject to liquidation or exchange for any other benefit. Such right to reimbursement of legal fees and expenses shall be provided in a manner that complies with Treasury Regulation Section 1.409A-3(i)(1)(iv).

#### **Section 16. Successors.**

(a) Assignment by the Executive. This Agreement is personal to the Executive and without the prior written consent of Sempra Energy shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives.

(b) Successors and Assigns of Sempra Energy. This Agreement shall inure to the benefit of and be binding upon Sempra Energy and its successors and assigns. Sempra Energy may not assign this Agreement to any Person (except for a successor described in Section 16(c), (d) or (e) below) without the Executive's written consent.

(c) Assumption. Sempra Energy shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of Sempra Energy to assume expressly and agree to perform the obligations and satisfy and discharge the liabilities of this Agreement in the same manner and to the same extent that Sempra Energy would have been required to perform the obligations and satisfy and discharge the liabilities under this Agreement if no such succession had taken place, and Sempra Energy shall have no further obligations and liabilities under this Agreement. Upon such assumption, references to Sempra Energy in this Agreement shall be replaced with references to such successor.

(d) Sale of Subsidiary. In the event that (i) the Executive is employed by a direct or indirect subsidiary of Sempra Energy that is a member of the Sempra Energy Control Group, (ii) Sempra Energy, directly or indirectly through one or more intermediaries, sells or otherwise disposes of such subsidiary, and (iii) such subsidiary ceases to be a member of the Sempra Energy Control Group, then if, on the date such subsidiary ceases to be a member of the Sempra Energy Control Group, the Executive continues in employment with such subsidiary and the Executive does not have a Separation from Service, Sempra Energy shall require such subsidiary or any successor (whether direct or indirect, by purchase merger, consolidation or otherwise) to such subsidiary, or the parent thereof, to assume expressly and agree to perform the obligations and satisfy and discharge the liabilities under this Agreement in the same manner and to the same extent that Sempra Energy would have been required to perform the obligations and satisfy and discharge the liabilities under this Agreement, if such subsidiary had not ceased to be part of the Sempra Energy Control Group, and, upon such assumption, Sempra Energy shall have no further obligations and liabilities under the Agreement. Upon such assumption, references to Sempra Energy in this Agreement shall be replaced with references to such subsidiary, or such



successor or parent thereof, assuming this Agreement, and subsection (b) of the definition of “Cause” and subsection (b) of the definition of “Good Reason” shall apply thereafter, as if a Change in Control had occurred on the date of such cessation.

(e) Sale of Assets of Subsidiary. In the event that (i) the Executive is employed by a direct or indirect subsidiary of Sempra Energy, and (ii) such subsidiary sells or otherwise disposes of substantial assets of such subsidiary to an unrelated service recipient, as determined under Treasury Regulation Section 1.409A-1(f)(2)(ii) (the “Asset Purchaser”), in a transaction described in Treasury Regulation Section 1.409A-1(h)(4) (an “Asset Sale”), then if, on the date of such Asset Sale, the Executive becomes employed by the Asset Purchaser, Sempra Energy and the Asset Purchaser may specify, in accordance with Treasury Regulation Section 1.409A-1(h)(4), that the Executive shall not be treated as having a Separation from Service, and in such event, Sempra Energy may require such Asset Purchaser, or the parent thereof, to assume expressly and agree to perform the obligations and satisfy and discharge the liabilities under this Agreement in the same manner and to the same extent that the Company would have been required to perform the obligations and satisfy and discharge the liabilities under this Agreement, if the Asset Sale had not taken place, and, upon such assumption, Sempra Energy shall have no further obligations and liabilities under the Agreement. Upon such assumption, references to Sempra Energy in this Agreement shall be replaced with references to the Asset Purchaser or the parent thereof, as applicable, and subsection (b) of the definition of “Cause” and subsection (b) of the definition of “Good Reason” shall apply thereafter, as if a Change in Control had occurred on the date of the Asset Sale.

**Section 17.** Administration Prior to Change in Control. Prior to a Change in Control, the Compensation Committee shall have full and complete authority to construe and interpret the provisions of this Agreement, to determine an individual’s entitlement to benefits under this Agreement, to make in its sole and absolute discretion all determinations contemplated under this Agreement, to investigate and make factual determinations necessary or advisable to administer or implement this Agreement, and to adopt such rules and procedures as it deems necessary or advisable for the administration or implementation of this Agreement. All determinations made under this Agreement by the Compensation Committee shall be final, conclusive and binding on all interested Persons. Prior to a Change in Control, the Compensation Committee may delegate responsibilities for the operation and administration of this Agreement to one or more officers or employees of the Company. The provisions of this Section 17 shall terminate and be of no further force and effect upon the occurrence of a Change in Control.

**Section 18.** Compliance with Section 409A of the Code. All payments and benefits payable under this Agreement (including, without limitation, the Section 409A Payments) are intended to comply with the requirements of Section 409A of the Code. Certain payments and benefits payable under this Agreement are intended to or may be exempt from the requirements of Section 409A of the Code. This Agreement shall be interpreted in accordance with the applicable requirements of, and exemptions from, Section 409A of the Code, the Treasury Regulations thereunder and other guidance of general applicability. If the Company determines that any compensation, benefits or other payments that are payable under this Agreement and intended to comply with Section 409A of the Code do not comply with Section 409A of the Code, the Treasury Regulations thereunder and other applicable authority issued by the Internal Revenue Service, to the extent permitted under Section 409A of the Code, the Treasury Regulations thereunder and any other applicable guidance, the Company and the Executive agree to amend this Agreement, or take such other actions as the Company and the Executive deem reasonably necessary or appropriate, to cause such compensation, benefits and other payments to comply with the requirements of Section 409A of the Code, the Treasury Regulations thereunder and other applicable guidance, while providing compensation, benefits and other payments that are, in the aggregate, no less favorable than the compensation, benefits

and other payments provided under this Agreement. In the case of any compensation, benefits or other payments that are payable under this Agreement and intended to comply with Section 409A of the Code, if any provision of the Agreement would cause such compensation, benefits or other payments to fail to so comply, such provision shall not be effective and shall be null and void with respect to such compensation, benefits or other payments to the extent such provision would cause a failure to comply, and such provision shall otherwise remain in full force and effect.

**Section 19. Miscellaneous.**

(a) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California, without reference to its principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. Except as provided herein, the Agreement may not be amended, modified, repealed, waived, extended or discharged except by an agreement in writing signed by the parties hereto. No Person, other than pursuant to a resolution of the Board or a committee thereof, shall have authority on behalf of Sempra Energy to agree to amend, modify, repeal, waive, extend or discharge any provision of this Agreement or anything in reference thereto.

(b) Notices. All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party, by a reputable overnight carrier or by registered or certified mail, return receipt requested, postage prepaid, addressed, in the case of the Company, to Sempra Energy's headquarters attention the most senior officer of Human Resources with a copy to the General Counsel or in the case of the Executive, the home address of the Executive on file with the Company, or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notices and communications shall be effective when actually received by the addressee.

(c) Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(d) Taxes. The Company may withhold from any amounts payable under this Agreement such federal, state or local taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(e) No Waiver. The Executive's or the Company's failure to insist upon strict compliance with any provision hereof or any other provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder, including, without limitation, the right of the Executive to terminate employment for Good Reason, or the right of the Company to terminate the Executive's employment for Cause shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(f) Entire Agreement; Exclusive Benefit; Supersession of Prior Agreement. This Agreement contains the entire agreement of the Executive, the Company or any predecessor or subsidiary thereof with respect to any severance or termination pay. The Pre-Change in Control Severance Payment, the Post-Change in Control Severance Payment and all other benefits provided hereunder shall be in lieu of any other severance payments to which the Executive is entitled under any other severance plan or program or arrangement sponsored by the Company, as well as pursuant to any individual employment or severance agreement that was entered into by the Executive and the Company, and, upon the Effective Date of this Agreement, all such plans, programs, arrangements and agreements other than agreements to arbitrate disputes with the Company, to the extent in conflict with this Agreement, are hereby automatically superseded and terminated. Any prior agreements/provisions agreeing to arbitrate

disputes with the Company shall remain in full force and effect and shall not be affected by this Agreement.

(g) No Right of Employment. Nothing in this Agreement shall be construed as giving the Executive any right to be retained in the employ of the Company or shall interfere in any way with the right of the Company to terminate the Executive's employment at any time, with or without Cause.

(h) Unfunded Obligation. The obligations under this Agreement shall be unfunded. Benefits payable under this Agreement shall be paid from the general assets of the Company. The Company shall have no obligation to establish any fund or to set aside any assets to provide benefits under this Agreement.

(i) Termination upon Sale of Assets of Subsidiary. Notwithstanding anything contained herein, this Agreement shall automatically terminate and be of no further force and effect and no benefits shall be payable hereunder in the event that (i) the Executive is employed by a direct or indirect subsidiary of Sempra Energy, (ii) an Asset Sale (as defined in Section 16(e)) occurs (other than such a sale or disposition which is part of a transaction or series of transactions which would result in a Change in Control), and (iii) as a result of such Asset Sale, the Executive is offered employment by the Asset Purchaser in an executive position with reasonably comparable status, compensation, benefits and severance agreement (including the assumption of this Agreement in accordance with Section 16(e)) and which is consistent with the Executive's experience and education, but the Executive declines to accept such offer and the Executive fails to become employed by the Asset Purchaser on the date of the Asset Sale.

(j) Term. The term of this Agreement shall commence on the Effective Date and shall continue until the third (3rd) anniversary of the Effective Date; *provided, however*, that commencing on the second (2nd) anniversary of the Effective Date (and each anniversary of the Effective Date thereafter), the term of this Agreement shall automatically be extended for one (1) additional year, unless at least ninety (90) days prior to such date, the Company or the Executive shall give written notice to the other party that it or he, as the case may be, does not wish to so extend this Agreement. Notwithstanding the foregoing, if the Company gives such written notice to the Executive (i) at a time when Sempra Energy is a party to an agreement that, if consummated, would constitute a Change in Control or (ii) less than two (2) years after a Change in Control, the term of this Agreement shall be automatically extended until the later of (X) the date that is one (1) year after the anniversary of the Effective Date that follows such written notice or (Y) the first day of the calendar month following the second (2nd) anniversary of the Change in Control Date.

(k) Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Executive and, pursuant to due authorization from its Board of Directors, Sempra Energy have caused this Agreement to be executed as of the day and year first above written.

SEMPRA ENERGY

/s/ Karen L. Sedgwick

Karen L. Sedgwick  
Chief Administrative Officer and Chief Human Resources  
Officer

3/6/2023

Date

EXECUTIVE

/s/ Kevin C. Geraghty

Kevin C. Geraghty  
Chief Operating Officer and Chief Safety Officer  
San Diego Gas & Electric

3/6/2023

Date

SEPARATION AGREEMENT AND GENERAL RELEASE

This SEPARATION AGREEMENT AND GENERAL RELEASE (the "Agreement"), is made by and between \_\_\_\_\_, a California corporation (the "Company") and \_\_\_\_\_ ("Employee") (jointly referred to as the "Parties" or individually referred to as a "Party") as of the Effective Date (as defined below).

WHEREAS, Employee was employed by the Company as an at-will employee;

WHEREAS, Employee and the Company previously entered into that certain Severance Pay Agreement dated \_\_\_\_\_, 20\_\_ (the "Severance Pay Agreement") in connection with Employee's employment with the Company;

WHEREAS, Employee's right to receive certain severance pay and benefits pursuant to the terms of the Severance Pay Agreement is subject to and conditioned upon Employee's execution [and non-revocation] of a general release of claims Employee has or may have against the Company Releasees (as defined below); and

WHEREAS, Employee's right to receive the Consulting Payment provided pursuant to Section 14(e) of the Severance Pay Agreement is subject to and conditioned upon Employee's execution [and non-revocation] of a general release of claims by Employee against the Company Releasees and Employee's adherence to the covenants described under Section 14 of the Severance Pay Agreement.

NOW, THEREFORE, in consideration of the promises and mutual covenants contained herein, the adequacy of which is hereby acknowledged, the Parties hereby agree as follows:

1. Separation Date. Employee's employment with the Company terminated at the close of business on [\_\_\_\_\_] (the "Separation Date"). Employee has received his/her final wages through the Separation Date, less deductions required by law, including any accrued but unused vacation, in accordance with applicable law. Employee has also been reimbursed for any outstanding employment-related expenses that were incurred and submitted consistent with Company policy. This Agreement is not a condition of employment or continued employment or a condition of receiving a raise or a bonus. On the Separation Date, Employee will be deemed to have resigned from all positions that he/she holds with the Company and its affiliates, and Employee will promptly execute any instrument reasonably requested by the Company or any of its affiliates to effectuate or commemorate such resignation. The term "affiliate" as used herein shall include, without limitation, such Person's parent companies, divisions and subsidiaries, whether or not specified.

2. Severance Benefits. In exchange for Employee entering into this Agreement and not revoking it, and for the covenants and releases contained herein, the Company will provide Employee with the severance benefits described below. Employee acknowledges that the amounts and benefits set forth in this Section 2 as well as any benefits and claims not released under Section 4(b), fully satisfy any entitlement Employee may have to any payments or benefits from the Company through the Separation Date, including under the Severance Pay Agreement. Employee further acknowledges that no part of the severance payments described in this Section 2 consist of wages owed to Employee for his/her employment through the Separation Date.

(a) [The Company will pay Employee a lump sum payment of \_\_\_\_\_], less applicable withholdings, pursuant to Section [4/5] of the Severance Pay Agreement. Pursuant to Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”), payment will be made on the earlier of (i) the date that is six (6) months and one (1) day after the Separation Date; and (ii) the date of Employee’s death.

(b) The Company will pay Employee a lump sum payment of \_\_\_\_\_], less applicable withholdings, which is equal to the Consulting Payment set forth in Section 14(e) of the Severance Pay Agreement. Such payment will be made during the thirty (30) day period commencing on the earlier of (i) a date that is six (6) months and one (1) day after the Separation Date; and (ii) the date of Employee’s death

(c) The Company will also provide Employee with the severance benefits set forth in Sections 4(c), (d) and (e) of the Severance Pay Agreement. For the avoidance of doubt, the value of the services set forth in Sections 4(c), (d) and (e) of the Severance Pay Agreement shall not be subject to liquidation or exchange for any other benefit.]

3. Tax Consequences. The Company makes no representations or warranties with respect to the tax consequences of the payments and any other consideration provided to Employee or made on Employee’s behalf under the terms of this Agreement. Employee agrees and understands that Employee is responsible for payment, if any, of local, state, and/or federal taxes on the payments and any other consideration provided hereunder by the Company and any penalties or assessments thereon. Employee further agrees to indemnify and hold the Company and its affiliates harmless from any claims, demands, deficiencies, penalties, interest, assessments, executions, judgments, or recoveries by any government agency against the Company or any of its affiliates for any amounts claimed due on account of (a) Employee’s failure to pay or delayed payment of federal or state taxes, or (b) damages sustained by the Company or any of its affiliates by reason of any such claims, including reasonable attorneys’ fees and costs

4. Release of Claims. As a material inducement for the payment of the severance and benefits of the Severance Pay Agreement, and except as otherwise provided in this Agreement, Employee, on behalf of him/herself and on behalf of his/her heirs, family members, executors, agents and assigns, hereby irrevocably and unconditionally releases, acquits and forever discharges the Company Releasees from any and all Claims he/she has or may have. For purposes of this Agreement and the preceding sentence, the words “Releasee” or “Releasees” and “Claim” or “Claims” shall have the meanings set forth below:

(a) “Company Releasees” shall refer to (i) the Company, (ii) each of the Company’s owners, stockholders, predecessors, successors, assigns, agents, directors, officers, employees, representatives, attorneys, advisors, and affiliates (including parent companies, divisions, and subsidiaries), (iii) agents, directors, officers, employees, representatives, attorneys and advisors of such affiliates (including parent companies, divisions, and subsidiaries), and (iv) all persons and entities acting by, through, under or in concert with any of them

(b) The words “Claim” or “Claims” shall refer to any charges, complaints, claims, liabilities, obligations, promises, agreements, controversies, damages, actions, causes of action, suits, rights, demands, costs, losses, debts and expenses (including attorneys’ fees and costs actually incurred) of any nature whatsoever, known or unknown, suspected or unsuspected, which Employee had or may have, own or hold against any of the Company Releasees through and including the Effective Date that in any way arise out of, relate to, or are in connection with Employee’s employment relationship with the Company and its affiliates and the termination of that relationship, including, without limitation, all rights arising out of alleged violations of any contracts, express or implied, including the Severance Pay Agreement; any tort claim; any legal

restrictions on the Company's right to terminate employment relationships; and any federal, state or other governmental statute, regulation, law or ordinance, including common law principles, governing the employment relationship including, without limitation, all laws and regulations prohibiting discrimination or harassment based on protected categories, and all laws and regulations prohibiting retaliation against employees, including retaliation for engaging in protected activity or legal off-duty conduct. This release does not extend to claims for workers' compensation or other claims which by law may not be waived or released by this Agreement, nor does it limit Employee's right to receive any vested payments or benefits to which he/she is entitled under any Company (including its affiliates) benefit plan (including, without limitation, any of the Company's (including its affiliates) qualified retirement plans or non-qualified deferred compensation plan), which payments or benefits will be paid or provided pursuant to the terms of the applicable governing documents.

5. Release of Unknown Claims. Employee expressly waives and relinquishes all rights and benefits afforded by any statute (including, but not limited to, Section 1542 of the Civil Code of the State of California and analogous laws of other states), which limits the effect of a release with respect to unknown claims. Employee does so understanding and acknowledging the significance of the release of unknown claims and the waiver of statutory protection against a release of unknown claims (including, but not limited to, Section 1542). Section 1542 of the Civil Code of the State of California states as follows:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.”

Thus, notwithstanding the provisions of Section 1542 or of any similar statute, and for the purpose of implementing a full and complete release and discharge of the Company Releasees, Employee expressly acknowledges that this Agreement is intended to include in its effect, without limitation, all Claims which are known and all Claims which Employee does not know or suspect to exist in Employee's favor at the time of execution of this Agreement and that this Agreement contemplates the extinguishment of all such Claims. Employee acknowledges that he/she might hereafter discover facts different from, or in addition to, those Employee now knows or believes to be true with respect to a Claim or Claims released herein, and they expressly agree to assume the risk of possible discovery of additional or different facts, and agree that this Agreement shall be and remain effective, in all respects, regardless of such additional or different discovered facts.

6. Covenant Not to Sue. Employee agrees that Employee will not file any suit, claim, proceeding or complaint against any Company Releasees arising out of or in connection with any Claims released herein, except as required to enforce the terms of this Agreement. Employee's right to file or participate in an administrative claim or investigation by the Equal Employment Opportunity Commission, or any other local, state, or federal administrative body or government agency against the Company, which is guaranteed by law, cannot be and is not waived. However, to the extent permitted by law, and except as to Securities and Exchange Commission whistleblower awards, Employee agrees that if such an administrative claim is made against any Company Releasee(s) on Employee's behalf, Employee shall not be entitled to recover any individual monetary relief or other individual remedies beyond the separation benefits identified in this Agreement.

7. No Pending Lawsuits. Employee represents and warrants that Employee does not have any lawsuits, charges, claims, grievances, or actions of any kind pending against any Company Releasees arising out of or in connection with any Claims released herein, by or on behalf of Employee or on behalf of any other person or entity, and that, to the best of Employee's knowledge, Employee possess no such claims (including, but not limited to, under the Family and Medical Leave Act, the Age Discrimination in Employment Act, the California Family Rights Act, the Fair Labor Standards Act, the California Labor Code and/or workers' compensation claims). Employee further acknowledges that he/she is not aware of, or has fully disclosed to the Company, any information that could reasonably give rise to such a claim, cause of action, lawsuit or proceeding against any Company Releasee(s).

8. No Cooperation. Employee agrees that he/she will not knowingly encourage, counsel, or assist any attorneys or their clients in the presentation or prosecution of any disputes, differences, grievances, claims, charges, or complaints by any third party against any Company Releasee(s) arising out of or in connection with any Claims released herein, unless under a subpoena or other court order to do so. Employee agrees to immediately notify the Company upon receipt of any such subpoena or court order, and to furnish to the Company, within three (3) business days of its receipt, a copy of such subpoena or other court order.

9. Payment of Salary and Receipt of All Benefits. Employee acknowledges and represents that, except as provided in this Agreement, the Company has fully paid or provided Employee all salary, wages, bonuses, accrued vacation/paid time off, premiums, leaves, housing allowances, relocation costs, interest, severance, outplacement costs, fees, reimbursable expenses, commissions or other incentive compensation, stock, stock options, vesting, and any and all other benefits and compensation due to Employee. Employee specifically represents that Employee is not owed any further sum by way of reimbursement from the Company or any of its affiliates. To the extent Employee claims that additional wages are or may become owed to Employee, there is a good faith dispute based in law and fact over whether any wages in excess of the wages already paid to Employee are or will be due, and thus California Labor Code Section 206.5 is inapplicable.

10. Indemnification.

(a) As a further material inducement to the Company to enter into this Agreement, Employee hereby agrees to indemnify and hold each of the Company Releasees harmless from all loss, costs, damages, or expenses, including without limitation, reasonable attorneys' fees incurred by the Company Releasees, arising out of any breach of this Agreement by Employee or the fact that any representation made in this Agreement by Employee was false when made. As a further material inducement to Employee to enter into this Agreement, the Company hereby agrees to indemnify and hold each of the Company Releasees harmless from all loss, costs, damages, or expenses, including without limitation, reasonable attorneys' fees incurred by the Company Releasees, arising out of any breach of this Agreement by the Company or the fact that any representation made in this Agreement by the Company was knowingly false when made.

(b) If Employee is a party or is threatened to be made a party to any proceeding by reason of the fact that Employee was an employee, officer or director of the Company or any of its affiliates, the Company shall indemnify and hold harmless Employee against any expenses (including reasonable attorneys' fees, *provided*, that counsel has been approved by the Company, which approval shall not be unreasonably withheld), judgments, fines, settlements and other amounts actually or reasonably incurred by Employee in connection with that proceeding, and *provided*, that Employee acted in good faith and in a manner Employee reasonably believed to be in the best interest of the Company. The limitations of Section 317 of the Corporations Code of the State of California shall apply to this assurance of indemnification.



Notwithstanding the foregoing or any other provision contained herein, this Agreement shall not supersede or in any way limit any (i) indemnification arrangements in favor of the Employee under the Company's or any of its affiliates charter documents or bylaws or pursuant to any agreement between the Employee and the Company or any of the Company's affiliates or (ii) the provision of insurance against insurable events which occurred while the Executive was a director or officer of the Company, in each as provided by and subject to the limitations set forth in Section 10 of the Severance Pay Agreement.

11. No Admission of Liability.

The Parties understand and acknowledge that no action taken by either Party in connection hereto, either previously or in connection with this Agreement, shall be deemed or construed to be (i) an admission of the truth or falsity of any actual or potential claims, or (ii) an acknowledgement or admission by either Party of any fault or liability whatsoever to the other Party or to any third party. This Agreement shall not in any way be construed as an admission by the Company that it has acted wrongfully with respect to Employee or any other person or entity, or that Employee has any rights whatsoever against the Company, and the Company specifically disclaims any liability to or wrongful acts against Employee or any other person or entity, on the part of itself, its employees or its agents. This Agreement shall not in any way be construed as an admission by Employee that Employee has acted wrongfully with respect to the Company, or that Employee failed to perform Employee's duties or negligently performed or breached Employee's duties, or that the Company had good cause to terminate Employee's employment.

12. Cooperation in Litigation. Employee agrees to cooperate with the Company and its affiliates and their respective designated attorneys, representatives and agents in connection with any actual or threatened judicial, administrative or other legal or equitable proceeding in which the Company or any of the Company's affiliates is or may become involved. Upon reasonable notice, Employee agrees to meet with and provide to the Company and its affiliates and their respective designated attorneys, representatives or agents all information and knowledge Employee has relating to the subject matter of any such proceeding. The Company agrees to reimburse Employee for any reasonable costs Employee incurs in providing such cooperation.

13. Governing Law. This Agreement is entered into in [state] and, except as provided in this section, shall be governed by substantive [state] law.

14. Arbitration of Disputes. If any dispute arises between Employee and the Company relating to this Agreement, including any dispute regarding the interpretation, enforceability, or validity of this Agreement ("Arbitrable Dispute"), the Parties agree to resolve that Arbitrable Dispute through **final and binding** arbitration under this section. Employee also agrees to arbitrate any Arbitrable Dispute which also involves any other Company Releasee who offers or agrees to arbitrate the dispute under this section.

(a) Any Arbitrable Dispute will be decided by an arbitrator through individual arbitration, and **Employee and the Company waive any right to a jury trial or a court bench trial.** Employee and the Company also waive the right for any dispute to be brought, maintained, decided or arbitrated as a class and/or collective action and the arbitrator shall have no authority to hear or preside over any such action ("Class Action Waiver"). Further, Arbitrable Disputes must be brought in the individual capacity of the party asserting the claim, Employee and the Company are waiving the right to pursue or have a dispute resolved as a plaintiff or class member in any purported class, collective or representative proceeding. To the extent the Class Action Waiver is determined to be invalid, unenforceable, or void, any class and/or collective action must proceed in a court of law and not in arbitration.

Notwithstanding any other provision of this Agreement, to the fullest extent permitted by law, Employee and the Company (1) agree not to bring a representative action on behalf of others under the Private Attorneys General Act of 2004 (“PAGA”), California Labor Code § 2698 et seq., in any court or in arbitration, and (2) agree that, for any claim brought on a private attorney general basis, including under the California PAGA, any such dispute shall be resolved in arbitration on an individual basis only (i.e., to resolve whether Employee has personally been aggrieved or subject to any violations of law), and that such an action may not be used to resolve the claims or rights of other individuals in a single or collective proceeding (collectively, “Representative PAGA Waiver”). Notwithstanding any other provision of this arbitration agreement or the JAMS Rules, the scope, applicability, enforceability, revocability or validity of this Representative PAGA Waiver may be resolved only by a court of competent jurisdiction and not by an arbitrator. If any provision of this representative PAGA Waiver is found to be unenforceable or unlawful for any reason, the unenforceable provision shall be severed from this Dispute Resolution provision, and any such representative PAGA claims or other representative private attorneys general act claims must be litigated in a court of competent jurisdiction and not in arbitration. To the extent that there are any Arbitrable Disputes to be litigated in a court of competent jurisdiction because a court determines that the representative PAGA Waiver is unenforceable with respect to those disputes, the Parties agree that litigation of those Arbitrable Disputes shall be stayed pending the outcome of any individual disputes in arbitration.

(b) The Arbitration shall take place at the office of JAMS that is nearest to the location where Employee last worked for the Company in accordance with the JAMS Employment Arbitration Rules & Procedures then in effect (“JAMS Rules”) (or, if Employee is employed outside of California at the time of the termination of Employee’s employment, at the nearest location of the American Arbitration Association (“AAA”) and in accordance with the AAA Employment Arbitration Rules and Mediation Procedures then in effect (“AAA Rules”), copies of which are available at [www.jamsadr.com](http://www.jamsadr.com); tel: 800.352.5267 and [www.adr.org](http://www.adr.org); tel: 800.778.7879, before a single experienced employment arbitrator selected in accordance with those rules.

(c) The Arbitrator may not modify or change this Agreement in any way. The Company will be responsible for paying any filing fee and the fees and costs of the Arbitrator; provided, however, that if Employee is the party initiating the claim, Employee will contribute an amount equal to the filing fee that would be paid to initiate a claim in the court of general jurisdiction in the state in which Employee is employed by the Company, unless a lower fee amount would be owed by Employee pursuant to the JAMS Rules (or AAA Rules, as applicable) or applicable law. Each Party shall pay for its own costs and attorneys’ fees and pay any costs that are not unique to arbitration (i.e., cost that each party would incur if the claim(s) were litigated in a court, such as costs to subpoena witnesses and/or documents, take depositions and purchase deposition transcripts, copy documents, etc.), if any. However if any party prevails on a statutory claim which affords the prevailing party attorneys’ fees and costs, or if there is a written agreement providing for attorneys’ fees and/or costs, the Arbitrator may award reasonable attorney’s fees and/or costs to the prevailing party, applying the same standards a court would apply under the law applicable to the claim.

(d) The Arbitrator shall apply the Federal Rules of Evidence and shall have the authority to entertain a motion to dismiss or a motion for summary judgment by any party and shall apply the standards governing such motions under the Federal Rules of Civil Procedure. The Arbitrator is required to issue a written award and opinion setting forth the essential findings and conclusions on which the award is based, and any judgment or award issued by the Arbitrator may be entered in any court of competent jurisdiction. The Arbitrator does not have the authority to consider, certify, or hear an arbitration as a class action, collective action, or any other type of representative action. In addition, unless all parties agree in writing otherwise, the Arbitrator shall not consolidate or join the arbitrations of one or more than one

individual. Neither party may seek, nor may the Arbitrator award, any relief that is not individualized to the claimant or that affects other individuals. The Arbitrator may award declaratory or injunctive relief only in favor of the individual party seeking relief and only to the extent necessary to provide relief warranted by that Party's individual claims.

(e) Employee and the Company recognize that this agreement to arbitrate arises out of or concerns interstate commerce and that the Federal Arbitration Act shall govern the arbitration and the interpretation or enforcement of this section or any arbitration award. If a court decides that applicable law does not permit the enforcement of any of this section's limitations as to a particular claim or any particular remedy for a claim, then that claim or particular remedy (and only that claim or particular remedy) must be severed from the arbitration and may be brought in court. To the extent that the Federal Arbitration Act is inapplicable, California law pertaining to arbitration agreements shall apply. Arbitration in this manner shall be the exclusive remedy for any Arbitrable Dispute. Except as prohibited by the Age Discrimination in Employment Act of 1967, as amended, should Employee or the Company attempt to resolve an Arbitrable Dispute by any method other than arbitration pursuant to this section, the responding party will be entitled to recover from the initiating party all damages, expenses, and attorneys' fees incurred as a result of this breach. This Section 13 supersedes any existing arbitration agreement between the Company and Employee as to any Arbitrable Dispute (as defined herein). Notwithstanding anything in this Section 13 to the contrary, a claim for benefits under an Employee Retirement Income Security Act of 1974, as amended, covered plan shall not be an Arbitrable Dispute.

15. Effective Date. The Parties understand and agree that this Agreement is final and binding eight (8) days after its execution and return (the "Effective Date"). Should Employee nevertheless attempt to challenge the enforceability of this Agreement as provided in Section 13 or, in violation of that section, through litigation, as a further limitation on any right to make such a challenge, Employee shall initially tender to the Company, by certified check delivered to the Company, all monies received pursuant to Section 4 or 5 of the Severance Pay Agreement, as applicable, plus interest, and invite the Company to retain such monies and agree with Employee to cancel this Agreement and void the Company's obligations under the Severance Pay Agreement. In the event the Company accepts this offer, the Company shall retain such monies and this Agreement shall be canceled and the Company shall have no obligation under Section 14(e) of the Severance Pay Agreement. In the event the Company does not accept such offer, the Company shall so notify Employee and shall place such monies in an interest-bearing escrow account pending resolution of the dispute between Employee and the Company as to whether or not this Agreement and the Company's obligations under the Severance Pay Agreement shall be set aside and/or otherwise rendered voidable or unenforceable. Additionally, any consulting agreement then in effect between Employee and the Company shall be immediately rescinded with no requirement of notice.

16. Notices. Any notices required to be given under this Agreement shall be delivered either personally or by first class United States mail, postage prepaid, addressed to the respective parties and shall be effective upon receipt as follows:

To Company: [TO COME]

Attn: [TO COME]

With a copy to:

Attn: [TO COME]

To Employee: \_\_\_\_\_

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17. Voluntary Waiver and Release of ADEA Claims. Employee understands and acknowledges that Employee is waiving any rights Employee may have under the Age Discrimination in Employment Act (“ADEA”), and that this waiver and release is knowing and voluntary. Employee acknowledges that the consideration given for this waiver and release is in addition to anything of value to which Employee was already entitled. Employee further understands and acknowledges that Employee has been given a period of twenty-one (21) days to review and consider this Agreement before signing it and may use as much of this twenty-one (21) period as Employee wishes prior to signing. In the event Employee signs this Agreement and returns it to the Company in less than the twenty-one (21)-day period identified above, Employee hereby acknowledges that Employee has freely and voluntarily chosen to waive the time period allotted for considering this Agreement, and that the Company has not promised Employee anything or made any representations not contained in this Agreement to induce Employee to sign this Agreement before the expiration of the twenty-one (21) day period. Employee is encouraged, at Employee’s personal expense, to consult with an attorney before signing this Agreement. Employee understands and acknowledges that whether or not Employee does so is Employee’s decision. Employee may revoke this Agreement within seven (7) days of signing it. If Employee wishes to revoke, the Company’s Vice President, Human Resources must receive written notice from Employee no later than the close of business on the seventh (7th) day after Employee has signed the Agreement. If revoked, this Agreement shall not be effective and enforceable, and Employee will not receive payments or benefits under Section 4 or 5 of the Severance Pay Agreement, as applicable. The Parties agree that changes, whether material or immaterial, do not restart the running of the twenty-one (21)-day period described above.

18. Section 409A. All payments and benefits payable under this Agreement are intended to comply with the requirements of Section 409A of the Code. Notwithstanding the foregoing, certain payments and benefits payable under this Agreement are intended to be exempt from the requirements of Section 409A of the Code. This Agreement shall be interpreted in accordance with the applicable requirements of, and exemptions from, Section 409A of the Code and the Treasury Regulations thereunder. To the extent the payments and benefits under this Agreement are subject to Section 409A of the Code, this Agreement shall be interpreted, construed and administered in a manner that satisfies the requirements of Section 409A(a)(2), (3) and (4) of the Code and the Treasury Regulations thereunder. To the extent that any payments under this Agreement are subject to Section 409A of the Code, the provisions of Section 9 of the Severance Pay Agreement shall apply.

19. Return of Company Property. Employee represents and warrants that he/she has returned all of the Company’s property, including all work in progress, files, photographs, notes, records, credit cards, keys, access cards, computers, and other Company or customer documents, products, or property that Employee has received in the course of his/her employment, or which reflect in any way any confidential or proprietary information of the Company. Employee also warrants that he has not downloaded or otherwise retained any information, whether in electronic or other form, belonging to the Company or derived from information belonging to the Company.

20. Confidential Information; Public Releases.

(a) Employee acknowledges and reaffirms Employee’s continuing obligations under the Confidentiality Agreement. The Parties understand and agree that nothing in this Agreement is intended to interfere with or discourage Employee’s good-faith disclosure to any

governmental entity related to a reasonably suspected violation of the law or to prevent Employee from discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that Employee has reason to believe is unlawful. The Parties further understand and agree that Employee cannot be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that (a) is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

(b) The Parties understand and agree that the Company and its affiliates shall take any and all necessary or appropriate action to timely satisfy their respective reporting and disclosure obligations in connection with Employee's separation and this Agreement, including filing any requisite forms with the Securities and Exchange Commission ("SEC") and Employee will promptly provide any information reasonably requested by the Company or any of its affiliates in fulfilling any such reporting or disclosure obligations.

21. Entire Agreement. This Agreement constitutes the entire agreement of the parties hereto and supersedes any and all other agreements (except the Severance Pay Agreement and the Confidentiality Agreement) with respect to the subject matter of this Agreement, whether written or oral, between the Parties. Any prior agreements/provisions agreeing to arbitrate disputes with the Company shall remain in full force and effect and shall not be affected by this Agreement. All modifications and amendments to this Agreement must be in writing and signed by all Parties.

22. No Representation. The Parties represent and acknowledge that in executing this Agreement, neither is relying upon any representation or statement not set forth in this Agreement or the Severance Pay Agreement.

23. Take All Necessary Further Action. Each party agrees, without further consideration, to sign or cause to be signed, and to deliver to the other party, any other documents and to take any other action as may be necessary to fulfill the obligations under this Agreement.

24. Severability. If any provision of this Agreement or the application thereof is held invalid, the invalidity shall not affect other provisions or applications of the Agreement which can be given effect without the invalid provisions or application; and to this end the provisions of this Agreement are declared to be severable.

25. Counterparts. This Agreement may be executed in counterparts.

With the benefit of representation and advice of counsel, the Parties have read the foregoing Severance Agreement and General Release, and accept and agree to the provisions it contains and hereby execute it voluntarily and with full understanding of its consequences. The Parties acknowledge that they are receiving valuable consideration in exchange for the execution of this Agreement, to which they would not otherwise be entitled.

DATED: \_\_\_\_\_

\_\_\_\_\_

DATED: \_\_\_\_\_

\_\_\_\_\_

Employee acknowledges that Employee first received this Agreement on [date].

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**SEMPRA ENERGY  
SEVERANCE PAY AGREEMENT**

**THIS AGREEMENT** (this “Agreement”), dated as of March 1, 2023 (the “Effective Date”), is made by and between SEMPra ENERGY, a California corporation (“Sempra Energy”), and Erbin Keith (the “Executive”).

**WHEREAS**, the Executive is currently employed by Sempra Energy or another corporation or trade or business which is a member of a Controlled Group of Corporations (Sempra Energy and such other controlled group members, collectively, the “Company”);

**WHEREAS**, Sempra Energy and the Executive desire to enter into this Agreement as may be restated from time to time in order to provide reasonable assurances to the Executive and maintain a constructive relationship following the termination of Executive’s employment with Company; and

**WHEREAS**, the Board of Directors of Sempra Energy (the “Board”) or an authorized committee thereof has authorized the terms of this Agreement.

**NOW, THEREFORE**, in consideration of the premises and mutual covenants herein contained, Sempra Energy and the Executive hereby agree as follows:

**Section 1. Definitions.** For purposes of this Agreement, the following capitalized terms have the meanings set forth below:

“AAA” has the meaning assigned thereto in Section 13(c) hereof.

“Accounting Firm” has the meaning assigned thereto in Section 8(e) hereof.

“Accrued Obligations” means the sum of (a) the Executive’s Annual Base Salary through the Date of Termination to the extent not theretofore paid, (b) an amount equal to any annual Incentive Compensation Awards earned with respect to fiscal years ended prior to the year that includes the Date of Termination to the extent not theretofore paid, (c) any accrued and unpaid vacation, and (d) reimbursement for unreimbursed business expenses, if any, properly incurred by the Executive in the performance of the Executive’s duties in accordance with Company policies applicable to the Executive from time to time, in each case to the extent not theretofore paid.

“Affiliate” has the meaning set forth in Rule 12b-2 promulgated under the Exchange Act.

“Annual Base Salary” means the Executive’s annual base salary from the Company.

“Asset Purchaser” has the meaning assigned thereto in Section 16(e).

“Asset Sale” has the meaning assigned thereto in Section 16(e).

“Average Annual Bonus” means the average of the annual bonuses from the Company earned by the Executive with respect to the three (3) fiscal years of Sempra Energy ending immediately preceding the Date of Termination (the “Bonus Fiscal Years”); *provided, however*, that, if the Executive was employed by the Company for less than three (3) Bonus Fiscal Years, “Average Annual Bonus” means the average of the annual bonuses (if any) from the Company earned by the Executive with respect to the Bonus Fiscal Years during which the

Executive was employed by the Company; and, *provided, further*, that, if the Executive was not employed by the Company during any of the Bonus Fiscal Years, "Average Annual Bonus" means zero (\$0).

"Cause" means:

(a) Prior to a Change in Control, (i) the Executive's willful failure to substantially perform the Executive's job duties, (ii) Executive's grossly negligent performance of the Executive's duties, (iii) the Executive's gross insubordination; (iv) the Executive's commission of one or more acts of significant dishonesty or moral turpitude (including but not limited to criminal acts involving one or more acts of moral turpitude) which have or result in an adverse effect on the Company, monetarily or otherwise; and/or (v) the Executive's serious violation of a material policy of Sempra Energy or its Affiliates that is applicable to the Executive. For purposes of clause (i) of this subsection (a), no act, or failure to act, on the Executive's part shall be deemed "willful" if due to the Executive's incapacity due to physical or mental illness, or if the Executive acted in good faith and with reasonable belief that the Executive's act, or failure to act, was in the best interests of the Company.

(b) From and after a Change in Control (or in connection with a termination occurring pursuant to Section 5(f)), (i) the Executive's willful and continued failure to substantially perform the Executive's duties with the Company (other than any such failure resulting from the Executive's incapacity due to physical or mental illness or other than any such actual or anticipated failure after the issuance by the Executive of a Notice of Termination for Good Reason pursuant to Section 2 hereof and after the Company's cure period relating to the event on which Good Reason is based, if any and if applicable, has expired) and/or (ii) the Executive's commission of one or more acts of moral turpitude that constitute a violation of applicable law (including but not limited to a felony involving one or more acts of moral turpitude) which have or result in an adverse effect on the Company, monetarily or otherwise, or one or more significant acts of dishonesty. For purposes of clause (i) of this subsection (b), no act, or failure to act, on the Executive's part shall be deemed "willful" unless done, or omitted to be done, by the Executive not in good faith and without reasonable belief that the Executive's act, or failure to act, was in the best interests of the Company. Notwithstanding the foregoing, the Executive shall not be deemed terminated for Cause pursuant to clause (i) of this subsection (b) unless and until the Executive shall have been provided with reasonable notice of and, if possible, a reasonable opportunity to cure the facts and circumstances claimed to provide a basis for termination of the Executive's employment for Cause.

"Change in Control" shall be deemed to have occurred on the date that a change in the ownership of Sempra Energy, a change in the effective control of Sempra Energy, or a change in the ownership of a substantial portion of assets of Sempra Energy occurs (each, as defined in subsection (a) below), except as otherwise provided in subsections (b), (c) and (d) below:

(a) (i) a "change in the ownership of Sempra Energy" occurs on the date that any one Person, or more than one Person acting as a Group, acquires ownership of stock of Sempra Energy that, together with stock held by such Person or Group, constitutes more than fifty percent (50%) of the total fair market value or total voting power of the stock of Sempra Energy,

(ii) a "change in the effective control of Sempra Energy" occurs only on either of the following dates:

(1) the date any one Person, or more than one Person acting as a Group, acquires (or has acquired during the twelve (12) month period ending on



the date of the most recent acquisition by such Person or Persons) ownership of stock of Sempra Energy possessing thirty percent (30%) or more of the total voting power of the stock of Sempra Energy, or

(2) the date a majority of the members of the Board is replaced during any twelve (12) month period by directors whose appointment or election is not endorsed by a majority of the members of the Board before the date of appointment or election, and

(iii) a “change in the ownership of a substantial portion of assets of Sempra Energy” occurs on the date any one Person, or more than one Person acting as a Group, acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such Person or Persons) assets from Sempra Energy that have a total gross fair market value equal to or more than eighty-five percent (85%) of the total gross fair market value of all of the assets of Sempra Energy immediately before such acquisition or acquisitions.

(b) A “change in the ownership of Sempra Energy” or “a change in the effective control of Sempra Energy” shall not occur under clause (a)(i) or (a)(ii) by reason of any of the following:

(i) an acquisition of ownership of stock of Sempra Energy directly from Sempra Energy or its Affiliates other than in connection with the acquisition by Sempra Energy or its Affiliates of a business,

(ii) a merger or consolidation which would result in the voting securities of Sempra Energy outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof), in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of the Company, at least sixty percent (60%) of the combined voting power of the securities of Sempra Energy or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, or

(iii) a merger or consolidation effected to implement a recapitalization of Sempra Energy (or similar transaction) in which no Person is or becomes the “beneficial owner” (within the meaning of Rule 13d-3 promulgated under the Exchange Act), directly or indirectly, of securities of Sempra Energy (not including the securities beneficially owned by such Person any securities acquired directly from Sempra Energy or its Affiliates other than in connection with the acquisition by Sempra Energy or its Affiliates of a business) representing twenty percent (20%) or more of the combined voting power of Sempra Energy’s then outstanding securities.

(c) A “change in the ownership of a substantial portion of assets of Sempra Energy” shall not occur under clause (a)(iii) by reason of a sale or disposition by Sempra Energy of the assets of Sempra Energy to an entity, at least sixty percent (60%) of the combined voting power of the voting securities of which are owned by shareholders of Sempra Energy in substantially the same proportions as their ownership of Sempra Energy immediately prior to such sale.

(d) This definition of “Change in Control” shall be limited to the definition of a “change in control event” with respect to the Executive and relating to Sempra Energy under Treasury Regulation Section 1.409A-3(i)(5). A Change in Control shall only occur if there is a Change in Control (as determined by the definition of Change in Control of this Agreement

without regard to this subsection (d)) and a “change in control event” relating to Sempra Energy under Treasury Regulation Section 1.409A-3(i)(5) with respect to the Executive.

“Change in Control Date” means the date on which a Change in Control occurs.

“COBRA” means coverage required by Section 4980B of the Code.

“COBRA Premium” means, with respect to the type and level of coverage provided to the Executive and his/her dependents pursuant to COBRA, the employer-paid portion of the monthly premium for such coverage as applicable for similarly-situated active employees.

“Code” means the Internal Revenue Code of 1986, as amended.

“Compensation Committee” means the compensation committee (however designated) of the Board.

“Consulting Payment” has the meaning assigned thereto in Section 14(e) hereof.

“Consulting Period” has the meaning assigned thereto in Section 14(f) hereof.

“Continued Benefits” has the meaning assigned thereto in Section 5(c) hereof.

“Controlled Group of Corporations” means a group of companies within the meaning of Section 414(b) or (c) of the Code) of which Sempra Energy is a component member, determined by applying an ownership threshold of 50%.

“Date of Termination” has the meaning assigned thereto in Section 2(b) hereof.

“Disability” has the meaning set forth in the long-term disability plan or its successor maintained by the Company entity that is the employer of the Executive; *provided, however*, that the Executive’s employment hereunder may not be terminated by reason of Disability unless (a) at the time of such termination there is no reasonable expectation that the Executive will return to work within the next ninety (90) day period and (b) such termination is permitted by all applicable disability laws.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and the applicable rulings and regulations thereunder.

“Excise Tax” has the meaning assigned thereto in Section 8(a) hereof.

“Good Reason” means:

(a) Prior to a Change in Control, the occurrence of any of the following without the prior written consent of the Executive, unless such act or failure to act is corrected by the Company prior to the Date of Termination specified in the Notice of Termination (as required under Section 2 hereof):

(i) the assignment to the Executive of any duties materially inconsistent with the range of duties and responsibilities appropriate to an executive of comparable rank within the Company (such range determined by reference to past, current and reasonable practices within the Company);

(ii) a material reduction in the Executive's overall standing and responsibilities within the Company, not including a mere change in title or a transfer within the Company, which change in title or transfer does not adversely affect the Executive's overall status within the Company in any material respect;

(iii) a material reduction by the Company in the Executive's aggregate annualized compensation and benefits opportunities, except for across-the-board reductions (or modifications of benefit plans) similarly affecting all similarly situated executives of the Company of comparable rank with the Executive;

(iv) the failure by the Company to pay to the Executive any portion of the Executive's current compensation and benefits or any portion of an installment of deferred compensation under any deferred compensation program of the Company within thirty (30) days of the date such compensation is due;

(v) any purported termination of the Executive's employment that is not effected pursuant to a Notice of Termination satisfying the requirements of Section 2 hereof;

(vi) the failure by Sempra Energy to perform its obligations under Section 16(c) or (d) hereof;

(vii) the failure by the Company to provide the indemnification and D&O insurance protection Section 10 of this Agreement requires it to provide; or

(viii) the failure by Sempra Energy (or any of the entities comprising the Company, as applicable) to comply with any material provision of this Agreement.

(b) From and after a Change in Control (or in connection with a termination occurring pursuant to Section 5(f)), the occurrence of any of the following without the prior written consent of the Executive, unless such act or failure to act is corrected by the Company prior to the Date of Termination specified in the Notice of Termination (as required under Section 2 hereof):

(i) an adverse change in the Executive's title, authority, duties, responsibilities or reporting lines as in effect immediately prior to the Change in Control;

(ii) a reduction by the Company in the Executive's aggregate annualized compensation opportunities, except for across-the-board reductions in base salaries, annual bonus opportunities or long-term incentive compensation opportunities of less than ten percent (10%) similarly affecting all similarly situated executives (including, if applicable, of the Person then in control of Sempra Energy) of comparable rank with the Executive; or the failure by the Company to continue in effect any material benefit plan in which the Executive participates immediately prior to the Change in Control, unless an equitable arrangement (embodied in an ongoing substitute or alternative plan) has been made with respect to such plan, or the failure by the Company to continue the Executive's participation therein (or in such substitute or alternative plan) on a basis not materially less favorable, both in terms of the amount of benefits provided and the level of the Executive's participation relative to other participants, as existed at the time of the Change in Control;

(iii) the relocation of the Executive's principal place of employment immediately prior to the Change in Control Date (the "Principal Location") to a location which is both further away from the Executive's residence and more than thirty (30) miles from such Principal Location, or the Company's requiring the Executive to be based anywhere other than such Principal Location (or permitted relocation thereof), or a substantial increase in the

Executive's business travel obligations outside of the Southern California area as of immediately prior to the Change in Control (without regard to any changes therein in anticipation of the Change in Control) other than any such increase that (A) arises in connection with extraordinary business activities of the Company of limited duration and (B) is understood not to be part of the Executive's regular duties with the Company;

(iv) the failure by the Company to pay to the Executive any portion of the Executive's current compensation and benefits or any portion of an installment of deferred compensation under any deferred compensation program of the Company within thirty (30) days of the date such compensation is due;

(v) any purported termination of the Executive's employment that is not effected pursuant to a Notice of Termination satisfying the requirements of Section 2 hereof;

(vi) the failure by Sempra Energy to perform its obligations under Section 16(c) or (d) hereof;

(vii) the failure by the Company to provide the indemnification and D&O insurance protection Section 10 of this Agreement requires it to provide; or

(viii) the failure by Sempra Energy (or any of the entities comprising the Company, as applicable) to comply with any material provision of this Agreement.

Following a Change in Control, the Executive's determination that an act or failure to act constitutes Good Reason shall be presumed to be valid unless such determination is deemed to be unreasonable by an arbitrator pursuant to the procedure described in Section 13 hereof. The Executive's right to terminate the Executive's employment for Good Reason shall not be affected by the Executive's incapacity due to physical or mental illness. The Executive's continued employment shall not constitute consent to, or a waiver of rights with respect to, any act or failure to act constituting Good Reason hereunder.

"Group" shall have the meaning of such term as used in Rule 13d-5(b)(1) promulgated under the Exchange Act.

"Incentive Compensation Awards" means awards granted under Incentive Compensation Plans providing the Executive with the opportunity to earn, on a year-by-year basis, annual and long-term incentive compensation.

"Incentive Compensation Plans" means annual incentive compensation plans and long-term incentive compensation plans of the Company, which long-term incentive compensation plans may include plans offering stock options, restricted stock, units and other long-term incentive compensation.

"Involuntary Termination" means (a) the Executive's Separation from Service by reason other than for Cause, death, Disability, or Mandatory Retirement, or (b) the Executive's Separation from Service by reason of resignation of employment for Good Reason.

"JAMS" has the meaning assigned thereto in Section 13(c) hereof.

"Mandatory Retirement" means termination of employment pursuant to the Company's mandatory retirement policy.

"Medical Continuation Benefits" has the meaning assigned thereto in Section 4(c) hereof.

“Notice of Termination” has the meaning assigned thereto in Section 2(a) hereof.

“Payment” has the meaning assigned thereto in Section 8(a) hereof.

“Payment in Lieu of Notice” has the meaning assigned thereto in Section 2(b) hereof.

“Person” means any individual, corporation, partnership limited liability company, estate, trust, or other entity, including a “Group”.

“Post-Change in Control Severance Payment” has the meaning assigned thereto in Section 5 hereof.

“Pre-Change in Control Severance Payment” has the meaning assigned thereto in Section 4 hereof.

“Principal Location” has the meaning assigned thereto in clause (b)(iii) of the definition of Good Reason, above.

“Proprietary Information” has the meaning assigned thereto in Section 14(a) hereof.

“Pro Rata Bonus” means a severance amount equal to the greater of (a) the Executive’s Target Bonus as in effect immediately prior to the Change in Control or on the Date of Termination, whichever is greater, or (b) the Executive’s Average Annual Bonus, multiplied by a fraction, (X) the numerator of which shall be the number of days from the beginning of such fiscal year to and including the Date of Termination and (Y) the denominator of which shall be three hundred sixty-five (365).

“Release” has the meaning assigned thereto in Section 4 hereof. The Release is not a condition of employment or continued employment or a condition of receiving a raise or a bonus.

“Release Requirements” has the meaning assigned thereto in Section 4 hereof.

“Section 409A Payments” means any payments under this Agreement which are subject to Section 409A of the Code.

“Sempra Energy Control Group” means Sempra Energy and all Persons with whom Sempra Energy would be considered a single employer under Section 414(b) or (c) of the Code, as determined from time to time.

“Separation from Service” has the meaning set forth in Treasury Regulation Section 1.409A-1(h).

“Specified Employee” shall be determined in accordance with Section 409A(a)(2)(B)(i) of the Code and Treasury Regulation Section 1.409A-1(i).

“Target Bonus” means, for any year, the target annual bonus from the Company that may be earned by the Executive for such year (regardless of the actual annual bonus earned, if any); *provided, however*, that if, as of the Date of Termination, a target annual bonus has not been established for the Executive for the year in which the Date of Termination occurs, the “Target Bonus” as of the Date of Termination shall be equal to the target annual bonus, if any, for the immediately preceding fiscal year of Sempra Energy.

For purposes of this Agreement, references to any “Treasury Regulation” shall mean such Treasury Regulation as in effect on the date hereof.

**Section 2.**     Notice and Date of Termination.

(a) Any termination of the Executive’s employment by the Company or by the Executive shall be communicated by a written notice of termination to the other party (the “Notice of Termination”). Where applicable, the Notice of Termination shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive’s employment under the provision so indicated. Unless the Board or a committee thereof, in writing, provides a longer notice period, a Notice of Termination by the Executive alleging a termination for Good Reason must be made within one hundred eighty (180) days of the act or failure to act that the Executive alleges to constitute Good Reason.

(b) The date of the Executive’s termination of employment with the Company (the “Date of Termination”) shall be determined as follows: (i) if the Executive’s Separation from Service is at the volition of the Company, then the Date of Termination shall be the date specified in the Notice of Termination (which, in the case of a termination by the Company other than for Cause, shall not be less than two (2) weeks from the date such Notice of Termination is given unless the Company elects to pay the Executive, in addition to any other amounts payable hereunder, an amount (the “Payment in Lieu of Notice”) equal to two (2) weeks of the Executive’s Annual Base Salary in effect on the Date of Termination), and (ii) if the Executive’s Separation from Service is by the Executive for Good Reason, the Date of Termination shall be determined by the Executive and specified in the Notice of Termination, but in no event be less than fifteen (15) days nor more than sixty (60) days after the date such Notice of Termination is given. The Payment in Lieu of Notice shall be paid on such date as is required by law, but no later than thirty (30) days after the date of the Executive’s Separation from Service.

**Section 3.**     Termination from the Board. Upon the termination of the Executive’s employment for any reason, the Executive’s membership on the Board, the board of directors of any Affiliates of Sempra Energy, any committees of the Board and any committees of the board of directors of any of the Affiliates of Sempra Energy, if applicable, shall be automatically terminated and the Executive agrees to promptly take any and all actions (including resigning) required by Sempra Energy or any of its Affiliates to evidence and effect such termination of membership.

**Section 4.**     Severance Benefits upon Involuntary Termination Prior to Change in Control. Except as provided in Sections 5(f) and 19(i) hereof, in the event of the Involuntary Termination of the Executive prior to a Change in Control, Sempra Energy shall, or shall cause one of its Affiliates that is the employer of the Executive to, pay the Executive, in one lump sum cash payment, an amount (the “Pre-Change in Control Severance Payment”) equal to one-half (0.5) times the sum of (X) the Executive’s Annual Base Salary as in effect on the Date of Termination plus (Y) an amount equal to the greater of (I) his/her Average Annual Bonus or (II) the Target Bonus in effect on the Date of Termination. In addition to the Pre-Change in Control Severance Payment, the Executive shall be entitled to the following additional benefits specified in Section 4(a) through (e). The Company’s obligation to pay the Pre-Change in Control Severance Payment or provide the benefits set forth in Section 4(c), (d) and (e) is subject to and conditioned upon the Executive’s satisfaction of the Release Requirements. The Pre-Change in Control Severance Payment shall be paid on the sixtieth (60<sup>th</sup>) day (or if the sixtieth (60<sup>th</sup>) day falls on a weekend or banking holiday, the next succeeding business day) after the date of the Involuntary Termination (the “Payment Date”), *provided* that the Release Requirements are

satisfied on or before the Payment Date and remain satisfied on the Payment Date. If the Release Requirements are not satisfied on the Payment Date, no Pre-Change in Control Severance Payment shall be paid hereunder and none of the benefits described in Section 4(c), (d) or (e) shall be provided, and the Executive shall have no right to the Pre-Change in Control Severance Payment or the applicable benefits. The “Release Requirements” will be satisfied if, on the Payment Date, the Executive has executed a release of all claims substantially in the form attached hereto as Exhibit A (the “Release”), the revocation period required by applicable law has expired, and the Executive has not revoked the Release and the Release is effective. If the Release Requirements are satisfied on a date prior to the Payment Date, any portion of the Pre-Change in Control Severance Payment or the applicable benefits that are not subject to Section 409A of the Code can be paid on a date prior to the Payment Date, as determined in the sole discretion of Sempra Energy (and in no event shall the Executive be able to elect the date of payment). If the period in which the Release Requirements could be satisfied spans more than one taxable year, then the Pre-Change in Control Severance Payment shall not be made until the later taxable year.

(a) Accrued Obligations. The Company shall pay the Executive a lump sum amount in cash equal to Accrued Obligations within the time prescribed by law.

(b) Equity-Based Compensation. The Executive shall retain all rights to any equity-based compensation awards to the extent set forth in the applicable plan and/or award agreement.

(c) Welfare Benefits. Subject to the terms and conditions of this Agreement, if the Executive (and, to the extent applicable, his/her eligible dependents) is eligible to and elects COBRA coverage in connection with the Executive’s Involuntary Termination, then the Executive (and the Executive’s dependents who have elected COBRA coverage) shall be provided with group medical benefits as required by COBRA (“Medical Continuation Benefits”) on substantially the same terms and conditions and at the same cost to the Executive as apply to similarly-situated active employees of the Company for the same type and level of coverage. The Medical Continuation Benefits shall be provided for a period of up to six (6) months following the date of the Involuntary Termination (and up to an additional twelve (12) months if the Executive provides consulting services under Section 14(f) hereof); *provided, however*, that (i) the Medical Continuation Benefits (including any Medical Continuation Benefits that are provided pursuant to this Section 4(c) for periods after the maximum COBRA coverage period) shall be provided on the same terms and conditions that apply to COBRA coverage (including termination thereof), (ii) if the Medical Continuation Benefits are to be provided pursuant to this Section 4(c) past the maximum COBRA coverage period, Sempra Energy may, in its sole discretion, provide or cause to be provided to the Executive, in lieu of the Medical Continuation Benefits for any period in excess of the maximum COBRA coverage period, a taxable monthly cash payment in an amount equal to the COBRA Premium, and (iii) the Medical Continuation Benefits shall be provided in a manner that complies with Treasury Regulation Section 1.409A-1(a)(5). Notwithstanding the foregoing, if Sempra Energy determines in its sole discretion that the Medical Continuation Benefits cannot be provided without potentially violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act) or that the provision of Medical Continuation Benefits under this Agreement would subject Sempra Energy or any of its Affiliates to a material tax or penalty, (A) the Executive shall be provided, in lieu thereof, with a taxable monthly payment in an amount equal to the COBRA Premium or (B) Sempra Energy shall have the authority to amend the Agreement to the limited

extent reasonably necessary to avoid such violation of law or tax or penalty and shall use all reasonable efforts to provide the Executive with a comparable benefit that does not violate applicable law or subject Sempra Energy or any of its Affiliates to such tax or penalty. Any Medical Continuation Benefits provided pursuant to this Section 4(c) shall be co-extensive with (and not in addition to) any benefits to which the Executive (and the Executive's covered dependents) may be entitled under COBRA or similar provisions of applicable state law.

(d) Outplacement Services. The Executive shall receive reasonable outplacement services, on an in-kind basis, suitable to the Executive's position and directly related to the Executive's Involuntary Termination, for a period of eighteen (18) months following the date of the Involuntary Termination, in an aggregate amount of cost to the Company not to exceed \$50,000. Notwithstanding the foregoing, the Executive shall cease to receive outplacement services on the date the Executive accepts employment with a subsequent employer. Such outplacement services shall be provided in a manner that complies with Treasury Regulation Section 1.409A-1(b)(9)(v)(A).

(e) Financial Planning Services. The Executive shall receive financial planning services, on an in-kind basis, for a period of eighteen (18) months following the Date of Termination. Such financial planning services shall include expert financial and legal resources to assist the Executive with financial planning needs and shall be limited to (i) current investment portfolio management, (ii) tax planning, (iii) tax return preparation, and (iv) estate planning advice and document preparation (including wills and trusts); *provided, however*, that the Company shall provide such financial planning services during any taxable year of the Executive only to the extent the cost to the Company for such taxable year does not exceed \$25,000. The Company shall provide such financial planning services through a financial planner selected by the Company, and shall pay the fees for such financial planning services. The financial planning services provided during any taxable year of the Executive shall not affect the financial planning services provided in any other taxable year of the Executive. The Executive's right to financial planning services shall not be subject to liquidation or exchange for any other benefit. Such financial planning services shall be provided in a manner that complies with Treasury Regulation Section 1.409A-3(i)(1)(iv).

**Section 5.** Severance Benefits upon Involuntary Termination in Connection with and after Change in Control. Notwithstanding the provisions of Section 4 above, and except as provided in Section 19(i) hereof, in the event of the Involuntary Termination of the Executive on or within two (2) years following a Change in Control, in lieu of the payments described in Section 4 above, Sempra Energy shall, or shall cause one of its Affiliates that is the employer of the Executive to, pay the Executive, in one lump sum cash payment, an amount (the "Post-Change in Control Severance Payment") equal to (a) the Pro Rata Bonus plus (b) the sum of (X) the Executive's Annual Base Salary as in effect immediately prior to the Change in Control or on the Date of Termination, whichever is greater, plus (Y) an amount equal to the greater of (I) the Executive's Target Bonus determined immediately prior to the Change in Control or the Date of Termination, whichever is greater and (II) the Executive's Average Annual Bonus. In addition to the Post-Change in Control Severance Payment, the Executive shall be entitled to the following additional benefits specified in Section 5(a) through (e). The Company's obligation to pay the Post-Change in Control Severance Payment or provide the benefits set forth in Section 5(b), (c), (d) and (e) is subject to and conditioned upon the Executive's satisfaction of the Release Requirements. Except as provided in Section 5(f), the Post-Change in Control



Severance Payment shall be paid on the Payment Date provided that the Release Requirements are satisfied on or before the Payment Date and remain satisfied on the Payment Date. If the Release Requirements are not satisfied on the Payment Date, no Post-Change in Control Severance Payment shall be paid hereunder and none of the benefits described in Section 5(b), (c), (d) or (e) shall be provided, and the Executive shall have no right to the Pre-Change in Control Severance Payment or the applicable benefits. If the Release Requirements are satisfied on a date prior to the Payment Date, any portion of the Post-Change in Control Severance Payment or the applicable benefits that are not subject to Section 409A of the Code can be paid on a date prior to the Payment Date, as determined in the sole discretion of Sempra Energy (and in no event shall the Executive be able to elect the date of payment). If the period in which Release Requirements could be satisfied spans more than one taxable year, then the Post-Change in Control Severance Payment and applicable benefits shall not be made until the later taxable year.

(a) Accrued Obligations. The Company shall pay the Executive a lump sum amount in cash equal to the Accrued Obligations within the time required by law and, to the extent applicable, in accordance with the applicable plan, policy or arrangement pursuant to which such payments are to be made.

(b) Equity-Based Compensation. Notwithstanding the provisions of any applicable equity-based compensation plan or award agreement to the contrary, all equity-based Incentive Compensation Awards (including, without limitation, stock options, stock appreciation rights, restricted stock awards, restricted stock units, performance share awards, and dividend equivalents) held by the Executive shall immediately vest and become exercisable or payable, as the case may be, as of the Date of Termination, to be exercised or paid, as the case may be, in accordance with the terms of the applicable Incentive Compensation Plan and Incentive Compensation Award agreement, and any restrictions on any such Incentive Compensation Awards shall automatically lapse; *provided, however*, that, in the case of any stock option or stock appreciation rights awards that remain outstanding on the Date of Termination, such stock options and stock appreciation rights shall remain exercisable until the earlier of (i) the later of eighteen (18) months following the Date of Termination or the period specified in the applicable Incentive Compensation Award agreement or (ii) the expiration of the original term of such Incentive Compensation Award (or, if earlier, the tenth (10th) anniversary of the original date of grant) (it being understood that all Incentive Compensation Awards shall remain outstanding and exercisable for a period that is no less than that provided for in the applicable agreement in effect as of the date of grant).

(c) Welfare Benefits. Subject to the terms and conditions of this Agreement, the Executive and the Executive's dependents shall be provided with life, disability, accident and Medical Continuation Benefits (which benefits are collectively referred to herein as "Continued Benefits") which are substantially similar to those provided to the Executive and the Executive's dependents immediately prior to the date of Involuntary Termination or the Change in Control Date, whichever is more favorable to the Executive; *provided, however*, that the Medical Continuation Benefits shall be provided pursuant to this Section 5(c) only if the Executive (and, to the extent applicable, his/her eligible dependents) is eligible to and elects COBRA coverage in connection with the Executive's Involuntary Termination, the Medical Continuation Benefits shall be provided in accordance with COBRA, and the Medical Continuation Benefits shall be provided on substantially the same terms and conditions and at the same cost to the Executive as apply to similarly-situated active employees of the Company for the same type and level of coverage. The Continued Benefits shall be provided for a period of up to twelve (12) months

following the date of the Involuntary Termination (and up to an additional twelve (12) months if the Executive provides consulting services under Section 14(f) hereof); *provided, however*, that (i) the Medical Continuation Benefits (including any Medical Continuation Benefits that are provided pursuant to this Section 5(c) for periods after the maximum COBRA coverage period) shall be provided on the same terms and conditions that apply to COBRA coverage (including termination thereof), (ii) if the Medical Continuation Benefits are to be provided pursuant to this Section 5(c) past the maximum COBRA coverage period, Sempra Energy may, in its sole discretion, provide or cause to be provided to the Executive, in lieu of the Medical Continuation Benefits for any period in excess of the maximum COBRA coverage period, a taxable monthly cash payment in an amount equal to the COBRA Premium, and (iii) the Medical Continuation Benefits shall be provided in a manner that complies with Treasury Regulation Section 1.409A-1(a)(5) and the Continued Benefits will be provided in a manner that complies with Section 409A of the Code. Notwithstanding the foregoing, if Sempra Energy determines in its sole discretion that the Medical Continuation Benefits cannot be provided without potentially violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act) or that the provision of Medical Continuation Benefits under this Agreement would subject Sempra Energy or any of its Affiliates to a material tax or penalty, (A) the Executive shall be provided, in lieu thereof, with a taxable monthly payment in an amount equal to the COBRA Premium or (B) Sempra Energy shall have the authority to amend the Agreement to the limited extent reasonably necessary to avoid such violation of law or tax or penalty and shall use all reasonable efforts to provide the Executive with a comparable benefit that does not violate applicable law or subject Sempra Energy or any of its Affiliates to such tax or penalty. Any Medical Continuation Benefits provided pursuant to this Section 5(c) shall be co-extensive with (and not in addition to) any benefits to which the Executive (and the Executive's covered dependents) may be entitled under COBRA or similar provisions of applicable state law.

(d) Outplacement Services. The Executive shall receive reasonable outplacement services, on an in-kind basis, suitable to the Executive's position and directly related to the Executive's Involuntary Termination, for a period of twenty-four (24) months following the date of Involuntary Termination (but in no event beyond the last day of the Executive's second (2nd) taxable year following the Executive's taxable year in which the Involuntary Termination occurs), in the aggregate amount of cost to the Company not to exceed \$50,000. Notwithstanding the foregoing, the Executive shall cease to receive outplacement services on the date the Executive accepts employment with a subsequent employer. Such outplacement services shall be provided in a manner that complies with Treasury Regulation Section 1.409A-1(b)(9)(v)(A).

(e) Financial Planning Services. The Executive shall receive financial planning services, on an in-kind basis, for a period of twenty-four (24) months following the date of Involuntary Termination. Such financial planning services shall include expert financial and legal resources to assist the Executive with financial planning needs and shall be limited to (i) current investment portfolio management, (ii) tax planning, (iii) tax return preparation, and (iv) estate planning advice and document preparation (including wills and trusts); *provided, however*, that the Company shall provide such financial services during any taxable year of the Executive only to the extent the cost to the Company for such taxable year does not exceed \$25,000. The Company shall provide such financial planning services through a financial planner selected by the Company, and shall pay the fees for such financial planning services. The financial planning services provided during any taxable year of the Executive shall not affect the financial planning services provided in any other taxable year of the Executive. The Executive's right to financial

planning services shall not be subject to liquidation or exchange for any other benefit. Such financial planning services shall be provided in a manner that complies with Section 1.409A-3(i)(1)(iv).

(f) Involuntary Termination in Connection with a Change in Control. Notwithstanding anything contained herein, in the event of an Involuntary Termination prior to a Change in Control, if the Involuntary Termination (i) was at the request of a third party who has taken steps reasonably calculated to effect such Change in Control or (ii) otherwise arose in connection with or in anticipation of such Change in Control, then the Executive shall, in lieu of the payments described in Section 4 hereof, be entitled to the Post-Change in Control Severance Payment and the additional benefits described in this Section 5 as if such Involuntary Termination had occurred within two (2) years following the Change in Control. The amounts specified in Section 5 that are to be paid under this Section 5(f) shall be reduced by any amount previously paid under Section 4. The amounts to be paid under this Section 5(f) shall be paid within sixty (60) days after the Change in Control Date of such Change in Control unless otherwise required by Section 409A of the Code.

**Section 6.** Severance Benefits upon Termination by the Company for Cause or by the Executive Other than for Good Reason. If the Executive's employment shall be terminated for Cause, or if the Executive terminates employment other than for Good Reason, the Company shall have no further obligations to the Executive under this Agreement other than the pre-Change in Control Accrued Obligations and any amounts or benefits described in Section 10 hereof.

**Section 7.** Severance Benefits upon Termination due to Death or Disability. If the Executive has a Separation from Service by reason of death or Disability, the Company shall pay the Executive or the Executive's estate, as the case may be, the Accrued Obligations and a severance amount equal to the Pro Rata Bonus (without regard to whether a Change in Control has occurred) and any amounts or benefits described in Section 10 hereof. Such payments shall be in addition to those rights and benefits to which the Executive or the Executive's estate may be entitled under the relevant Company plans or programs. The Company's obligation to pay the severance amount pursuant to this Section 7 is conditioned upon satisfaction of the Release Requirements by the Executive, the Executive's representative or the Executive's estate, as the case may be. The Accrued Obligations shall be paid within the time required by law and the severance amount payable pursuant to this Section 7 shall be paid on the Payment Date *provided* that the Release Requirements are satisfied on or prior to the Payment Date. If the Release Requirements are not satisfied on or prior to the Payment Date, no severance payment shall be provided hereunder and neither the Executive nor the Executive's estate, as the case may be, will have any right to the severance payment. If the Release Requirements are satisfied on a date prior to the Payment Date, any portion of the severance benefit pursuant to this Section 7 that is not subject to Section 409A of the Code can be paid on a date prior to the Payment Date, as determined in the sole discretion of Sempra Energy (and in no event shall the Executive or the Executive's estate, as applicable, be able to elect the date of payment). If the period in which Release Requirements could be satisfied spans more than one taxable year, then the severance payment pursuant to this Section 7 shall not be made until the later taxable year.

**Section 8.** Limitation on Payments by the Company.

(a) Anything in this Agreement to the contrary notwithstanding and except as set forth in this Section 8 below, in the event it shall be determined that any payment or distribution "in the nature of compensation" (within the meaning of Section 280G(b)(2) of the Code) to or for the benefit of the Executive, whether paid or payable pursuant to this Agreement or otherwise (the "Payment") would be subject (in whole or in part) to the excise tax imposed by

Section 4999 of the Code, (the “Excise Tax”), then, subject to Section 8(b), the Pre-Change in Control Severance Payment or the Post-Change in Control Severance Payment (whichever is applicable) payable under this Agreement shall be reduced under this Section 8(a) to the amount equal to the Reduced Payment. For such Payment payable under this Agreement, the “Reduced Payment” shall be the amount equal to the greatest portion of the Payment (which may be zero (\$0)) that, if paid, would result in no portion of any Payment being subject to the Excise Tax.

(b) The Pre-Change in Control Severance Payment or the Post-Change in Control Severance Payment (whichever is applicable) payable under this Agreement shall not be reduced under Section 8(a) if:

- (i) such reduction in such Payment is not sufficient to cause no portion of any Payment to be subject to the Excise Tax, or
- (ii) the Net After-Tax Unreduced Payments (as defined below) would equal or exceed one hundred five percent (105%) of the Net After-Tax Reduced Payments (as defined below).

For purposes of determining the amount of any Reduced Payment under Section 8(a), and the Net-After Tax Reduced Payments and the Net After-Tax Unreduced Payments, the Executive shall be considered to pay federal, state and local income and employment taxes at the Executive’s applicable marginal rates taking into consideration any reduction in federal income taxes which could be obtained from the deduction of state and local income taxes, and any reduction or disallowance of itemized deductions and personal exemptions under applicable tax law). The applicable federal, state and local income and employment taxes and the Excise Tax (to the extent applicable) are collectively referred to as the “Taxes.”

(c) For purposes of determining the amount of any Reduced Payment under this Section 8, the amount of any Payment shall be reduced in the following order:

- (i) first, by reducing the amounts of parachute payments that would not constitute deferred compensation subject to Section 409A of the Code;
- (ii) next, if after the reduction described in Section 8(c)(i), additional reductions are required, then by reducing the cash portion of the Payment that constitutes “deferred compensation” (within the meaning of Section 409A) subject to Section 409A, with the reductions to be applied first to the portion of the Payment scheduled for the latest distribution date, and then applied to distributions scheduled for progressively earlier distribution dates, to the extent necessary to decrease the Payment as required under this Section 8; and
- (iii) next, if after the reduction described in Section 8(c)(ii), additional reductions are required, then, by reducing the non-cash portion of the Payment that constitutes deferred compensation (within the meaning of Section 409A) subject to Section 409A, with the reductions to be applied first to the portion of the Payment scheduled for the latest distribution date, and then applied to distributions scheduled for progressively earlier distribution dates, to the extent necessary to decrease the Payment as required under this Section 8.

(d) The following definitions shall apply for purposes of this Section 8:

(i) “Net After-Tax Reduced Payments” shall mean the total amount of all Payments that the Executive would retain, on a Net After-Tax Basis, in the event that the Payments payable under this Agreement are reduced pursuant to Section 8(a).

(ii) “Net After-Tax Unreduced Payments” shall mean the total amount of all Payments that the Executive would retain, on a Net After-Tax Basis, in the event that the Payments payable under this Agreement are not reduced pursuant to Section 8(a).

(iii) “Net After-Tax Basis” shall mean, with respect to the Payments, either with or without reduction under Section 8(a) (as applicable), the amount that would be retained by the Executive from such Payments after the payment of all Taxes.

(e) All determinations required to be made under this Section 8 and the assumptions to be utilized in arriving at such determinations, shall be made by a nationally recognized accounting firm as may be agreed by the Company and the Executive (the “Accounting Firm”); *provided*, that the Accounting Firm’s determination shall be made based upon “substantial authority” within the meaning of Section 6662 of the Code. The Accounting Firm shall provide detailed supporting calculations to both the Company and the Executive within fifteen (15) business days of the receipt of notice from the Executive that there has been a Payment or such earlier time as is requested by the Company. All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any determination by the Accounting Firm shall be binding upon the Company and the Executive. For purposes of determining whether and the extent to which the Payments will be subject to the Excise Tax, (i) no portion of the Payments the receipt or enjoyment of which the Executive shall have waived at such time and in such manner as not to constitute a “payment” within the meaning of Section 280G(b) of the Code shall be taken into account, (ii) no portion of the Payments shall be taken into account which, in the written opinion of the Accounting Firm, does not constitute a “parachute payment” within the meaning of Section 280G(b)(2) of the Code (including by reason of Section 280G(b)(4)(A) of the Code) and, in calculating the Excise Tax, no portion of such Payments shall be taken into account which, in the opinion of the Accounting Firm, constitutes “reasonable compensation” for services actually rendered, within the meaning of Section 280G(b)(4)(B) of the Code, in excess of the “base amount” (as defined in Section 280G(b)(3) of the Code) allocable to such reasonable compensation, and (iii) the value of any non-cash benefit or any deferred payment or benefit included in the Payments shall be determined by the Accounting Firm in accordance with the principles of Section 280G(d)(3) and (4) of the Code.

**Section 9.** Delayed Distribution under Section 409A of the Code. Notwithstanding any other provision of this Agreement to the contrary, if the Executive is a Specified Employee on the date of the Executive’s Involuntary Termination (or on the date of the Executive’s Separation from Service by reason of Disability), the Section 409A Payments which are payable upon Separation from Service shall be delayed to the extent necessary in order to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code, and such delayed payments or benefits shall be paid or distributed to the Executive during the thirty (30) day period commencing on the earlier of (a) the expiration of the six (6) month period measured from the date of the Executive’s Separation from Service or (b) the date of the Executive’s death. Upon the expiration of the applicable six (6) month period, all payments deferred pursuant to this Section 9 (excluding in-kind benefits) shall be paid in a lump sum payment to the Executive, plus interest thereon from the date of the Executive’s Involuntary Termination through the payment date at an annual rate equal to Moody’s Rate. The “Moody’s Rate” shall mean the average of the daily Moody’s Corporate Bond Yield Average – Monthly Average Corporates as published by Moody’s Investors Service, Inc. (or any successor) for the month next preceding the Date of Termination. Any remaining payments due under the Agreement shall be paid as otherwise provided herein.

**Section 10. Nonexclusivity of Rights.** Nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any benefit, plan, program, policy or practice provided by the Company and for which the Executive may qualify (except with respect to any benefit to which the Executive has waived the Executive's rights in writing), including, without limitation, any and all indemnification arrangements in favor of the Executive (whether under agreements or under the Company's charter documents, bylaws, or otherwise), and insurance policies covering the Executive, nor shall anything herein limit or otherwise affect such rights as the Executive may have under any other contract or agreement entered into after the Effective Date with the Company. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any benefit, plan, policy, practice or program of, or any contract or agreement entered into with, the Company shall be payable in accordance with such benefit, plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement. At all times during the Executive's employment with the Company and thereafter, the Company shall provide (to the extent permissible under applicable law) the Executive with indemnification and D&O insurance insuring the Executive against insurable events which occur or have occurred while the Executive was a director or officer of the Company, that with respect to such insurance is on terms and conditions that, to the extent reasonably practical, are at least as generous as that then currently provided to any other similarly situated current or former director or officer of the Company or any Affiliate. Such indemnification and D&O insurance shall be provided in a manner that complies with Treasury Regulation Section 1.409A-1(b) (10).

**Section 11. Clawbacks.** Notwithstanding anything herein to the contrary, (a) if Sempra Energy determines prior to a Change in Control, in its good faith judgment, that the Executive is required to forfeit or to make any repayment of any compensation or benefit(s) to the Company under the Sarbanes-Oxley Act of 2002 or pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act or any other law or listing standards of the national securities exchange that maintains the principal listing for any class of Sempra Energy's common equity or pursuant to any formal policy of Sempra Energy, or (b) if an arbitrator or court determines following a Change in Control that the Executive is required to forfeit or to make any repayment of any compensation or benefit(s) to the Company under the Sarbanes-Oxley Act of 2002 or pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act or any other law or listing standards of the national securities exchange that maintains the principal listing for any class of Sempra Energy's common equity, such forfeiture or repayment shall not constitute Good Reason.

**Section 12. Full Settlement; Mitigation.** The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Executive or others, provided that nothing herein shall preclude the Company from separately pursuing recovery from the Executive based on any such claim. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts (including amounts for damages for breach) payable to the Executive under any of the provisions of this Agreement, and such amounts shall not be reduced whether or not the Executive obtains other employment.

**Section 13. Dispute Resolution and Arbitration.**

(a) If any dispute arises between the Executive and Sempra Energy or any of its Affiliates, including, but not limited to, disputes relating to or arising out of this Agreement, disputes relating to or arising out of the Executive's employment and/or the termination thereof, and/or disputes regarding the interpretation, enforceability, or validity of this Agreement ("Arbitrable Dispute"), the Executive and Sempra Energy mutually agree to waive their respective rights to resolution of disputes through litigation in a judicial forum and agree to

resolve any Arbitrable Dispute through **final and binding arbitration** as set forth below, except as prohibited by law. Arbitration shall be the exclusive remedy for any Arbitrable Dispute. Accordingly, this agreement to arbitrate applies with respect to all Arbitrable Disputes, whether initiated by Executive or Sempra Energy. Any Arbitrable Dispute will be decided by an arbitrator through individual arbitration and not by way of court or jury trial. **Sempra Energy and the Executive waive any right to a jury trial or a court bench trial.**

(b) Sempra Energy and the Executive agree to bring any dispute in arbitration in an individual capacity only:

Sempra Energy and the Executive hereby waive any right for any dispute to be brought, maintained, heard, decided or arbitrated as a class and/or collective action and the arbitrator will have no authority to hear or preside over any such action ("Class Action Waiver"). The Executive understands and agrees that the Executive and Sempra Energy are waiving the right to pursue or have a dispute resolved as a plaintiff or class member in any purported class, collective or representative proceeding. To the extent the Class Action Waiver is determined to be invalid, unenforceable, or void, any class and/or collective action must proceed in a court of law and not in arbitration.

Notwithstanding any other provision of this Agreement, to the fullest extent permitted by law, the Executive and Sempra Energy (1) agree not to bring a representative action on behalf of others under the Private Attorneys General Act of 2004 ("PAGA"), California Labor Code § 2698 *et seq.*, in any court or in arbitration, and (2) agree that, for any claim brought on a private attorney general basis, including under the California PAGA, any such dispute shall be resolved in arbitration on an individual basis only (*i.e.*, to resolve whether the Executive has personally been aggrieved or subject to any violations of law), and that such an action may not be used to resolve the claims or rights of other individuals in a single or collective proceeding (collectively, "Representative PAGA Waiver"). Notwithstanding any other provision of this agreement to arbitrate or the JAMS Rules, the scope, applicability, enforceability, revocability or validity of this Representative PAGA Waiver may be resolved only by a court of competent jurisdiction and not by an arbitrator. If any provision of this representative PAGA Waiver is found to be unenforceable or unlawful for any reason, the unenforceable provision shall be severed from this Dispute Resolution provision, and any such representative PAGA claims or other representative private attorneys general act claims must be litigated in a court of competent jurisdiction and not in arbitration. To the extent that there are any Arbitrable Disputes to be litigated in a court of competent jurisdiction because a court determines that the Representative PAGA Waiver is unenforceable with respect to those disputes, the Parties agree that litigation of those Arbitrable Disputes shall be stayed pending the outcome of any individual disputes in arbitration.

(c) Arbitration shall take place at the office of JAMS (or, if the Executive is employed outside of California, the American Arbitration Association ("AAA")) nearest to the location where the Executive last worked for the Company. Except to the extent it conflicts with the rules and procedures set forth in this Agreement, arbitration shall be conducted in accordance with the JAMS Employment Arbitration Rules & Procedures then in effect ("JAMS Rules") (if the Executive is employed outside of California, the AAA Employment Arbitration Rules & Mediation Procedures ("AAA Rules")), copies of which are available at [www.jamsadr.com](http://www.jamsadr.com); tel: 800.352.5267 and [www.adr.org](http://www.adr.org); tel: 800.778.7879, before a single experienced, neutral employment arbitrator selected in accordance with those rules.

(d) Sempra Energy will be responsible for paying any filing fee and the fees and costs of the arbitrator. However, the Executive will be responsible for contributing up to any amount equal to the filing fee that would be paid to initiate the claim in a court of general jurisdiction in the state in which the Executive is employed, unless a lower fee amount would be owed by the Executive pursuant to the JAMS Rules (or AAA rules, as applicable) or applicable

law. Subject to Section 15 of this Agreement, each party shall pay its own attorneys' fees and pay any costs that are not unique to arbitration (i.e., costs that each party would incur if the claim(s) were litigated in a court, such as costs to subpoena witnesses and/or documents, take depositions and purchase deposition transcripts, copy documents, etc.). However, subject to Section 15 of this Agreement, if any party prevails on a statutory claim that authorizes an award of attorneys' fees to the prevailing party, or if there is a written agreement providing for attorneys' fees, the arbitrator may award reasonable attorneys' fees to the prevailing party, applying the same standards a court would apply under the law applicable to the claim.

(e) The arbitrator shall apply the Federal Rules of Evidence, shall have the authority to entertain a motion to dismiss or a motion for summary judgment by any party, and shall apply the standards governing such motions under the Federal Rules of Civil Procedure. The arbitrator is required to issue a written award and opinion setting forth the essential findings and conclusions on which the award is based, and any judgment or award issued by an arbitrator may be entered in any court of competent jurisdiction. The arbitrator does not have the authority to consider, certify, or hear an arbitration as a class action, collective action, or any other type of representative action. In addition, unless all parties agree in writing otherwise, the arbitrator shall not consolidate or join the arbitrations of one or more than one individual. Neither party may seek, nor may the arbitrator award, any relief that is not individualized to the claimant or that affects other individuals. The arbitrator may award declaratory or injunctive relief only in favor of the individual party seeking relief and only to the extent necessary to provide relief warranted by that party's individual claims. Sempra Energy and the Executive recognize that this agreement to arbitrate arises out of or concerns interstate commerce and that the Federal Arbitration Act shall govern the arbitration and shall govern the interpretation or enforcement of this Agreement or any arbitration award.

(f) If a court decides that applicable law does not permit the enforcement of any of this section's limitations as to a particular claim or any particular remedy for a claim, then that claim or particular remedy (and only that claim or particular remedy) must be severed from the arbitration and may be brought in court.

#### **Section 14. Executive's Covenants.**

(a) Confidentiality. The Executive acknowledges that in the course of the Executive's employment with the Company, the Executive has acquired non-public privileged or confidential information and trade secrets concerning the operations, future plans and methods of doing business ("Proprietary Information") of Sempra Energy and its Affiliates; and the Executive agrees that it would be extremely damaging to Sempra Energy and its Affiliates if such Proprietary Information were disclosed to a competitor of Sempra Energy and its Affiliates or to any other Person. The Executive understands and agrees that all Proprietary Information has been divulged to the Executive in confidence and further understands and agrees to keep all Proprietary Information secret and confidential (except for such information which is or becomes publicly available other than as a result of a breach by the Executive of this provision or information the Executive is required by law or any governmental, administrative or court order to disclose) without limitation in time. In view of the nature of the Executive's employment and the Proprietary Information the Executive has acquired during the course of such employment, the Executive likewise agrees that Sempra Energy and its Affiliates would be irreparably harmed by any disclosure of Proprietary Information in violation of the terms of this Section 14(a) and that Sempra Energy and its Affiliates shall therefore be entitled to preliminary and/or permanent injunctive relief prohibiting the Executive from engaging in any activity or threatened activity in violation of the terms of this Section 14(a) and to any other relief available to them. Inquiries regarding whether specific information constitutes Proprietary Information shall be directed to the Company's most senior officer of Human Resources (or, if such position is vacant, the



Company's then Chief Executive Officer); *provided*, that the Company shall not unreasonably classify information as Proprietary Information.

(b) Governmental Reporting. Nothing in this Agreement is intended to interfere with or discourage the Executive's good faith disclosure related to a suspected violation of federal or state law or regulation to any governmental agency or entity or making other disclosures that are protected under the whistleblower provisions of federal or state law or regulation. The Executive cannot and will not be held criminally or civilly liable under any federal or state trade secret law for disclosing otherwise protected trade secrets and/or confidential or proprietary information so long as the disclosure is made in (i) confidence to a federal, state, or local government official, directly or indirectly, or to an attorney and solely for the purpose of reporting or investigating a suspected violation of law; or (ii) a complaint or other document filed in a lawsuit or other proceeding, so long as such filing is made under seal. The Company will not retaliate against the Executive in any way for a disclosure made pursuant to this Section 14(b). Further, in the event the Executive makes such a disclosure, and files a lawsuit against the Company alleging that the Company retaliated against the Executive because of the disclosure, the Executive may disclose the relevant trade secret or confidential information to the Executive's attorney, and may use the same in the court proceeding only if (X) the Executive ensures that any court filing that includes the trade secret or confidential information at issue is made under seal; and (Y) the Executive does not otherwise disclose the trade secret or confidential information except as required by court order.

(c) Non-Solicitation of Employees. The Executive recognizes that the Executive possesses and will possess confidential information about other employees of Sempra Energy and its Affiliates relating to their education, experience, skills, abilities, compensation and benefits, and inter-personal relationships with customers of Sempra Energy and its Affiliates. The Executive recognizes that the information the Executive possesses and will possess about these other employees is not generally known, is of substantial value to Sempra Energy and its Affiliates in developing their business and in securing and retaining customers, and has been and will be acquired by the Executive because of the Executive's business position with Sempra Energy and its Affiliates. The Executive agrees that at all times during the Executive's employment with the Company and for a period of one (1) year thereafter, the Executive will not use such information to directly or indirectly solicit or recruit any employee of the Company or its Affiliates for the purpose of being employed by the Executive or by any competitor of the Company or its Affiliates on whose behalf the Executive is acting as an agent, representative or employee and that the Executive will not convey any such confidential information or trade secrets about other employees of Sempra Energy and its Affiliates to any other Person; *provided, however*, that it shall not constitute a solicitation or recruitment of employment in violation of this Section 14(c) to discuss employment opportunities with any employee of the Company or its Affiliates who has either first contacted the Executive or regarding whose employment the Executive has discussed with and received the written approval of the Company's most senior officer of Human Resources (or, if such position is vacant, the Company's then Chief Executive Officer), prior to making such solicitation or recruitment. In view of the nature of the Executive's employment with the Company, the Executive likewise agrees that Sempra Energy and its Affiliates would be irreparably harmed by any solicitation or recruitment in violation of the terms of this Section 14(c) and that Sempra Energy and its Affiliates shall therefore be entitled to preliminary and/or permanent injunctive relief prohibiting the Executive from engaging in any activity or threatened activity in violation of the terms of this Section 14(c) and to any other relief available to them.

(d) Survival of Provisions. The obligations contained in Section 14(a), (b) and (c) above shall survive the termination of the Executive's employment within the Company and shall be fully enforceable thereafter to the same extent that it was enforceable prior to such termination. If it is determined by a court of competent jurisdiction in any state that any

restriction in Section 14(a) or (c) above is excessive in duration or scope or is unreasonable or unenforceable under the laws of that state, it is the intention of the parties that such restriction may be modified or amended by the court to render it enforceable to the maximum extent permitted by the law of that state.

(e) Consulting Payment. In the event of the Executive's Involuntary Termination, if (i) the Executive reconfirms and agrees to abide by the covenants described in Section 14(a) and (c) above, (ii) the Release Requirements are satisfied by the Payment Date, and (iii) the Executive agrees to provide the consulting services described in Section 14(f) below, then in consideration for such covenants and consulting services, the Company shall pay the Executive, in one (1) cash lump sum, an amount (the "Consulting Payment") in cash equal to the sum of (X) the Executive's Annual Base Salary as in effect on the Date of Termination, plus (Y) the greater of the Executive's Average Annual Bonus or the Executive's Target Bonus on the Date of Termination. If the requirements of this Section 14(e) are satisfied, the Consulting Payment shall be paid during the thirty (30) day period commencing on the earlier of (i) the expiration of the six (6) month period measured from the date of the Executive's Separation from Service or (ii) the date of the Executive's death.

(f) Consulting. If the Executive agrees to the provisions of Section 14(e) above, then the Executive shall have the obligation to provide consulting services to the Company as an independent contractor, commencing on the Date of Termination and ending on the second (2<sup>nd</sup>) anniversary of the Date of Termination (the "Consulting Period"). The Executive shall hold himself available at reasonable times and on reasonable notice to render such consulting services as may be so assigned to the Executive by the Board or the Company's then Chief Executive Officer; *provided, however*, that unless the parties otherwise agree, the consulting services rendered by the Executive during the Consulting Period shall not exceed twenty (20) hours each month; and, *provided, further*, that the consulting services rendered by the Executive during the Consulting Period shall in no event exceed twenty percent (20%) of the average level of services performed by the Executive for the Company over the thirty-six (36) month period immediately preceding the Executive's Separation from Service (or the full period of services to the Company, if the Executive has been providing services to the Company for less than thirty-six (36) months). The Company agrees to use its best efforts during the Consulting Period to secure the benefit of the Executive's consulting services so as to minimize the interference with the Executive's other activities, including requiring the performance of consulting services at the Company's offices only when such services may not be reasonably performed off-site by the Executive.

#### **Section 15. Legal Fees.**

(a) Reimbursement of Legal Fees. Subject to Section 15(b), in the event of the Executive's Separation from Service either (i) prior to a Change in Control, or (ii) on or within two (2) years following a Change in Control, the Company shall reimburse the Executive for all legal fees and expenses (including but not limited to fees and expenses in connection with any legal proceeding) incurred by the Executive in disputing any issue arising under this Agreement relating to the Executive's Separation from Service or in seeking to obtain or enforce any benefit or right provided by this Agreement.

(b) Requirements for Reimbursement. The Company shall reimburse the Executive's legal fees and expenses pursuant to Section 15(a) above only to the extent the

arbitrator or court determines (i) in the case of Section 15(a)(ii) that the Executive had a reasonable basis for such claim and (ii) in the case of Section 15(a)(i) that the Executive disputed such issue, or sought to obtain or enforce such benefit or right, in good faith, the Executive had a reasonable basis for such claim, and the Executive is the prevailing party. In addition, the Company shall reimburse such legal fees and expenses, in each case only if such legal fees and expenses are incurred during the twenty (20) year period beginning on the date of the Executive's Separation from Service. The legal fees and expenses paid to the Executive for any taxable year of the Executive shall not affect the legal fees and expenses paid to the Executive for any other taxable year of the Executive. The legal fees and expenses shall be paid to the Executive as soon as practicable following the date on which documentation relating to the incurred expenses is provided by the Executive to the Company; provided, however, that any such reimbursement shall occur on or before the last day of the Executive's taxable year following the taxable year in which the fees or expenses are determined to be payable pursuant to this Agreement. The Executive's right to reimbursement of legal fees and expenses shall not be subject to liquidation or exchange for any other benefit. Such right to reimbursement of legal fees and expenses shall be provided in a manner that complies with Treasury Regulation Section 1.409A-3(i)(1)(iv).

#### **Section 16. Successors.**

(a) Assignment by the Executive. This Agreement is personal to the Executive and without the prior written consent of Sempra Energy shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives.

(b) Successors and Assigns of Sempra Energy. This Agreement shall inure to the benefit of and be binding upon Sempra Energy and its successors and assigns. Sempra Energy may not assign this Agreement to any Person (except for a successor described in Section 16(c), (d) or (e) below) without the Executive's written consent.

(c) Assumption. Sempra Energy shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of Sempra Energy to assume expressly and agree to perform the obligations and satisfy and discharge the liabilities of this Agreement in the same manner and to the same extent that Sempra Energy would have been required to perform the obligations and satisfy and discharge the liabilities under this Agreement if no such succession had taken place, and Sempra Energy shall have no further obligations and liabilities under this Agreement. Upon such assumption, references to Sempra Energy in this Agreement shall be replaced with references to such successor.

(d) Sale of Subsidiary. In the event that (i) the Executive is employed by a direct or indirect subsidiary of Sempra Energy that is a member of the Sempra Energy Control Group, (ii) Sempra Energy, directly or indirectly through one or more intermediaries, sells or otherwise disposes of such subsidiary, and (iii) such subsidiary ceases to be a member of the Sempra Energy Control Group, then if, on the date such subsidiary ceases to be a member of the Sempra Energy Control Group, the Executive continues in employment with such subsidiary and the Executive does not have a Separation from Service, Sempra Energy shall require such subsidiary or any successor (whether direct or indirect, by purchase merger, consolidation or otherwise) to such subsidiary, or the parent thereof, to assume expressly and agree to perform the obligations and satisfy and discharge the liabilities under this Agreement in the same manner and to the same extent that Sempra Energy would have been required to perform the obligations and satisfy and discharge the liabilities under this Agreement, if such subsidiary had not ceased to be part of the Sempra Energy Control Group, and, upon such assumption, Sempra Energy shall have no further obligations and liabilities under the Agreement. Upon such assumption, references to

Sempra Energy in this Agreement shall be replaced with references to such subsidiary, or such successor or parent thereof, assuming this Agreement, and subsection (b) of the definition of “Cause” and subsection (b) of the definition of “Good Reason” shall apply thereafter, as if a Change in Control had occurred on the date of such cessation.

(e) Sale of Assets of Subsidiary. In the event that (i) the Executive is employed by a direct or indirect subsidiary of Sempra Energy, and (ii) such subsidiary sells or otherwise disposes of substantial assets of such subsidiary to an unrelated service recipient, as determined under Treasury Regulation Section 1.409A-1(f)(2)(ii) (the “Asset Purchaser”), in a transaction described in Treasury Regulation Section 1.409A-1(h)(4) (an “Asset Sale”), then if, on the date of such Asset Sale, the Executive becomes employed by the Asset Purchaser, Sempra Energy and the Asset Purchaser may specify, in accordance with Treasury Regulation Section 1.409A-1(h)(4), that the Executive shall not be treated as having a Separation from Service, and in such event, Sempra Energy may require such Asset Purchaser, or the parent thereof, to assume expressly and agree to perform the obligations and satisfy and discharge the liabilities under this Agreement in the same manner and to the same extent that the Company would have been required to perform the obligations and satisfy and discharge the liabilities under this Agreement, if the Asset Sale had not taken place, and, upon such assumption, Sempra Energy shall have no further obligations and liabilities under the Agreement. Upon such assumption, references to Sempra Energy in this Agreement shall be replaced with references to the Asset Purchaser or the parent thereof, as applicable, and subsection (b) of the definition of “Cause” and subsection (b) of the definition of “Good Reason” shall apply thereafter, as if a Change in Control had occurred on the date of the Asset Sale.

**Section 17.** Administration Prior to Change in Control. Prior to a Change in Control, the Compensation Committee shall have full and complete authority to construe and interpret the provisions of this Agreement, to determine an individual’s entitlement to benefits under this Agreement, to make in its sole and absolute discretion all determinations contemplated under this Agreement, to investigate and make factual determinations necessary or advisable to administer or implement this Agreement, and to adopt such rules and procedures as it deems necessary or advisable for the administration or implementation of this Agreement. All determinations made under this Agreement by the Compensation Committee shall be final, conclusive and binding on all interested Persons. Prior to a Change in Control, the Compensation Committee may delegate responsibilities for the operation and administration of this Agreement to one or more officers or employees of the Company. The provisions of this Section 17 shall terminate and be of no further force and effect upon the occurrence of a Change in Control.

**Section 18.** Compliance with Section 409A of the Code. All payments and benefits payable under this Agreement (including, without limitation, the Section 409A Payments) are intended to comply with the requirements of Section 409A of the Code. Certain payments and benefits payable under this Agreement are intended to or may be exempt from the requirements of Section 409A of the Code. This Agreement shall be interpreted in accordance with the applicable requirements of, and exemptions from, Section 409A of the Code, the Treasury Regulations thereunder and other guidance of general applicability. If the Company determines that any compensation, benefits or other payments that are payable under this Agreement and intended to comply with Section 409A of the Code do not comply with Section 409A of the Code, the Treasury Regulations thereunder and other applicable authority issued by the Internal Revenue Service, to the extent permitted under Section 409A of the Code, the Treasury Regulations thereunder and any other applicable guidance, the Company and the Executive agree to amend this Agreement, or take such other actions as the Company and the Executive deem reasonably necessary or appropriate, to cause such compensation, benefits and other payments to comply with the requirements of Section 409A of the Code, the Treasury Regulations thereunder and other applicable guidance, while providing compensation, benefits

and other payments that are, in the aggregate, no less favorable than the compensation, benefits and other payments provided under this Agreement. In the case of any compensation, benefits or other payments that are payable under this Agreement and intended to comply with Section 409A of the Code, if any provision of the Agreement would cause such compensation, benefits or other payments to fail to so comply, such provision shall not be effective and shall be null and void with respect to such compensation, benefits or other payments to the extent such provision would cause a failure to comply, and such provision shall otherwise remain in full force and effect.

**Section 19. Miscellaneous.**

(a) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California, without reference to its principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. Except as provided herein, the Agreement may not be amended, modified, repealed, waived, extended or discharged except by an agreement in writing signed by the parties hereto. No Person, other than pursuant to a resolution of the Board or a committee thereof, shall have authority on behalf of Sempra Energy to agree to amend, modify, repeal, waive, extend or discharge any provision of this Agreement or anything in reference thereto.

(b) Notices. All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party, by a reputable overnight carrier or by registered or certified mail, return receipt requested, postage prepaid, addressed, in the case of the Company, to Sempra Energy's headquarters attention the most senior officer of Human Resources with a copy to the General Counsel or in the case of the Executive, the home address of the Executive on file with the Company, or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notices and communications shall be effective when actually received by the addressee.

(c) Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(d) Taxes. The Company may withhold from any amounts payable under this Agreement such federal, state or local taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(e) No Waiver. The Executive's or the Company's failure to insist upon strict compliance with any provision hereof or any other provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder, including, without limitation, the right of the Executive to terminate employment for Good Reason, or the right of the Company to terminate the Executive's employment for Cause shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(f) Entire Agreement; Exclusive Benefit; Supersession of Prior Agreement. This Agreement contains the entire agreement of the Executive, the Company or any predecessor or subsidiary thereof with respect to any severance or termination pay. The Pre-Change in Control Severance Payment, the Post-Change in Control Severance Payment and all other benefits provided hereunder shall be in lieu of any other severance payments to which the Executive is entitled under any other severance plan or program or arrangement sponsored by the Company, as well as pursuant to any individual employment or severance agreement that was entered into by the Executive and the Company, and, upon the Effective Date of this Agreement, all such plans, programs, arrangements and agreements other than agreements to arbitrate disputes with the Company, to the extent in conflict with this Agreement, are hereby

automatically superseded and terminated. Any prior agreements/provisions agreeing to arbitrate disputes with the Company shall remain in full force and effect and shall not be affected by this Agreement.

(g) No Right of Employment. Nothing in this Agreement shall be construed as giving the Executive any right to be retained in the employ of the Company or shall interfere in any way with the right of the Company to terminate the Executive's employment at any time, with or without Cause.

(h) Unfunded Obligation. The obligations under this Agreement shall be unfunded. Benefits payable under this Agreement shall be paid from the general assets of the Company. The Company shall have no obligation to establish any fund or to set aside any assets to provide benefits under this Agreement.

(i) Termination upon Sale of Assets of Subsidiary. Notwithstanding anything contained herein, this Agreement shall automatically terminate and be of no further force and effect and no benefits shall be payable hereunder in the event that (i) the Executive is employed by a direct or indirect subsidiary of Sempra Energy, (ii) an Asset Sale (as defined in Section 16(e)) occurs (other than such a sale or disposition which is part of a transaction or series of transactions which would result in a Change in Control), and (iii) as a result of such Asset Sale, the Executive is offered employment by the Asset Purchaser in an executive position with reasonably comparable status, compensation, benefits and severance agreement (including the assumption of this Agreement in accordance with Section 16(e)) and which is consistent with the Executive's experience and education, but the Executive declines to accept such offer and the Executive fails to become employed by the Asset Purchaser on the date of the Asset Sale.

(j) Term. The term of this Agreement shall commence on the Effective Date and shall continue until the third (3rd) anniversary of the Effective Date; *provided, however*, that commencing on the second (2nd) anniversary of the Effective Date (and each anniversary of the Effective Date thereafter), the term of this Agreement shall automatically be extended for one (1) additional year, unless at least ninety (90) days prior to such date, the Company or the Executive shall give written notice to the other party that it or he, as the case may be, does not wish to so extend this Agreement. Notwithstanding the foregoing, if the Company gives such written notice to the Executive (i) at a time when Sempra Energy is a party to an agreement that, if consummated, would constitute a Change in Control or (ii) less than two (2) years after a Change in Control, the term of this Agreement shall be automatically extended until the later of (X) the date that is one (1) year after the anniversary of the Effective Date that follows such written notice or (Y) the first day of the calendar month following the second (2nd) anniversary of the Change in Control Date.

(k) Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Executive and, pursuant to due authorization from its Board of Directors, Sempra Energy have caused this Agreement to be executed as of the day and year first above written.

SEMPRA ENERGY

/s/ Karen L. Sedgwick

\_\_\_\_\_  
Karen L. Sedgwick  
Chief Administrative Officer and Chief Human Resources  
Officer

3/10/2023

\_\_\_\_\_  
Date

EXECUTIVE

/s/ Erbin Keith

\_\_\_\_\_  
Erbin Keith  
SVP and General Counsel  
San Diego Gas & Electric

3/10/2023

\_\_\_\_\_  
Date

SEPARATION AGREEMENT AND GENERAL RELEASE

This SEPARATION AGREEMENT AND GENERAL RELEASE (the "Agreement"), is made by and between \_\_\_\_\_, a California corporation (the "Company") and \_\_\_\_\_ ("Employee") (jointly referred to as the "Parties" or individually referred to as a "Party") as of the Effective Date (as defined below).

WHEREAS, Employee was employed by the Company as an at-will employee;

WHEREAS, Employee and the Company previously entered into that certain Severance Pay Agreement dated \_\_\_\_\_, 20\_\_ (the "Severance Pay Agreement") in connection with Employee's employment with the Company;

WHEREAS, Employee's right to receive certain severance pay and benefits pursuant to the terms of the Severance Pay Agreement is subject to and conditioned upon Employee's execution [and non-revocation] of a general release of claims Employee has or may have against the Company Releasees (as defined below); and

WHEREAS, Employee's right to receive the Consulting Payment provided pursuant to Section 14(e) of the Severance Pay Agreement is subject to and conditioned upon Employee's execution [and non-revocation] of a general release of claims by Employee against the Company Releasees and Employee's adherence to the covenants described under Section 14 of the Severance Pay Agreement.

NOW, THEREFORE, in consideration of the promises and mutual covenants contained herein, the adequacy of which is hereby acknowledged, the Parties hereby agree as follows:

1. Separation Date. Employee's employment with the Company terminated at the close of business on [\_\_\_\_\_] (the "Separation Date"). Employee has received his/her final wages through the Separation Date, less deductions required by law, including any accrued but unused vacation, in accordance with applicable law. Employee has also been reimbursed for any outstanding employment-related expenses that were incurred and submitted consistent with Company policy. This Agreement is not a condition of employment or continued employment or a condition of receiving a raise or a bonus. On the Separation Date, Employee will be deemed to have resigned from all positions that he/she holds with the Company and its affiliates, and Employee will promptly execute any instrument reasonably requested by the Company or any of its affiliates to effectuate or commemorate such resignation. The term "affiliate" as used herein shall include, without limitation, such Person's parent companies, divisions and subsidiaries, whether or not specified.

2. Severance Benefits. In exchange for Employee entering into this Agreement and not revoking it, and for the covenants and releases contained herein, the Company will provide Employee with the severance benefits described below. Employee acknowledges that the amounts and benefits set forth in this Section 2 as well as any benefits and claims not released under Section 4(b), fully satisfy any entitlement Employee may have to any payments or benefits from the Company through the Separation Date, including under the Severance Pay Agreement. Employee further acknowledges that no part of the severance payments described in this Section 2 consist of wages owed to Employee for his/her employment through the Separation Date.



(a) [The Company will pay Employee a lump sum payment of \_\_\_\_\_], less applicable withholdings, pursuant to Section [4/5] of the Severance Pay Agreement. Pursuant to Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”), payment will be made on the earlier of (i) the date that is six (6) months and one (1) day after the Separation Date; and (ii) the date of Employee’s death.

(b) The Company will pay Employee a lump sum payment of \_\_\_\_\_], less applicable withholdings, which is equal to the Consulting Payment set forth in Section 14(e) of the Severance Pay Agreement. Such payment will be made during the thirty (30) day period commencing on the earlier of (i) a date that is six (6) months and one (1) day after the Separation Date; and (ii) the date of Employee’s death

(c) The Company will also provide Employee with the severance benefits set forth in Sections 4(c), (d) and (e) of the Severance Pay Agreement. For the avoidance of doubt, the value of the services set forth in Sections 4(c), (d) and (e) of the Severance Pay Agreement shall not be subject to liquidation or exchange for any other benefit.]

3. Tax Consequences. The Company makes no representations or warranties with respect to the tax consequences of the payments and any other consideration provided to Employee or made on Employee’s behalf under the terms of this Agreement. Employee agrees and understands that Employee is responsible for payment, if any, of local, state, and/or federal taxes on the payments and any other consideration provided hereunder by the Company and any penalties or assessments thereon. Employee further agrees to indemnify and hold the Company and its affiliates harmless from any claims, demands, deficiencies, penalties, interest, assessments, executions, judgments, or recoveries by any government agency against the Company or any of its affiliates for any amounts claimed due on account of (a) Employee’s failure to pay or delayed payment of federal or state taxes, or (b) damages sustained by the Company or any of its affiliates by reason of any such claims, including reasonable attorneys’ fees and costs

4. Release of Claims. As a material inducement for the payment of the severance and benefits of the Severance Pay Agreement, and except as otherwise provided in this Agreement, Employee, on behalf of him/herself and on behalf of his/her heirs, family members, executors, agents and assigns, hereby irrevocably and unconditionally releases, acquits and forever discharges the Company Releasees from any and all Claims he/she has or may have. For purposes of this Agreement and the preceding sentence, the words “Releasee” or “Releasees” and “Claim” or “Claims” shall have the meanings set forth below:

(a) “Company Releasees” shall refer to (i) the Company, (ii) each of the Company’s owners, stockholders, predecessors, successors, assigns, agents, directors, officers, employees, representatives, attorneys, advisors, and affiliates (including parent companies, divisions, and subsidiaries), (iii) agents, directors, officers, employees, representatives, attorneys and advisors of such affiliates (including parent companies, divisions, and subsidiaries), and (iv) all persons and entities acting by, through, under or in concert with any of them

(b) The words “Claim” or “Claims” shall refer to any charges, complaints, claims, liabilities, obligations, promises, agreements, controversies, damages, actions, causes of action, suits, rights, demands, costs, losses, debts and expenses (including attorneys’ fees and costs actually incurred) of any nature whatsoever, known or unknown, suspected or unsuspected, which Employee had or may have, own or hold against any of the Company Releasees through and including the Effective Date that in any way arise out of, relate to, or are in connection with Employee’s employment relationship with the Company and its affiliates and the termination of that relationship, including, without limitation, all rights arising out of alleged violations of any contracts, express or implied, including the Severance Pay Agreement; any tort claim; any legal

restrictions on the Company's right to terminate employment relationships; and any federal, state or other governmental statute, regulation, law or ordinance, including common law principles, governing the employment relationship including, without limitation, all laws and regulations prohibiting discrimination or harassment based on protected categories, and all laws and regulations prohibiting retaliation against employees, including retaliation for engaging in protected activity or legal off-duty conduct. This release does not extend to claims for workers' compensation or other claims which by law may not be waived or released by this Agreement, nor does it limit Employee's right to receive any vested payments or benefits to which he/she is entitled under any Company (including its affiliates) benefit plan (including, without limitation, any of the Company's (including its affiliates) qualified retirement plans or non-qualified deferred compensation plan), which payments or benefits will be paid or provided pursuant to the terms of the applicable governing documents.

5. Release of Unknown Claims. Employee expressly waives and relinquishes all rights and benefits afforded by any statute (including, but not limited to, Section 1542 of the Civil Code of the State of California and analogous laws of other states), which limits the effect of a release with respect to unknown claims. Employee does so understanding and acknowledging the significance of the release of unknown claims and the waiver of statutory protection against a release of unknown claims (including, but not limited to, Section 1542). Section 1542 of the Civil Code of the State of California states as follows:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.”

Thus, notwithstanding the provisions of Section 1542 or of any similar statute, and for the purpose of implementing a full and complete release and discharge of the Company Releasees, Employee expressly acknowledges that this Agreement is intended to include in its effect, without limitation, all Claims which are known and all Claims which Employee does not know or suspect to exist in Employee's favor at the time of execution of this Agreement and that this Agreement contemplates the extinguishment of all such Claims. Employee acknowledges that he/she might hereafter discover facts different from, or in addition to, those Employee now knows or believes to be true with respect to a Claim or Claims released herein, and they expressly agree to assume the risk of possible discovery of additional or different facts, and agree that this Agreement shall be and remain effective, in all respects, regardless of such additional or different discovered facts.

6. Covenant Not to Sue. Employee agrees that Employee will not file any suit, claim, proceeding or complaint against any Company Releasees arising out of or in connection with any Claims released herein, except as required to enforce the terms of this Agreement. Employee's right to file or participate in an administrative claim or investigation by the Equal Employment Opportunity Commission, or any other local, state, or federal administrative body or government agency against the Company, which is guaranteed by law, cannot be and is not waived. However, to the extent permitted by law, and except as to Securities and Exchange Commission whistleblower awards, Employee agrees that if such an administrative claim is made against any Company Releasee(s) on Employee's behalf, Employee shall not be entitled to recover any individual monetary relief or other individual remedies beyond the separation benefits identified in this Agreement.

7. No Pending Lawsuits. Employee represents and warrants that Employee does not have any lawsuits, charges, claims, grievances, or actions of any kind pending against any Company Releasees arising out of or in connection with any Claims released herein, by or on behalf of Employee or on behalf of any other person or entity, and that, to the best of Employee's knowledge, Employee possess no such claims (including, but not limited to, under the Family and Medical Leave Act, the Age Discrimination in Employment Act, the California Family Rights Act, the Fair Labor Standards Act, the California Labor Code and/or workers' compensation claims). Employee further acknowledges that he/she is not aware of, or has fully disclosed to the Company, any information that could reasonably give rise to such a claim, cause of action, lawsuit or proceeding against any Company Releasee(s).

8. No Cooperation. Employee agrees that he/she will not knowingly encourage, counsel, or assist any attorneys or their clients in the presentation or prosecution of any disputes, differences, grievances, claims, charges, or complaints by any third party against any Company Releasee(s) arising out of or in connection with any Claims released herein, unless under a subpoena or other court order to do so. Employee agrees to immediately notify the Company upon receipt of any such subpoena or court order, and to furnish to the Company, within three (3) business days of its receipt, a copy of such subpoena or other court order.

9. Payment of Salary and Receipt of All Benefits. Employee acknowledges and represents that, except as provided in this Agreement, the Company has fully paid or provided Employee all salary, wages, bonuses, accrued vacation/paid time off, premiums, leaves, housing allowances, relocation costs, interest, severance, outplacement costs, fees, reimbursable expenses, commissions or other incentive compensation, stock, stock options, vesting, and any and all other benefits and compensation due to Employee. Employee specifically represents that Employee is not owed any further sum by way of reimbursement from the Company or any of its affiliates. To the extent Employee claims that additional wages are or may become owed to Employee, there is a good faith dispute based in law and fact over whether any wages in excess of the wages already paid to Employee are or will be due, and thus California Labor Code Section 206.5 is inapplicable.

10. Indemnification.

(a) As a further material inducement to the Company to enter into this Agreement, Employee hereby agrees to indemnify and hold each of the Company Releasees harmless from all loss, costs, damages, or expenses, including without limitation, reasonable attorneys' fees incurred by the Company Releasees, arising out of any breach of this Agreement by Employee or the fact that any representation made in this Agreement by Employee was false when made. As a further material inducement to Employee to enter into this Agreement, the Company hereby agrees to indemnify and hold each of the Company Releasees harmless from all loss, costs, damages, or expenses, including without limitation, reasonable attorneys' fees incurred by the Company Releasees, arising out of any breach of this Agreement by the Company or the fact that any representation made in this Agreement by the Company was knowingly false when made.

(b) If Employee is a party or is threatened to be made a party to any proceeding by reason of the fact that Employee was an employee, officer or director of the Company or any of its affiliates, the Company shall indemnify and hold harmless Employee against any expenses (including reasonable attorneys' fees, *provided*, that counsel has been approved by the Company, which approval shall not be unreasonably withheld), judgments, fines, settlements and other amounts actually or reasonably incurred by Employee in connection with that proceeding, and *provided*, that Employee acted in good faith and in a manner Employee reasonably believed to be in the best interest of the Company. The limitations of Section 317 of the Corporations Code of the State of California shall apply to this assurance of indemnification.

Notwithstanding the foregoing or any other provision contained herein, this Agreement shall not supersede or in any way limit any (i) indemnification arrangements in favor of the Employee under the Company's or any of its affiliates charter documents or bylaws or pursuant to any agreement between the Employee and the Company or any of the Company's affiliates or (ii) the provision of insurance against insurable events which occurred while the Executive was a director or officer of the Company, in each as provided by and subject to the limitations set forth in Section 10 of the Severance Pay Agreement.

11. No Admission of Liability.

The Parties understand and acknowledge that no action taken by either Party in connection hereto, either previously or in connection with this Agreement, shall be deemed or construed to be (i) an admission of the truth or falsity of any actual or potential claims, or (ii) an acknowledgement or admission by either Party of any fault or liability whatsoever to the other Party or to any third party. This Agreement shall not in any way be construed as an admission by the Company that it has acted wrongfully with respect to Employee or any other person or entity, or that Employee has any rights whatsoever against the Company, and the Company specifically disclaims any liability to or wrongful acts against Employee or any other person or entity, on the part of itself, its employees or its agents. This Agreement shall not in any way be construed as an admission by Employee that Employee has acted wrongfully with respect to the Company, or that Employee failed to perform Employee's duties or negligently performed or breached Employee's duties, or that the Company had good cause to terminate Employee's employment.

12. Cooperation in Litigation. Employee agrees to cooperate with the Company and its affiliates and their respective designated attorneys, representatives and agents in connection with any actual or threatened judicial, administrative or other legal or equitable proceeding in which the Company or any of the Company's affiliates is or may become involved. Upon reasonable notice, Employee agrees to meet with and provide to the Company and its affiliates and their respective designated attorneys, representatives or agents all information and knowledge Employee has relating to the subject matter of any such proceeding. The Company agrees to reimburse Employee for any reasonable costs Employee incurs in providing such cooperation.

13. Governing Law. This Agreement is entered into in [state] and, except as provided in this section, shall be governed by substantive [state] law.

14. Arbitration of Disputes. If any dispute arises between Employee and the Company relating to this Agreement, including any dispute regarding the interpretation, enforceability, or validity of this Agreement ("Arbitrable Dispute"), the Parties agree to resolve that Arbitrable Dispute through **final and binding** arbitration under this section. Employee also agrees to arbitrate any Arbitrable Dispute which also involves any other Company Releasee who offers or agrees to arbitrate the dispute under this section.

(a) Any Arbitrable Dispute will be decided by an arbitrator through individual arbitration, and **Employee and the Company waive any right to a jury trial or a court bench trial.** Employee and the Company also waive the right for any dispute to be brought, maintained, decided or arbitrated as a class and/or collective action and the arbitrator shall have no authority to hear or preside over any such action ("Class Action Waiver"). Further, Arbitrable Disputes must be brought in the individual capacity of the party asserting the claim, Employee and the Company are waiving the right to pursue or have a dispute resolved as a plaintiff or class member in any purported class, collective or representative proceeding. To the extent the Class Action Waiver is determined to be invalid, unenforceable, or void, any class and/or collective action must proceed in a court of law and not in arbitration.

Notwithstanding any other provision of this Agreement, to the fullest extent permitted by law, Employee and the Company (1) agree not to bring a representative action on behalf of others under the Private Attorneys General Act of 2004 (“PAGA”), California Labor Code § 2698 et seq., in any court or in arbitration, and (2) agree that, for any claim brought on a private attorney general basis, including under the California PAGA, any such dispute shall be resolved in arbitration on an individual basis only (i.e., to resolve whether Employee has personally been aggrieved or subject to any violations of law), and that such an action may not be used to resolve the claims or rights of other individuals in a single or collective proceeding (collectively, “Representative PAGA Waiver”). Notwithstanding any other provision of this arbitration agreement or the JAMS Rules, the scope, applicability, enforceability, revocability or validity of this Representative PAGA Waiver may be resolved only by a court of competent jurisdiction and not by an arbitrator. If any provision of this representative PAGA Waiver is found to be unenforceable or unlawful for any reason, the unenforceable provision shall be severed from this Dispute Resolution provision, and any such representative PAGA claims or other representative private attorneys general act claims must be litigated in a court of competent jurisdiction and not in arbitration. To the extent that there are any Arbitrable Disputes to be litigated in a court of competent jurisdiction because a court determines that the representative PAGA Waiver is unenforceable with respect to those disputes, the Parties agree that litigation of those Arbitrable Disputes shall be stayed pending the outcome of any individual disputes in arbitration.

(b) The Arbitration shall take place at the office of JAMS that is nearest to the location where Employee last worked for the Company in accordance with the JAMS Employment Arbitration Rules & Procedures then in effect (“JAMS Rules”) (or, if Employee is employed outside of California at the time of the termination of Employee’s employment, at the nearest location of the American Arbitration Association (“AAA”) and in accordance with the AAA Employment Arbitration Rules and Mediation Procedures then in effect (“AAA Rules”), copies of which are available at [www.jamsadr.com](http://www.jamsadr.com); tel: 800.352.5267 and [www.adr.org](http://www.adr.org); tel: 800.778.7879, before a single experienced employment arbitrator selected in accordance with those rules.

(c) The Arbitrator may not modify or change this Agreement in any way. The Company will be responsible for paying any filing fee and the fees and costs of the Arbitrator; provided, however, that if Employee is the party initiating the claim, Employee will contribute an amount equal to the filing fee that would be paid to initiate a claim in the court of general jurisdiction in the state in which Employee is employed by the Company, unless a lower fee amount would be owed by Employee pursuant to the JAMS Rules (or AAA Rules, as applicable) or applicable law. Each Party shall pay for its own costs and attorneys’ fees and pay any costs that are not unique to arbitration (i.e., cost that each party would incur if the claim(s) were litigated in a court, such as costs to subpoena witnesses and/or documents, take depositions and purchase deposition transcripts, copy documents, etc.), if any. However if any party prevails on a statutory claim which affords the prevailing party attorneys’ fees and costs, or if there is a written agreement providing for attorneys’ fees and/or costs, the Arbitrator may award reasonable attorney’s fees and/or costs to the prevailing party, applying the same standards a court would apply under the law applicable to the claim.

(d) The Arbitrator shall apply the Federal Rules of Evidence and shall have the authority to entertain a motion to dismiss or a motion for summary judgment by any party and shall apply the standards governing such motions under the Federal Rules of Civil Procedure. The Arbitrator is required to issue a written award and opinion setting forth the essential findings and conclusions on which the award is based, and any judgment or award issued by the Arbitrator may be entered in any court of competent jurisdiction. The Arbitrator does not have the authority to consider, certify, or hear an arbitration as a class action, collective action, or any other type of representative action. In addition, unless all parties agree in writing otherwise, the Arbitrator shall not consolidate or join the arbitrations of one or more than one

individual. Neither party may seek, nor may the Arbitrator award, any relief that is not individualized to the claimant or that affects other individuals. The Arbitrator may award declaratory or injunctive relief only in favor of the individual party seeking relief and only to the extent necessary to provide relief warranted by that Party's individual claims.

(e) Employee and the Company recognize that this agreement to arbitrate arises out of or concerns interstate commerce and that the Federal Arbitration Act shall govern the arbitration and the interpretation or enforcement of this section or any arbitration award. If a court decides that applicable law does not permit the enforcement of any of this section's limitations as to a particular claim or any particular remedy for a claim, then that claim or particular remedy (and only that claim or particular remedy) must be severed from the arbitration and may be brought in court. To the extent that the Federal Arbitration Act is inapplicable, California law pertaining to arbitration agreements shall apply. Arbitration in this manner shall be the exclusive remedy for any Arbitrable Dispute. Except as prohibited by the Age Discrimination in Employment Act of 1967, as amended, should Employee or the Company attempt to resolve an Arbitrable Dispute by any method other than arbitration pursuant to this section, the responding party will be entitled to recover from the initiating party all damages, expenses, and attorneys' fees incurred as a result of this breach. This Section 13 supersedes any existing arbitration agreement between the Company and Employee as to any Arbitrable Dispute (as defined herein). Notwithstanding anything in this Section 13 to the contrary, a claim for benefits under an Employee Retirement Income Security Act of 1974, as amended, covered plan shall not be an Arbitrable Dispute.

15. Effective Date. The Parties understand and agree that this Agreement is final and binding eight (8) days after its execution and return (the "Effective Date"). Should Employee nevertheless attempt to challenge the enforceability of this Agreement as provided in Section 13 or, in violation of that section, through litigation, as a further limitation on any right to make such a challenge, Employee shall initially tender to the Company, by certified check delivered to the Company, all monies received pursuant to Section 4 or 5 of the Severance Pay Agreement, as applicable, plus interest, and invite the Company to retain such monies and agree with Employee to cancel this Agreement and void the Company's obligations under the Severance Pay Agreement. In the event the Company accepts this offer, the Company shall retain such monies and this Agreement shall be canceled and the Company shall have no obligation under Section 14(e) of the Severance Pay Agreement. In the event the Company does not accept such offer, the Company shall so notify Employee and shall place such monies in an interest-bearing escrow account pending resolution of the dispute between Employee and the Company as to whether or not this Agreement and the Company's obligations under the Severance Pay Agreement shall be set aside and/or otherwise rendered voidable or unenforceable. Additionally, any consulting agreement then in effect between Employee and the Company shall be immediately rescinded with no requirement of notice.

16. Notices. Any notices required to be given under this Agreement shall be delivered either personally or by first class United States mail, postage prepaid, addressed to the respective parties and shall be effective upon receipt as follows:

To Company: [TO COME]

Attn: [TO COME]

With a copy to:

Attn: [TO COME]

To Employee: \_\_\_\_\_

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17. Voluntary Waiver and Release of ADEA Claims. Employee understands and acknowledges that Employee is waiving any rights Employee may have under the Age Discrimination in Employment Act (“ADEA”), and that this waiver and release is knowing and voluntary. Employee acknowledges that the consideration given for this waiver and release is in addition to anything of value to which Employee was already entitled. Employee further understands and acknowledges that Employee has been given a period of twenty-one (21) days to review and consider this Agreement before signing it and may use as much of this twenty-one (21) period as Employee wishes prior to signing. In the event Employee signs this Agreement and returns it to the Company in less than the twenty-one (21)-day period identified above, Employee hereby acknowledges that Employee has freely and voluntarily chosen to waive the time period allotted for considering this Agreement, and that the Company has not promised Employee anything or made any representations not contained in this Agreement to induce Employee to sign this Agreement before the expiration of the twenty-one (21) day period. Employee is encouraged, at Employee’s personal expense, to consult with an attorney before signing this Agreement. Employee understands and acknowledges that whether or not Employee does so is Employee’s decision. Employee may revoke this Agreement within seven (7) days of signing it. If Employee wishes to revoke, the Company’s Vice President, Human Resources must receive written notice from Employee no later than the close of business on the seventh (7th) day after Employee has signed the Agreement. If revoked, this Agreement shall not be effective and enforceable, and Employee will not receive payments or benefits under Section 4 or 5 of the Severance Pay Agreement, as applicable. The Parties agree that changes, whether material or immaterial, do not restart the running of the twenty-one (21)-day period described above.

18. Section 409A. All payments and benefits payable under this Agreement are intended to comply with the requirements of Section 409A of the Code. Notwithstanding the foregoing, certain payments and benefits payable under this Agreement are intended to be exempt from the requirements of Section 409A of the Code. This Agreement shall be interpreted in accordance with the applicable requirements of, and exemptions from, Section 409A of the Code and the Treasury Regulations thereunder. To the extent the payments and benefits under this Agreement are subject to Section 409A of the Code, this Agreement shall be interpreted, construed and administered in a manner that satisfies the requirements of Section 409A(a)(2), (3) and (4) of the Code and the Treasury Regulations thereunder. To the extent that any payments under this Agreement are subject to Section 409A of the Code, the provisions of Section 9 of the Severance Pay Agreement shall apply.

19. Return of Company Property. Employee represents and warrants that he/she has returned all of the Company’s property, including all work in progress, files, photographs, notes, records, credit cards, keys, access cards, computers, and other Company or customer documents, products, or property that Employee has received in the course of his/her employment, or which reflect in any way any confidential or proprietary information of the Company. Employee also warrants that he has not downloaded or otherwise retained any information, whether in electronic or other form, belonging to the Company or derived from information belonging to the Company.

20. Confidential Information; Public Releases.

(a) Employee acknowledges and reaffirms Employee’s continuing obligations under the Confidentiality Agreement. The Parties understand and agree that nothing in this Agreement is intended to interfere with or discourage Employee’s good-faith disclosure to any

governmental entity related to a reasonably suspected violation of the law or to prevent Employee from discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that Employee has reason to believe is unlawful. The Parties further understand and agree that Employee cannot be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that (a) is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

(b) The Parties understand and agree that the Company and its affiliates shall take any and all necessary or appropriate action to timely satisfy their respective reporting and disclosure obligations in connection with Employee's separation and this Agreement, including filing any requisite forms with the Securities and Exchange Commission ("SEC") and Employee will promptly provide any information reasonably requested by the Company or any of its affiliates in fulfilling any such reporting or disclosure obligations.

21. Entire Agreement. This Agreement constitutes the entire agreement of the parties hereto and supersedes any and all other agreements (except the Severance Pay Agreement and the Confidentiality Agreement) with respect to the subject matter of this Agreement, whether written or oral, between the Parties. Any prior agreements/provisions agreeing to arbitrate disputes with the Company shall remain in full force and effect and shall not be affected by this Agreement. All modifications and amendments to this Agreement must be in writing and signed by all Parties.

22. No Representation. The Parties represent and acknowledge that in executing this Agreement, neither is relying upon any representation or statement not set forth in this Agreement or the Severance Pay Agreement.

23. Take All Necessary Further Action. Each party agrees, without further consideration, to sign or cause to be signed, and to deliver to the other party, any other documents and to take any other action as may be necessary to fulfill the obligations under this Agreement.

24. Severability. If any provision of this Agreement or the application thereof is held invalid, the invalidity shall not affect other provisions or applications of the Agreement which can be given effect without the invalid provisions or application; and to this end the provisions of this Agreement are declared to be severable.

25. Counterparts. This Agreement may be executed in counterparts.

With the benefit of representation and advice of counsel, the Parties have read the foregoing Severance Agreement and General Release, and accept and agree to the provisions it contains and hereby execute it voluntarily and with full understanding of its consequences. The Parties acknowledge that they are receiving valuable consideration in exchange for the execution of this Agreement, to which they would not otherwise be entitled.

DATED: \_\_\_\_\_

\_\_\_\_\_

DATED: \_\_\_\_\_

\_\_\_\_\_



Employee acknowledges that Employee first received this Agreement on [date].

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**SEMPRA ENERGY  
SEVERANCE PAY AGREEMENT**

**THIS AGREEMENT** (this “Agreement”), dated as of March 1, 2023 (the “Effective Date”), is made by and between SEMPra ENERGY, a California corporation (“Sempra Energy”), and Caroline A. Winn (the “Executive”).

**WHEREAS**, the Executive is currently employed by Sempra Energy or another corporation or trade or business which is a member of a Controlled Group of Corporations (Sempra Energy and such other controlled group members, collectively, the “Company”);

**WHEREAS**, Sempra Energy and the Executive desire to enter into this Agreement as may be restated from time to time in order to provide reasonable assurances to the Executive and maintain a constructive relationship following the termination of Executive’s employment with Company; and

**WHEREAS**, the Board of Directors of Sempra Energy (the “Board”) or an authorized committee thereof has authorized the terms of this Agreement.

**NOW, THEREFORE**, in consideration of the premises and mutual covenants herein contained, Sempra Energy and the Executive hereby agree as follows:

**Section 1. Definitions.** For purposes of this Agreement, the following capitalized terms have the meanings set forth below:

“AAA” has the meaning assigned thereto in Section 13(c) hereof.

“Accounting Firm” has the meaning assigned thereto in Section 8(e) hereof.

“Accrued Obligations” means the sum of (a) the Executive’s Annual Base Salary through the Date of Termination to the extent not theretofore paid, (b) an amount equal to any annual Incentive Compensation Awards earned with respect to fiscal years ended prior to the year that includes the Date of Termination to the extent not theretofore paid, (c) any accrued and unpaid vacation, and (d) reimbursement for unreimbursed business expenses, if any, properly incurred by the Executive in the performance of the Executive’s duties in accordance with Company policies applicable to the Executive from time to time, in each case to the extent not theretofore paid.

“Affiliate” has the meaning set forth in Rule 12b-2 promulgated under the Exchange Act.

“Annual Base Salary” means the Executive’s annual base salary from the Company.

“Asset Purchaser” has the meaning assigned thereto in Section 16(e).

“Asset Sale” has the meaning assigned thereto in Section 16(e).

“Average Annual Bonus” means the average of the annual bonuses from the Company earned by the Executive with respect to the three (3) fiscal years of Sempra Energy ending immediately preceding the Date of Termination (the “Bonus Fiscal Years”); *provided, however*, that, if the Executive was employed by the Company for less than three (3) Bonus Fiscal Years, “Average Annual Bonus” means the average of the annual bonuses (if any) from the Company earned by the Executive with respect to the Bonus Fiscal Years during which the

Executive was employed by the Company; and, *provided, further*, that, if the Executive was not employed by the Company during any of the Bonus Fiscal Years, "Average Annual Bonus" means zero (\$0).

"Cause" means:

(a) Prior to a Change in Control, (i) the Executive's willful failure to substantially perform the Executive's job duties, (ii) Executive's grossly negligent performance of the Executive's duties, (iii) the Executive's gross insubordination; (iv) the Executive's commission of one or more acts of significant dishonesty or moral turpitude (including but not limited to criminal acts involving one or more acts of moral turpitude) which have or result in an adverse effect on the Company, monetarily or otherwise; and/or (v) the Executive's serious violation of a material policy of Sempra Energy or its Affiliates that is applicable to the Executive. For purposes of clause (i) of this subsection (a), no act, or failure to act, on the Executive's part shall be deemed "willful" if due to the Executive's incapacity due to physical or mental illness, or if the Executive acted in good faith and with reasonable belief that the Executive's act, or failure to act, was in the best interests of the Company.

(b) From and after a Change in Control (or in connection with a termination occurring pursuant to Section 5(g)), (i) the Executive's willful and continued failure to substantially perform the Executive's duties with the Company (other than any such failure resulting from the Executive's incapacity due to physical or mental illness or other than any such actual or anticipated failure after the issuance by the Executive of a Notice of Termination for Good Reason pursuant to Section 2 hereof and after the Company's cure period relating to the event on which Good Reason is based, if any and if applicable, has expired) and/or (ii) the Executive's commission of one or more acts of moral turpitude that constitute a violation of applicable law (including but not limited to a felony involving one or more acts of moral turpitude) which have or result in an adverse effect on the Company, monetarily or otherwise, or one or more significant acts of dishonesty. For purposes of clause (i) of this subsection (b), no act, or failure to act, on the Executive's part shall be deemed "willful" unless done, or omitted to be done, by the Executive not in good faith and without reasonable belief that the Executive's act, or failure to act, was in the best interests of the Company. Notwithstanding the foregoing, the Executive shall not be deemed terminated for Cause pursuant to clause (i) of this subsection (b) unless and until the Executive shall have been provided with reasonable notice of and, if possible, a reasonable opportunity to cure the facts and circumstances claimed to provide a basis for termination of the Executive's employment for Cause.

"Change in Control" shall be deemed to have occurred on the date that a change in the ownership of Sempra Energy, a change in the effective control of Sempra Energy, or a change in the ownership of a substantial portion of assets of Sempra Energy occurs (each, as defined in subsection (a) below), except as otherwise provided in subsections (b), (c) and (d) below:

(a) (i) a "change in the ownership of Sempra Energy" occurs on the date that any one Person, or more than one Person acting as a Group, acquires ownership of stock of Sempra Energy that, together with stock held by such Person or Group, constitutes more than fifty percent (50%) of the total fair market value or total voting power of the stock of Sempra Energy,

(ii) a "change in the effective control of Sempra Energy" occurs only on either of the following dates:

(1) the date any one Person, or more than one Person acting as a Group, acquires (or has acquired during the twelve (12) month period ending on

the date of the most recent acquisition by such Person or Persons) ownership of stock of Sempra Energy possessing thirty percent (30%) or more of the total voting power of the stock of Sempra Energy, or

(2) the date a majority of the members of the Board is replaced during any twelve (12) month period by directors whose appointment or election is not endorsed by a majority of the members of the Board before the date of appointment or election, and

(iii) a “change in the ownership of a substantial portion of assets of Sempra Energy” occurs on the date any one Person, or more than one Person acting as a Group, acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such Person or Persons) assets from Sempra Energy that have a total gross fair market value equal to or more than eighty-five percent (85%) of the total gross fair market value of all of the assets of Sempra Energy immediately before such acquisition or acquisitions.

(b) A “change in the ownership of Sempra Energy” or “a change in the effective control of Sempra Energy” shall not occur under clause (a)(i) or (a)(ii) by reason of any of the following:

(i) an acquisition of ownership of stock of Sempra Energy directly from Sempra Energy or its Affiliates other than in connection with the acquisition by Sempra Energy or its Affiliates of a business,

(ii) a merger or consolidation which would result in the voting securities of Sempra Energy outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof), in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of the Company, at least sixty percent (60%) of the combined voting power of the securities of Sempra Energy or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, or

(iii) a merger or consolidation effected to implement a recapitalization of Sempra Energy (or similar transaction) in which no Person is or becomes the “beneficial owner” (within the meaning of Rule 13d-3 promulgated under the Exchange Act), directly or indirectly, of securities of Sempra Energy (not including the securities beneficially owned by such Person any securities acquired directly from Sempra Energy or its Affiliates other than in connection with the acquisition by Sempra Energy or its Affiliates of a business) representing twenty percent (20%) or more of the combined voting power of Sempra Energy’s then outstanding securities.

(c) A “change in the ownership of a substantial portion of assets of Sempra Energy” shall not occur under clause (a)(iii) by reason of a sale or disposition by Sempra Energy of the assets of Sempra Energy to an entity, at least sixty percent (60%) of the combined voting power of the voting securities of which are owned by shareholders of Sempra Energy in substantially the same proportions as their ownership of Sempra Energy immediately prior to such sale.

(d) This definition of “Change in Control” shall be limited to the definition of a “change in control event” with respect to the Executive and relating to Sempra Energy under Treasury Regulation Section 1.409A-3(i)(5). A Change in Control shall only occur if there is a Change in Control (as determined by the definition of Change in Control of this Agreement

without regard to this subsection (d)) and a “change in control event” relating to Sempra Energy under Treasury Regulation Section 1.409A-3(i)(5) with respect to the Executive.

“Change in Control Date” means the date on which a Change in Control occurs.

“COBRA” means coverage required by Section 4980B of the Code.

“COBRA Premium” means, with respect to the type and level of coverage provided to the Executive and his/her dependents pursuant to COBRA, the employer-paid portion of the monthly premium for such coverage as applicable for similarly-situated active employees.

“Code” means the Internal Revenue Code of 1986, as amended.

“Compensation Committee” means the compensation committee (however designated) of the Board.

“Consulting Payment” has the meaning assigned thereto in Section 14(e) hereof.

“Consulting Period” has the meaning assigned thereto in Section 14(f) hereof.

“Continued Benefits” has the meaning assigned thereto in Section 5(c) hereof.

“Controlled Group of Corporations” means a group of companies within the meaning of Section 414(b) or (c) of the Code) of which Sempra Energy is a component member, determined by applying an ownership threshold of 50%.

“Date of Termination” has the meaning assigned thereto in Section 2(b) hereof.

“Disability” has the meaning set forth in the long-term disability plan or its successor maintained by the Company entity that is the employer of the Executive; *provided, however*, that the Executive’s employment hereunder may not be terminated by reason of Disability unless (a) at the time of such termination there is no reasonable expectation that the Executive will return to work within the next ninety (90) day period and (b) such termination is permitted by all applicable disability laws.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and the applicable rulings and regulations thereunder.

“Excise Tax” has the meaning assigned thereto in Section 8(a) hereof.

“Good Reason” means:

(a) Prior to a Change in Control, the occurrence of any of the following without the prior written consent of the Executive, unless such act or failure to act is corrected by the Company prior to the Date of Termination specified in the Notice of Termination (as required under Section 2 hereof):

(i) the assignment to the Executive of any duties materially inconsistent with the range of duties and responsibilities appropriate to an executive of comparable rank within the Company (such range determined by reference to past, current and reasonable practices within the Company);

(ii) a material reduction in the Executive's overall standing and responsibilities within the Company, not including a mere change in title or a transfer within the Company, which change in title or transfer does not adversely affect the Executive's overall status within the Company in any material respect;

(iii) a material reduction by the Company in the Executive's aggregate annualized compensation and benefits opportunities, except for across-the-board reductions (or modifications of benefit plans) similarly affecting all similarly situated executives of the Company of comparable rank with the Executive;

(iv) the failure by the Company to pay to the Executive any portion of the Executive's current compensation and benefits or any portion of an installment of deferred compensation under any deferred compensation program of the Company within thirty (30) days of the date such compensation is due;

(v) any purported termination of the Executive's employment that is not effected pursuant to a Notice of Termination satisfying the requirements of Section 2 hereof;

(vi) the failure by Sempra Energy to perform its obligations under Section 16(c) or (d) hereof;

(vii) the failure by the Company to provide the indemnification and D&O insurance protection Section 10 of this Agreement requires it to provide; or

(viii) the failure by Sempra Energy (or any of the entities comprising the Company, as applicable) to comply with any material provision of this Agreement.

(b) From and after a Change in Control (or in connection with a termination occurring pursuant to Section 5(g)), the occurrence of any of the following without the prior written consent of the Executive, unless such act or failure to act is corrected by the Company prior to the Date of Termination specified in the Notice of Termination (as required under Section 2 hereof):

(i) an adverse change in the Executive's title, authority, duties, responsibilities or reporting lines as in effect immediately prior to the Change in Control;

(ii) a reduction by the Company in the Executive's aggregate annualized compensation opportunities, except for across-the-board reductions in base salaries, annual bonus opportunities or long-term incentive compensation opportunities of less than ten percent (10%) similarly affecting all similarly situated executives (including, if applicable, of the Person then in control of Sempra Energy) of comparable rank with the Executive; or the failure by the Company to continue in effect any material benefit plan in which the Executive participates immediately prior to the Change in Control, unless an equitable arrangement (embodied in an ongoing substitute or alternative plan) has been made with respect to such plan, or the failure by the Company to continue the Executive's participation therein (or in such substitute or alternative plan) on a basis not materially less favorable, both in terms of the amount of benefits provided and the level of the Executive's participation relative to other participants, as existed at the time of the Change in Control;

(iii) the relocation of the Executive's principal place of employment immediately prior to the Change in Control Date (the "Principal Location") to a location which is both further away from the Executive's residence and more than thirty (30) miles from such Principal Location, or the Company's requiring the Executive to be based anywhere other than such Principal Location (or permitted relocation thereof), or a substantial increase in the

Executive's business travel obligations outside of the Southern California area as of immediately prior to the Change in Control (without regard to any changes therein in anticipation of the Change in Control) other than any such increase that (A) arises in connection with extraordinary business activities of the Company of limited duration and (B) is understood not to be part of the Executive's regular duties with the Company;

(iv) the failure by the Company to pay to the Executive any portion of the Executive's current compensation and benefits or any portion of an installment of deferred compensation under any deferred compensation program of the Company within thirty (30) days of the date such compensation is due;

(v) any purported termination of the Executive's employment that is not effected pursuant to a Notice of Termination satisfying the requirements of Section 2 hereof;

(vi) the failure by Sempra Energy to perform its obligations under Section 16(c) or (d) hereof;

(vii) the failure by the Company to provide the indemnification and D&O insurance protection Section 10 of this Agreement requires it to provide; or

(viii) the failure by Sempra Energy (or any of the entities comprising the Company, as applicable) to comply with any material provision of this Agreement.

Following a Change in Control, the Executive's determination that an act or failure to act constitutes Good Reason shall be presumed to be valid unless such determination is deemed to be unreasonable by an arbitrator pursuant to the procedure described in Section 13 hereof. The Executive's right to terminate the Executive's employment for Good Reason shall not be affected by the Executive's incapacity due to physical or mental illness. The Executive's continued employment shall not constitute consent to, or a waiver of rights with respect to, any act or failure to act constituting Good Reason hereunder.

"Group" shall have the meaning of such term as used in Rule 13d-5(b)(1) promulgated under the Exchange Act.

"Incentive Compensation Awards" means awards granted under Incentive Compensation Plans providing the Executive with the opportunity to earn, on a year-by-year basis, annual and long-term incentive compensation.

"Incentive Compensation Plans" means annual incentive compensation plans and long-term incentive compensation plans of the Company, which long-term incentive compensation plans may include plans offering stock options, restricted stock, units and other long-term incentive compensation.

"Involuntary Termination" means (a) the Executive's Separation from Service by reason other than for Cause, death, Disability, or Mandatory Retirement, or (b) the Executive's Separation from Service by reason of resignation of employment for Good Reason.

"JAMS" has the meaning assigned thereto in Section 13(c) hereof.

"Mandatory Retirement" means termination of employment pursuant to the Company's mandatory retirement policy.

"Medical Continuation Benefits" has the meaning assigned thereto in Section 4(c) hereof.

“Notice of Termination” has the meaning assigned thereto in Section 2(a) hereof.

“Payment” has the meaning assigned thereto in Section 8(a) hereof.

“Payment in Lieu of Notice” has the meaning assigned thereto in Section 2(b) hereof.

“Person” means any individual, corporation, partnership limited liability company, estate, trust, or other entity, including a “Group”.

“Post-Change in Control Severance Payment” has the meaning assigned thereto in Section 5 hereof.

“Pre-Change in Control Severance Payment” has the meaning assigned thereto in Section 4 hereof.

“Principal Location” has the meaning assigned thereto in clause (b)(iii) of the definition of Good Reason, above.

“Proprietary Information” has the meaning assigned thereto in Section 14(a) hereof.

“Pro Rata Bonus” means a severance amount equal to the greater of (a) the Executive’s Target Bonus as in effect immediately prior to the Change in Control or on the Date of Termination, whichever is greater, or (b) the Executive’s Average Annual Bonus, multiplied by a fraction, (X) the numerator of which shall be the number of days from the beginning of such fiscal year to and including the Date of Termination and (Y) the denominator of which shall be three hundred sixty-five (365).

“Release” has the meaning assigned thereto in Section 4 hereof. The Release is not a condition of employment or continued employment or a condition of receiving a raise or a bonus.

“Release Requirements” has the meaning assigned thereto in Section 4 hereof.

“Section 409A Payments” means any payments under this Agreement which are subject to Section 409A of the Code.

“Sempra Energy Control Group” means Sempra Energy and all Persons with whom Sempra Energy would be considered a single employer under Section 414(b) or (c) of the Code, as determined from time to time.

“Separation from Service” has the meaning set forth in Treasury Regulation Section 1.409A-1(h).

“SERP” has the meaning assigned thereto in Section 5(b) hereof.

“Specified Employee” shall be determined in accordance with Section 409A(a)(2)(B)(i) of the Code and Treasury Regulation Section 1.409A-1(i).

“Target Bonus” means, for any year, the target annual bonus from the Company that may be earned by the Executive for such year (regardless of the actual annual bonus earned, if any); *provided, however*, that if, as of the Date of Termination, a target annual bonus has not



been established for the Executive for the year in which the Date of Termination occurs, the “Target Bonus” as of the Date of Termination shall be equal to the target annual bonus, if any, for the immediately preceding fiscal year of Sempra Energy.

For purposes of this Agreement, references to any “Treasury Regulation” shall mean such Treasury Regulation as in effect on the date hereof.

**Section 2.** Notice and Date of Termination.

(a) Any termination of the Executive’s employment by the Company or by the Executive shall be communicated by a written notice of termination to the other party (the “Notice of Termination”). Where applicable, the Notice of Termination shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive’s employment under the provision so indicated. Unless the Board or a committee thereof, in writing, provides a longer notice period, a Notice of Termination by the Executive alleging a termination for Good Reason must be made within one hundred eighty (180) days of the act or failure to act that the Executive alleges to constitute Good Reason.

(b) The date of the Executive’s termination of employment with the Company (the “Date of Termination”) shall be determined as follows: (i) if the Executive’s Separation from Service is at the volition of the Company, then the Date of Termination shall be the date specified in the Notice of Termination (which, in the case of a termination by the Company other than for Cause, shall not be less than two (2) weeks from the date such Notice of Termination is given unless the Company elects to pay the Executive, in addition to any other amounts payable hereunder, an amount (the “Payment in Lieu of Notice”) equal to two (2) weeks of the Executive’s Annual Base Salary in effect on the Date of Termination), and (ii) if the Executive’s Separation from Service is by the Executive for Good Reason, the Date of Termination shall be determined by the Executive and specified in the Notice of Termination, but in no event be less than fifteen (15) days nor more than sixty (60) days after the date such Notice of Termination is given. The Payment in Lieu of Notice shall be paid on such date as is required by law, but no later than thirty (30) days after the date of the Executive’s Separation from Service.

**Section 3.** Termination from the Board. Upon the termination of the Executive’s employment for any reason, the Executive’s membership on the Board, the board of directors of any Affiliates of Sempra Energy, any committees of the Board and any committees of the board of directors of any of the Affiliates of Sempra Energy, if applicable, shall be automatically terminated and the Executive agrees to promptly take any and all actions (including resigning) required by Sempra Energy or any of its Affiliates to evidence and effect such termination of membership.

**Section 4.** Severance Benefits upon Involuntary Termination Prior to Change in Control. Except as provided in Sections 5(g) and 19(i) hereof, in the event of the Involuntary Termination of the Executive prior to a Change in Control, Sempra Energy shall, or shall cause one of its Affiliates that is the employer of the Executive to, pay the Executive, in one lump sum cash payment, an amount (the “Pre-Change in Control Severance Payment”) equal to one-half (0.5) times the sum of (X) the Executive’s Annual Base Salary as in effect on the Date of Termination plus (Y) an amount equal to the greater of (I) his/her Average Annual Bonus or (II) the Target Bonus in effect on the Date of Termination. In addition to the Pre-Change in Control Severance Payment, the Executive shall be entitled to the following additional benefits specified in Section 4(a) through (e). The Company’s obligation to pay the Pre-Change in Control Severance Payment or provide the benefits set forth in Section 4(c), (d) and (e) is subject to and

conditioned upon the Executive's satisfaction of the Release Requirements. The Pre-Change in Control Severance Payment shall be paid on the sixtieth (60<sup>th</sup>) day (or if the sixtieth (60<sup>th</sup>) day falls on a weekend or banking holiday, the next succeeding business day) after the date of the Involuntary Termination (the "Payment Date"), *provided* that the Release Requirements are satisfied on or before the Payment Date and remain satisfied on the Payment Date. If the Release Requirements are not satisfied on the Payment Date, no Pre-Change in Control Severance Payment shall be paid hereunder and none of the benefits described in Section 4(c), (d) or (e) shall be provided, and the Executive shall have no right to the Pre-Change in Control Severance Payment or the applicable benefits. The "Release Requirements" will be satisfied if, on the Payment Date, the Executive has executed a release of all claims substantially in the form attached hereto as Exhibit A (the "Release"), the revocation period required by applicable law has expired, and the Executive has not revoked the Release and the Release is effective. If the Release Requirements are satisfied on a date prior to the Payment Date, any portion of the Pre-Change in Control Severance Payment or the applicable benefits that are not subject to Section 409A of the Code can be paid on a date prior to the Payment Date, as determined in the sole discretion of Sempra Energy (and in no event shall the Executive be able to elect the date of payment). If the period in which the Release Requirements could be satisfied spans more than one taxable year, then the Pre-Change in Control Severance Payment shall not be made until the later taxable year.

(a) Accrued Obligations. The Company shall pay the Executive a lump sum amount in cash equal to Accrued Obligations within the time prescribed by law.

(b) Equity-Based Compensation. The Executive shall retain all rights to any equity-based compensation awards to the extent set forth in the applicable plan and/or award agreement.

(c) Welfare Benefits. Subject to the terms and conditions of this Agreement, if the Executive (and, to the extent applicable, his/her eligible dependents) is eligible to and elects COBRA coverage in connection with the Executive's Involuntary Termination, then the Executive (and the Executive's dependents who have elected COBRA coverage) shall be provided with group medical benefits as required by COBRA ("Medical Continuation Benefits") on substantially the same terms and conditions and at the same cost to the Executive as apply to similarly-situated active employees of the Company for the same type and level of coverage. The Medical Continuation Benefits shall be provided for a period of up to six (6) months following the date of the Involuntary Termination (and up to an additional twelve (12) months if the Executive provides consulting services under Section 14(f) hereof); *provided, however*, that (i) the Medical Continuation Benefits (including any Medical Continuation Benefits that are provided pursuant to this Section 4(c) for periods after the maximum COBRA coverage period) shall be provided on the same terms and conditions that apply to COBRA coverage (including termination thereof), (ii) if the Medical Continuation Benefits are to be provided pursuant to this Section 4(c) past the maximum COBRA coverage period, Sempra Energy may, in its sole discretion, provide or cause to be provided to the Executive, in lieu of the Medical Continuation Benefits for any period in excess of the maximum COBRA coverage period, a taxable monthly cash payment in an amount equal to the COBRA Premium, and (iii) the Medical Continuation Benefits shall be provided in a manner that complies with Treasury Regulation Section 1.409A-1(a)(5). Notwithstanding the foregoing, if Sempra Energy determines in its sole discretion that the Medical Continuation Benefits cannot be provided without potentially violating applicable law (including, without limitation, Section 2716 of the Public Health Service

Act) or that the provision of Medical Continuation Benefits under this Agreement would subject Sempra Energy or any of its Affiliates to a material tax or penalty, (A) the Executive shall be provided, in lieu thereof, with a taxable monthly payment in an amount equal to the COBRA Premium or (B) Sempra Energy shall have the authority to amend the Agreement to the limited extent reasonably necessary to avoid such violation of law or tax or penalty and shall use all reasonable efforts to provide the Executive with a comparable benefit that does not violate applicable law or subject Sempra Energy or any of its Affiliates to such tax or penalty. Any Medical Continuation Benefits provided pursuant to this Section 4(c) shall be co-extensive with (and not in addition to) any benefits to which the Executive (and the Executive's covered dependents) may be entitled under COBRA or similar provisions of applicable state law.

(d) Outplacement Services. The Executive shall receive reasonable outplacement services, on an in-kind basis, suitable to the Executive's position and directly related to the Executive's Involuntary Termination, for a period of eighteen (18) months following the date of the Involuntary Termination, in an aggregate amount of cost to the Company not to exceed \$50,000. Notwithstanding the foregoing, the Executive shall cease to receive outplacement services on the date the Executive accepts employment with a subsequent employer. Such outplacement services shall be provided in a manner that complies with Treasury Regulation Section 1.409A-1(b)(9)(v)(A).

(e) Financial Planning Services. The Executive shall receive financial planning services, on an in-kind basis, for a period of eighteen (18) months following the Date of Termination. Such financial planning services shall include expert financial and legal resources to assist the Executive with financial planning needs and shall be limited to (i) current investment portfolio management, (ii) tax planning, (iii) tax return preparation, and (iv) estate planning advice and document preparation (including wills and trusts); *provided, however*, that the Company shall provide such financial planning services during any taxable year of the Executive only to the extent the cost to the Company for such taxable year does not exceed \$25,000. The Company shall provide such financial planning services through a financial planner selected by the Company, and shall pay the fees for such financial planning services. The financial planning services provided during any taxable year of the Executive shall not affect the financial planning services provided in any other taxable year of the Executive. The Executive's right to financial planning services shall not be subject to liquidation or exchange for any other benefit. Such financial planning services shall be provided in a manner that complies with Treasury Regulation Section 1.409A-3(i)(1)(iv).

**Section 5.** Severance Benefits upon Involuntary Termination in Connection with and after Change in Control. Notwithstanding the provisions of Section 4 above, and except as provided in Section 19(i) hereof, in the event of the Involuntary Termination of the Executive on or within two (2) years following a Change in Control, in lieu of the payments described in Section 4 above, Sempra Energy shall, or shall cause one of its Affiliates that is the employer of the Executive to, pay the Executive, in one lump sum cash payment, an amount (the "Post-Change in Control Severance Payment") equal to (a) the Pro Rata Bonus plus (b) the sum of (X) the Executive's Annual Base Salary as in effect immediately prior to the Change in Control or on the Date of Termination, whichever is greater, plus (Y) an amount equal to the greater of (I) the Executive's Target Bonus determined immediately prior to the Change in Control or the Date of Termination, whichever is greater and (II) the Executive's Average Annual Bonus. In addition to the Post-Change in Control Severance Payment, the Executive shall be entitled to the

following additional benefits specified in Section 5(a) through (f). The Company's obligation to pay the Post-Change in Control Severance Payment or provide the benefits set forth in Section 5(b), (c), (d), (e), and (f) is subject to and conditioned upon the Executive's satisfaction of the Release Requirements. Except as provided in Section 5(g), the Post-Change in Control Severance Payment and the payments under Section 5(b) shall be paid on the Payment Date provided that the Release Requirements are satisfied on or before the Payment Date and remain satisfied on the Payment Date. If the Release Requirements are not satisfied on the Payment Date, no Post-Change in Control Severance Payment shall be paid hereunder and none of the benefits described in Section 5(b), (c), (d), (e) or (f) shall be provided, and the Executive shall have no right to the Pre-Change in Control Severance Payment or the applicable benefits. If the Release Requirements are satisfied on a date prior to the Payment Date, any portion of the Post-Change in Control Severance Payment or the applicable benefits that are not subject to Section 409A of the Code can be paid on a date prior to the Payment Date, as determined in the sole discretion of Sempra Energy (and in no event shall the Executive be able to elect the date of payment). If the period in which Release Requirements could be satisfied spans more than one taxable year, then the Post-Change in Control Severance Payment and applicable benefits shall not be made until the later taxable year.

(a) Accrued Obligations. The Company shall pay the Executive a lump sum amount in cash equal to the Accrued Obligations within the time required by law and, to the extent applicable, in accordance with the applicable plan, policy or arrangement pursuant to which such payments are to be made.

(b) Pension Supplement. The Executive shall be entitled to receive a "Supplemental Retirement Benefit" under the Sempra Energy Supplemental Executive Retirement Plan, as in effect from time to time ("SERP"), determined in accordance with this Section 5(b), in the event that the Executive is a "Participant" (as defined in the SERP) as of the Date of Termination. Such Supplemental Retirement Benefit shall be determined by crediting the Executive with additional months of "Service" (as defined in the SERP) (if any) equal to the number of full calendar months from the Date of Termination to the date on which the Executive would have attained age sixty-two (62). The Executive shall be entitled to receive such Supplemental Retirement Benefit without regard to whether the Executive has attained age fifty-five (55) or completed five (5) years of Service as of the Date of Termination. The Executive shall be treated as qualified for "Retirement" (as defined in the SERP) as of the Date of Termination, and the Executive's "Vesting Factor" with respect to the Supplemental Retirement Benefit shall be one hundred percent (100%). The Executive's Supplemental Retirement Benefit shall be calculated based on the Executive's actual age as of the date of commencement of payment of such Supplemental Retirement Benefit (the "SERP Distribution Date"), and by applying the applicable early retirement factors under the SERP, if the Executive has not attained age sixty-two (62) but has attained age fifty-five (55) as of the SERP Distribution Date. If the Executive has not attained age fifty-five (55) as of the SERP Distribution Date, the Executive's Supplemental Retirement Benefit shall be calculated by applying the applicable early retirement factor under the SERP for age fifty-five (55), and the Supplemental Retirement Benefit otherwise payable at age fifty-five (55) shall be actuarially adjusted to the Executive's actual age as of the SERP Distribution Date using the following actuarial assumptions: (i) the applicable mortality table promulgated by the Internal Revenue Service under Section 417(e)(3) of the Code, as in effect on the first (1st) day of the calendar year in which the SERP Distribution Date occurs, and (ii) the applicable interest rate promulgated by the Internal Revenue Service under Section 417(e)(3) of the Code for the November next preceding the first day of the calendar year in

which the SERP Distribution Date occurs. The Executive's Supplemental Retirement Benefit shall be determined in accordance with this Section 5(b), notwithstanding any contrary provisions of the SERP and, to the extent subject to Section 409A of the Code, shall be paid in accordance with Treasury Regulation Section 1.409A-3(c)(1). The Supplemental Retirement Benefit paid to or on behalf of the Executive in accordance with this Section 5(b) shall be in full satisfaction of any and all of the benefits payable to or on behalf of the Executive under the SERP.

(c) Equity-Based Compensation. Notwithstanding the provisions of any applicable equity-based compensation plan or award agreement to the contrary, all equity-based Incentive Compensation Awards (including, without limitation, stock options, stock appreciation rights, restricted stock awards, restricted stock units, performance share awards, and dividend equivalents) held by the Executive shall immediately vest and become exercisable or payable, as the case may be, as of the Date of Termination, to be exercised or paid, as the case may be, in accordance with the terms of the applicable Incentive Compensation Plan and Incentive Compensation Award agreement, and any restrictions on any such Incentive Compensation Awards shall automatically lapse; *provided, however*, that, in the case of any stock option or stock appreciation rights awards that remain outstanding on the Date of Termination, such stock options and stock appreciation rights shall remain exercisable until the earlier of (i) the later of eighteen (18) months following the Date of Termination or the period specified in the applicable Incentive Compensation Award agreement or (ii) the expiration of the original term of such Incentive Compensation Award (or, if earlier, the tenth (10th) anniversary of the original date of grant) (it being understood that all Incentive Compensation Awards shall remain outstanding and exercisable for a period that is no less than that provided for in the applicable agreement in effect as of the date of grant).

(d) Welfare Benefits. Subject to the terms and conditions of this Agreement, the Executive and the Executive's dependents shall be provided with life, disability, accident and Medical Continuation Benefits (which benefits are collectively referred to herein as "Continued Benefits") which are substantially similar to those provided to the Executive and the Executive's dependents immediately prior to the date of Involuntary Termination or the Change in Control Date, whichever is more favorable to the Executive; *provided, however*, that the Medical Continuation Benefits shall be provided pursuant to this Section 5(d) only if the Executive (and, to the extent applicable, his/her eligible dependents) is eligible to and elects COBRA coverage in connection with the Executive's Involuntary Termination, the Medical Continuation Benefits shall be provided in accordance with COBRA, and the Medical Continuation Benefits shall be provided on substantially the same terms and conditions and at the same cost to the Executive as apply to similarly-situated active employees of the Company for the same type and level of coverage. The Continued Benefits shall be provided for a period of up to twelve (12) months following the date of the Involuntary Termination (and up to an additional twelve (12) months if the Executive provides consulting services under Section 14(f) hereof); *provided, however*, that (i) the Medical Continuation Benefits (including any Medical Continuation Benefits that are provided pursuant to this Section 5(d) for periods after the maximum COBRA coverage period) shall be provided on the same terms and conditions that apply to COBRA coverage (including termination thereof), (ii) if the Medical Continuation Benefits are to be provided pursuant to this Section 5(d) past the maximum COBRA coverage period, Sempra Energy may, in its sole discretion, provide or cause to be provided to the Executive, in lieu of the Medical Continuation Benefits for any period in excess of the maximum COBRA coverage period, a taxable monthly cash payment in an amount equal to the COBRA Premium, and (iii) the Medical Continuation Benefits shall be provided in a manner that complies with Treasury Regulation Section 1.409A-1(a)(5) and the Continued Benefits will be provided in a manner that complies with

Section 409A of the Code. Notwithstanding the foregoing, if Sempra Energy determines in its sole discretion that the Medical Continuation Benefits cannot be provided without potentially violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act) or that the provision of Medical Continuation Benefits under this Agreement would subject Sempra Energy or any of its Affiliates to a material tax or penalty, (A) the Executive shall be provided, in lieu thereof, with a taxable monthly payment in an amount equal to the COBRA Premium or (B) Sempra Energy shall have the authority to amend the Agreement to the limited extent reasonably necessary to avoid such violation of law or tax or penalty and shall use all reasonable efforts to provide the Executive with a comparable benefit that does not violate applicable law or subject Sempra Energy or any of its Affiliates to such tax or penalty. Any Medical Continuation Benefits provided pursuant to this Section 5(d) shall be co-extensive with (and not in addition to) any benefits to which the Executive (and the Executive's covered dependents) may be entitled under COBRA or similar provisions of applicable state law.

(e) Outplacement Services. The Executive shall receive reasonable outplacement services, on an in-kind basis, suitable to the Executive's position and directly related to the Executive's Involuntary Termination, for a period of twenty-four (24) months following the date of Involuntary Termination (but in no event beyond the last day of the Executive's second (2nd) taxable year following the Executive's taxable year in which the Involuntary Termination occurs), in the aggregate amount of cost to the Company not to exceed \$50,000. Notwithstanding the foregoing, the Executive shall cease to receive outplacement services on the date the Executive accepts employment with a subsequent employer. Such outplacement services shall be provided in a manner that complies with Treasury Regulation Section 1.409A-1(b)(9)(v)(A).

(f) Financial Planning Services. The Executive shall receive financial planning services, on an in-kind basis, for a period of twenty-four (24) months following the date of Involuntary Termination. Such financial planning services shall include expert financial and legal resources to assist the Executive with financial planning needs and shall be limited to (i) current investment portfolio management, (ii) tax planning, (iii) tax return preparation, and (iv) estate planning advice and document preparation (including wills and trusts); *provided, however*, that the Company shall provide such financial services during any taxable year of the Executive only to the extent the cost to the Company for such taxable year does not exceed \$25,000. The Company shall provide such financial planning services through a financial planner selected by the Company, and shall pay the fees for such financial planning services. The financial planning services provided during any taxable year of the Executive shall not affect the financial planning services provided in any other taxable year of the Executive. The Executive's right to financial planning services shall not be subject to liquidation or exchange for any other benefit. Such financial planning services shall be provided in a manner that complies with Section 1.409A-3(i)(1)(iv).

(g) Involuntary Termination in Connection with a Change in Control. Notwithstanding anything contained herein, in the event of an Involuntary Termination prior to a Change in Control, if the Involuntary Termination (i) was at the request of a third party who has taken steps reasonably calculated to effect such Change in Control or (ii) otherwise arose in connection with or in anticipation of such Change in Control, then the Executive shall, in lieu of the payments described in Section 4 hereof, be entitled to the Post-Change in Control Severance Payment and the additional benefits described in this Section 5 as if such Involuntary Termination had occurred within two (2) years following the Change in Control. The amounts specified in Section 5 that are to be paid under this Section 5(g) shall be reduced by any amount previously paid under Section 4. The amounts to be paid under this Section 5(g) shall be paid

within sixty (60) days after the Change in Control Date of such Change in Control unless otherwise required by Section 409A of the Code.

**Section 6.** Severance Benefits upon Termination by the Company for Cause or by the Executive Other than for Good Reason. If the Executive's employment shall be terminated for Cause, or if the Executive terminates employment other than for Good Reason, the Company shall have no further obligations to the Executive under this Agreement other than the pre-Change in Control Accrued Obligations and any amounts or benefits described in Section 10 hereof.

**Section 7.** Severance Benefits upon Termination due to Death or Disability. If the Executive has a Separation from Service by reason of death or Disability, the Company shall pay the Executive or the Executive's estate, as the case may be, the Accrued Obligations and a severance amount equal to the Pro Rata Bonus (without regard to whether a Change in Control has occurred) and any amounts or benefits described in Section 10 hereof. Such payments shall be in addition to those rights and benefits to which the Executive or the Executive's estate may be entitled under the relevant Company plans or programs. The Company's obligation to pay the severance amount pursuant to this Section 7 is conditioned upon satisfaction of the Release Requirements by the Executive, the Executive's representative or the Executive's estate, as the case may be. The Accrued Obligations shall be paid within the time required by law and the severance amount payable pursuant to this Section 7 shall be paid on the Payment Date *provided* that the Release Requirements are satisfied on or prior to the Payment Date. If the Release Requirements are not satisfied on or prior to the Payment Date, no severance payment shall be provided hereunder and neither the Executive nor the Executive's estate, as the case may be, will have any right to the severance payment. If the Release Requirements are satisfied on a date prior to the Payment Date, any portion of the severance benefit pursuant to this Section 7 that is not subject to Section 409A of the Code can be paid on a date prior to the Payment Date, as determined in the sole discretion of Sempra Energy (and in no event shall the Executive or the Executive's estate, as applicable, be able to elect the date of payment). If the period in which Release Requirements could be satisfied spans more than one taxable year, then the severance payment pursuant to this Section 7 shall not be made until the later taxable year.

**Section 8.** Limitation on Payments by the Company.

(a) Anything in this Agreement to the contrary notwithstanding and except as set forth in this Section 8 below, in the event it shall be determined that any payment or distribution "in the nature of compensation" (within the meaning of Section 280G(b)(2) of the Code) to or for the benefit of the Executive, whether paid or payable pursuant to this Agreement or otherwise (the "Payment") would be subject (in whole or in part) to the excise tax imposed by Section 4999 of the Code, (the "Excise Tax"), then, subject to Section 8(b), the Pre-Change in Control Severance Payment or the Post-Change in Control Severance Payment (whichever is applicable) payable under this Agreement shall be reduced under this Section 8(a) to the amount equal to the Reduced Payment. For such Payment payable under this Agreement, the "Reduced Payment" shall be the amount equal to the greatest portion of the Payment (which may be zero (\$0)) that, if paid, would result in no portion of any Payment being subject to the Excise Tax.

(b) The Pre-Change in Control Severance Payment or the Post-Change in Control Severance Payment (whichever is applicable) payable under this Agreement shall not be reduced under Section 8(a) if:

(i) such reduction in such Payment is not sufficient to cause no portion of any Payment to be subject to the Excise Tax, or

(ii) the Net After-Tax Unreduced Payments (as defined below) would equal or exceed one hundred five percent (105%) of the Net After-Tax Reduced Payments (as defined below).

For purposes of determining the amount of any Reduced Payment under Section 8(a), and the Net-After Tax Reduced Payments and the Net After-Tax Unreduced Payments, the Executive shall be considered to pay federal, state and local income and employment taxes at the Executive's applicable marginal rates taking into consideration any reduction in federal income taxes which could be obtained from the deduction of state and local income taxes, and any reduction or disallowance of itemized deductions and personal exemptions under applicable tax law). The applicable federal, state and local income and employment taxes and the Excise Tax (to the extent applicable) are collectively referred to as the "Taxes."

(c) For purposes of determining the amount of any Reduced Payment under this Section 8, the amount of any Payment shall be reduced in the following order:

(i) first, by reducing the amounts of parachute payments that would not constitute deferred compensation subject to Section 409A of the Code;

(ii) next, if after the reduction described in Section 8(c)(i), additional reductions are required, then by reducing the cash portion of the Payment that constitutes "deferred compensation" (within the meaning of Section 409A) subject to Section 409A, with the reductions to be applied first to the portion of the Payment scheduled for the latest distribution date, and then applied to distributions scheduled for progressively earlier distribution dates, to the extent necessary to decrease the Payment as required under this Section 8; and

(iii) next, if after the reduction described in Section 8(c)(ii), additional reductions are required, then, by reducing the non-cash portion of the Payment that constitutes deferred compensation (within the meaning of Section 409A) subject to Section 409A, with the reductions to be applied first to the portion of the Payment scheduled for the latest distribution date, and then applied to distributions scheduled for progressively earlier distribution dates, to the extent necessary to decrease the Payment as required under this Section 8.

(d) The following definitions shall apply for purposes of this Section 8:

(i) "Net After-Tax Reduced Payments" shall mean the total amount of all Payments that the Executive would retain, on a Net After-Tax Basis, in the event that the Payments payable under this Agreement are reduced pursuant to Section 8(a).

(ii) "Net After-Tax Unreduced Payments" shall mean the total amount of all Payments that the Executive would retain, on a Net After-Tax Basis, in the event that the Payments payable under this Agreement are not reduced pursuant to Section 8(a).

(iii) "Net After-Tax Basis" shall mean, with respect to the Payments, either with or without reduction under Section 8(a) (as applicable), the amount that would be retained by the Executive from such Payments after the payment of all Taxes.

(e) All determinations required to be made under this Section 8 and the assumptions to be utilized in arriving at such determinations, shall be made by a nationally recognized accounting firm as may be agreed by the Company and the Executive (the "Accounting Firm"); *provided*, that the Accounting Firm's determination shall be made based upon "substantial authority" within the meaning of Section 6662 of the Code. The Accounting



Firm shall provide detailed supporting calculations to both the Company and the Executive within fifteen (15) business days of the receipt of notice from the Executive that there has been a Payment or such earlier time as is requested by the Company. All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any determination by the Accounting Firm shall be binding upon the Company and the Executive. For purposes of determining whether and the extent to which the Payments will be subject to the Excise Tax, (i) no portion of the Payments the receipt or enjoyment of which the Executive shall have waived at such time and in such manner as not to constitute a “payment” within the meaning of Section 280G(b) of the Code shall be taken into account, (ii) no portion of the Payments shall be taken into account which, in the written opinion of the Accounting Firm, does not constitute a “parachute payment” within the meaning of Section 280G(b)(2) of the Code (including by reason of Section 280G(b)(4)(A) of the Code) and, in calculating the Excise Tax, no portion of such Payments shall be taken into account which, in the opinion of the Accounting Firm, constitutes “reasonable compensation” for services actually rendered, within the meaning of Section 280G(b)(4)(B) of the Code, in excess of the “base amount” (as defined in Section 280G(b)(3) of the Code) allocable to such reasonable compensation, and (iii) the value of any non-cash benefit or any deferred payment or benefit included in the Payments shall be determined by the Accounting Firm in accordance with the principles of Section 280G(d)(3) and (4) of the Code.

**Section 9.** Delayed Distribution under Section 409A of the Code. Notwithstanding any other provision of this Agreement to the contrary, if the Executive is a Specified Employee on the date of the Executive’s Involuntary Termination (or on the date of the Executive’s Separation from Service by reason of Disability), the Section 409A Payments which are payable upon Separation from Service shall be delayed to the extent necessary in order to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code, and such delayed payments or benefits shall be paid or distributed to the Executive during the thirty (30) day period commencing on the earlier of (a) the expiration of the six (6) month period measured from the date of the Executive’s Separation from Service or (b) the date of the Executive’s death. Upon the expiration of the applicable six (6) month period, all payments deferred pursuant to this Section 9 (excluding in-kind benefits) shall be paid in a lump sum payment to the Executive, plus interest thereon from the date of the Executive’s Involuntary Termination through the payment date at an annual rate equal to Moody’s Rate. The “Moody’s Rate” shall mean the average of the daily Moody’s Corporate Bond Yield Average – Monthly Average Corporates as published by Moody’s Investors Service, Inc. (or any successor) for the month next preceding the Date of Termination. Any remaining payments due under the Agreement shall be paid as otherwise provided herein.

**Section 10.** Nonexclusivity of Rights. Nothing in this Agreement shall prevent or limit the Executive’s continuing or future participation in any benefit, plan, program, policy or practice provided by the Company and for which the Executive may qualify (except with respect to any benefit to which the Executive has waived the Executive’s rights in writing), including, without limitation, any and all indemnification arrangements in favor of the Executive (whether under agreements or under the Company’s charter documents, bylaws, or otherwise), and insurance policies covering the Executive, nor shall anything herein limit or otherwise affect such rights as the Executive may have under any other contract or agreement entered into after the Effective Date with the Company. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any benefit, plan, policy, practice or program of, or any contract or agreement entered into with, the Company shall be payable in accordance with such benefit, plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement. At all times during the Executive’s employment with the Company and thereafter, the Company shall provide (to the extent permissible under applicable law) the Executive with indemnification and D&O insurance insuring the Executive against insurable events which occur or have occurred while the Executive was a director or officer of the

Company, that with respect to such insurance is on terms and conditions that, to the extent reasonably practical, are at least as generous as that then currently provided to any other similarly situated current or former director or officer of the Company or any Affiliate. Such indemnification and D&O insurance shall be provided in a manner that complies with Treasury Regulation Section 1.409A-1(b)(10).

**Section 11. Clawbacks.** Notwithstanding anything herein to the contrary, (a) if Sempra Energy determines prior to a Change in Control, in its good faith judgment, that the Executive is required to forfeit or to make any repayment of any compensation or benefit(s) to the Company under the Sarbanes-Oxley Act of 2002 or pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act or any other law or listing standards of the national securities exchange that maintains the principal listing for any class of Sempra Energy's common equity or pursuant to any formal policy of Sempra Energy, or (b) if an arbitrator or court determines following a Change in Control that the Executive is required to forfeit or to make any repayment of any compensation or benefit(s) to the Company under the Sarbanes-Oxley Act of 2002 or pursuant to the Dodd Frank Wall Street Reform and Consumer Protection Act or any other law or listing standards of the national securities exchange that maintains the principal listing for any class of Sempra Energy's common equity, such forfeiture or repayment shall not constitute Good Reason.

**Section 12. Full Settlement; Mitigation.** The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Executive or others, provided that nothing herein shall preclude the Company from separately pursuing recovery from the Executive based on any such claim. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts (including amounts for damages for breach) payable to the Executive under any of the provisions of this Agreement, and such amounts shall not be reduced whether or not the Executive obtains other employment.

**Section 13. Dispute Resolution and Arbitration.**

(a) If any dispute arises between the Executive and Sempra Energy or any of its Affiliates, including, but not limited to, disputes relating to or arising out of this Agreement, disputes relating to or arising out of the Executive's employment and/or the termination thereof, and/or disputes regarding the interpretation, enforceability, or validity of this Agreement ("Arbitrable Dispute"), the Executive and Sempra Energy mutually agree to waive their respective rights to resolution of disputes through litigation in a judicial forum and agree to resolve any Arbitrable Dispute through **final and binding arbitration** as set forth below, except as prohibited by law. Arbitration shall be the exclusive remedy for any Arbitrable Dispute. Accordingly, this agreement to arbitrate applies with respect to all Arbitrable Disputes, whether initiated by Executive or Sempra Energy. Any Arbitrable Dispute will be decided by an arbitrator through individual arbitration and not by way of court or jury trial. **Sempra Energy and the Executive waive any right to a jury trial or a court bench trial.**

(b) Sempra Energy and the Executive agree to bring any dispute in arbitration in an individual capacity only:

Sempra Energy and the Executive hereby waive any right for any dispute to be brought, maintained, heard, decided or arbitrated as a class and/or collective action and the arbitrator will have no authority to hear or preside over any such action ("Class Action Waiver"). The Executive understands and agrees that the Executive and Sempra Energy are waiving the right to pursue or have a dispute resolved as a plaintiff or class member in any purported class, collective or representative proceeding. To the extent the Class Action Waiver is determined to be invalid,

unenforceable, or void, any class and/or collective action must proceed in a court of law and not in arbitration.

Notwithstanding any other provision of this Agreement, to the fullest extent permitted by law, the Executive and Sempra Energy (1) agree not to bring a representative action on behalf of others under the Private Attorneys General Act of 2004 (“PAGA”), California Labor Code § 2698 *et seq.*, in any court or in arbitration, and (2) agree that, for any claim brought on a private attorney general basis, including under the California PAGA, any such dispute shall be resolved in arbitration on an individual basis only (*i.e.*, to resolve whether the Executive has personally been aggrieved or subject to any violations of law), and that such an action may not be used to resolve the claims or rights of other individuals in a single or collective proceeding (collectively, “Representative PAGA Waiver”). Notwithstanding any other provision of this agreement to arbitrate or the JAMS Rules, the scope, applicability, enforceability, revocability or validity of this Representative PAGA Waiver may be resolved only by a court of competent jurisdiction and not by an arbitrator. If any provision of this representative PAGA Waiver is found to be unenforceable or unlawful for any reason, the unenforceable provision shall be severed from this Dispute Resolution provision, and any such representative PAGA claims or other representative private attorneys general act claims must be litigated in a court of competent jurisdiction and not in arbitration. To the extent that there are any Arbitrable Disputes to be litigated in a court of competent jurisdiction because a court determines that the Representative PAGA Waiver is unenforceable with respect to those disputes, the Parties agree that litigation of those Arbitrable Disputes shall be stayed pending the outcome of any individual disputes in arbitration.

(c) Arbitration shall take place at the office of JAMS (or, if the Executive is employed outside of California, the American Arbitration Association (“AAA”)) nearest to the location where the Executive last worked for the Company. Except to the extent it conflicts with the rules and procedures set forth in this Agreement, arbitration shall be conducted in accordance with the JAMS Employment Arbitration Rules & Procedures then in effect (“JAMS Rules”) (if the Executive is employed outside of California, the AAA Employment Arbitration Rules & Mediation Procedures (“AAA Rules”)), copies of which are available at [www.jamsadr.com](http://www.jamsadr.com); tel: 800.352.5267 and [www.adr.org](http://www.adr.org); tel: 800.778.7879, before a single experienced, neutral employment arbitrator selected in accordance with those rules.

(d) Sempra Energy will be responsible for paying any filing fee and the fees and costs of the arbitrator. However, the Executive will be responsible for contributing up to any amount equal to the filing fee that would be paid to initiate the claim in a court of general jurisdiction in the state in which the Executive is employed, unless a lower fee amount would be owed by the Executive pursuant to the JAMS Rules (or AAA rules, as applicable) or applicable law. Subject to Section 15 of this Agreement, each party shall pay its own attorneys’ fees and pay any costs that are not unique to arbitration (*i.e.*, costs that each party would incur if the claim(s) were litigated in a court, such as costs to subpoena witnesses and/or documents, take depositions and purchase deposition transcripts, copy documents, etc.). However, subject to Section 15 of this Agreement, if any party prevails on a statutory claim that authorizes an award of attorneys’ fees to the prevailing party, or if there is a written agreement providing for attorneys’ fees, the arbitrator may award reasonable attorneys’ fees to the prevailing party, applying the same standards a court would apply under the law applicable to the claim.

(e) The arbitrator shall apply the Federal Rules of Evidence, shall have the authority to entertain a motion to dismiss or a motion for summary judgment by any party, and shall apply the standards governing such motions under the Federal Rules of Civil Procedure. The arbitrator is required to issue a written award and opinion setting forth the essential findings and conclusions on which the award is based, and any judgment or award issued by an arbitrator may be entered in any court of competent jurisdiction. The arbitrator does not have the authority to consider, certify, or hear an arbitration as a class action, collective action, or any other type of

representative action. In addition, unless all parties agree in writing otherwise, the arbitrator shall not consolidate or join the arbitrations of one or more than one individual. Neither party may seek, nor may the arbitrator award, any relief that is not individualized to the claimant or that affects other individuals. The arbitrator may award declaratory or injunctive relief only in favor of the individual party seeking relief and only to the extent necessary to provide relief warranted by that party's individual claims. Sempra Energy and the Executive recognize that this agreement to arbitrate arises out of or concerns interstate commerce and that the Federal Arbitration Act shall govern the arbitration and shall govern the interpretation or enforcement of this Agreement or any arbitration award.

(f) If a court decides that applicable law does not permit the enforcement of any of this section's limitations as to a particular claim or any particular remedy for a claim, then that claim or particular remedy (and only that claim or particular remedy) must be severed from the arbitration and may be brought in court.

#### **Section 14. Executive's Covenants.**

(a) Confidentiality. The Executive acknowledges that in the course of the Executive's employment with the Company, the Executive has acquired non-public privileged or confidential information and trade secrets concerning the operations, future plans and methods of doing business ("Proprietary Information") of Sempra Energy and its Affiliates; and the Executive agrees that it would be extremely damaging to Sempra Energy and its Affiliates if such Proprietary Information were disclosed to a competitor of Sempra Energy and its Affiliates or to any other Person. The Executive understands and agrees that all Proprietary Information has been divulged to the Executive in confidence and further understands and agrees to keep all Proprietary Information secret and confidential (except for such information which is or becomes publicly available other than as a result of a breach by the Executive of this provision or information the Executive is required by law or any governmental, administrative or court order to disclose) without limitation in time. In view of the nature of the Executive's employment and the Proprietary Information the Executive has acquired during the course of such employment, the Executive likewise agrees that Sempra Energy and its Affiliates would be irreparably harmed by any disclosure of Proprietary Information in violation of the terms of this Section 14(a) and that Sempra Energy and its Affiliates shall therefore be entitled to preliminary and/or permanent injunctive relief prohibiting the Executive from engaging in any activity or threatened activity in violation of the terms of this Section 14(a) and to any other relief available to them. Inquiries regarding whether specific information constitutes Proprietary Information shall be directed to the Company's most senior officer of Human Resources (or, if such position is vacant, the Company's then Chief Executive Officer); *provided*, that the Company shall not unreasonably classify information as Proprietary Information.

(b) Governmental Reporting. Nothing in this Agreement is intended to interfere with or discourage the Executive's good faith disclosure related to a suspected violation of federal or state law or regulation to any governmental agency or entity or making other disclosures that are protected under the whistleblower provisions of federal or state law or regulation. The Executive cannot and will not be held criminally or civilly liable under any federal or state trade secret law for disclosing otherwise protected trade secrets and/or confidential or proprietary information so long as the disclosure is made in (i) confidence to a federal, state, or local government official, directly or indirectly, or to an attorney and solely for the purpose of reporting or investigating a suspected violation of law; or (ii) a complaint or other document filed in a lawsuit or other proceeding, so long as such filing is made under seal. The Company will not retaliate against the Executive in any way for a disclosure made pursuant to this Section 14(b). Further, in the event the Executive makes such a disclosure, and files a lawsuit against the Company alleging that the Company retaliated against the Executive because of the disclosure, the Executive may disclose the relevant trade secret or confidential information

to the Executive's attorney, and may use the same in the court proceeding only if (X) the Executive ensures that any court filing that includes the trade secret or confidential information at issue is made under seal; and (Y) the Executive does not otherwise disclose the trade secret or confidential information except as required by court order.

(c) Non-Solicitation of Employees. The Executive recognizes that the Executive possesses and will possess confidential information about other employees of Sempra Energy and its Affiliates relating to their education, experience, skills, abilities, compensation and benefits, and inter-personal relationships with customers of Sempra Energy and its Affiliates. The Executive recognizes that the information the Executive possesses and will possess about these other employees is not generally known, is of substantial value to Sempra Energy and its Affiliates in developing their business and in securing and retaining customers, and has been and will be acquired by the Executive because of the Executive's business position with Sempra Energy and its Affiliates. The Executive agrees that at all times during the Executive's employment with the Company and for a period of one (1) year thereafter, the Executive will not use such information to directly or indirectly solicit or recruit any employee of the Company or its Affiliates for the purpose of being employed by the Executive or by any competitor of the Company or its Affiliates on whose behalf the Executive is acting as an agent, representative or employee and that the Executive will not convey any such confidential information or trade secrets about other employees of Sempra Energy and its Affiliates to any other Person; *provided, however*, that it shall not constitute a solicitation or recruitment in violation of this Section 14(c) to discuss employment opportunities with any employee of the Company or its Affiliates who has either first contacted the Executive or regarding whose employment the Executive has discussed with and received the written approval of the Company's most senior officer of Human Resources (or, if such position is vacant, the Company's then Chief Executive Officer), prior to making such solicitation or recruitment. In view of the nature of the Executive's employment with the Company, the Executive likewise agrees that Sempra Energy and its Affiliates would be irreparably harmed by any solicitation or recruitment in violation of the terms of this Section 14(c) and that Sempra Energy and its Affiliates shall therefore be entitled to preliminary and/or permanent injunctive relief prohibiting the Executive from engaging in any activity or threatened activity in violation of the terms of this Section 14(c) and to any other relief available to them.

(d) Survival of Provisions. The obligations contained in Section 14(a), (b) and (c) above shall survive the termination of the Executive's employment within the Company and shall be fully enforceable thereafter to the same extent that it was enforceable prior to such termination. If it is determined by a court of competent jurisdiction in any state that any restriction in Section 14(a) or (c) above is excessive in duration or scope or is unreasonable or unenforceable under the laws of that state, it is the intention of the parties that such restriction may be modified or amended by the court to render it enforceable to the maximum extent permitted by the law of that state.

(e) Consulting Payment. In the event of the Executive's Involuntary Termination, if (i) the Executive reconfirms and agrees to abide by the covenants described in Section 14(a) and (c) above, (ii) the Release Requirements are satisfied by the Payment Date, and (iii) the Executive agrees to provide the consulting services described in Section 14(f) below, then in consideration for such covenants and consulting services, the Company shall pay the Executive, in one (1) cash lump sum, an amount (the "Consulting Payment") in cash equal to the sum of (X) the Executive's Annual Base Salary as in effect on the Date of Termination, plus (Y) the greater of the Executive's Average Annual Bonus or the Executive's Target Bonus on the Date of Termination. If the requirements of this Section 14(e) are satisfied, the Consulting Payment shall be paid during the thirty (30) day period commencing on the earlier of (i) the

expiration of the six (6) month period measured from the date of the Executive's Separation from Service or (ii) the date of the Executive's death.

(f) Consulting. If the Executive agrees to the provisions of Section 14(e) above, then the Executive shall have the obligation to provide consulting services to the Company as an independent contractor, commencing on the Date of Termination and ending on the second (2<sup>nd</sup>) anniversary of the Date of Termination (the "Consulting Period"). The Executive shall hold himself available at reasonable times and on reasonable notice to render such consulting services as may be so assigned to the Executive by the Board or the Company's then Chief Executive Officer; *provided, however*, that unless the parties otherwise agree, the consulting services rendered by the Executive during the Consulting Period shall not exceed twenty (20) hours each month; and, *provided, further*, that the consulting services rendered by the Executive during the Consulting Period shall in no event exceed twenty percent (20%) of the average level of services performed by the Executive for the Company over the thirty-six (36) month period immediately preceding the Executive's Separation from Service (or the full period of services to the Company, if the Executive has been providing services to the Company for less than thirty-six (36) months). The Company agrees to use its best efforts during the Consulting Period to secure the benefit of the Executive's consulting services so as to minimize the interference with the Executive's other activities, including requiring the performance of consulting services at the Company's offices only when such services may not be reasonably performed off-site by the Executive.

#### **Section 15. Legal Fees.**

(a) Reimbursement of Legal Fees. Subject to Section 15(b), in the event of the Executive's Separation from Service either (i) prior to a Change in Control, or (ii) on or within two (2) years following a Change in Control, the Company shall reimburse the Executive for all legal fees and expenses (including but not limited to fees and expenses in connection with any legal proceeding) incurred by the Executive in disputing any issue arising under this Agreement relating to the Executive's Separation from Service or in seeking to obtain or enforce any benefit or right provided by this Agreement.

(b) Requirements for Reimbursement. The Company shall reimburse the Executive's legal fees and expenses pursuant to Section 15(a) above only to the extent the arbitrator or court determines (i) in the case of Section 15(a)(ii) that the Executive had a reasonable basis for such claim and (ii) in the case of Section 15(a)(i) that the Executive disputed such issue, or sought to obtain or enforce such benefit or right, in good faith, the Executive had a reasonable basis for such claim, and the Executive is the prevailing party. In addition, the Company shall reimburse such legal fees and expenses, in each case only if such legal fees and expenses are incurred during the twenty (20) year period beginning on the date of the Executive's Separation from Service. The legal fees and expenses paid to the Executive for any taxable year of the Executive shall not affect the legal fees and expenses paid to the Executive for any other taxable year of the Executive. The legal fees and expenses shall be paid to the Executive as soon as practicable following the date on which documentation relating to the incurred expenses is provided by the Executive to the Company; *provided, however*, that any such reimbursement shall occur on or before the last day of the Executive's taxable year following the taxable year in which the fees or expenses are determined to be payable pursuant to this Agreement. The Executive's right to reimbursement of legal fees and expenses shall not be subject to liquidation or exchange for any other benefit. Such right to reimbursement of legal fees and expenses shall be provided in a manner that complies with Treasury Regulation Section 1.409A-3(i)(1)(iv).

**Section 16. Successors.**

(a) Assignment by the Executive. This Agreement is personal to the Executive and without the prior written consent of Sempra Energy shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives.

(b) Successors and Assigns of Sempra Energy. This Agreement shall inure to the benefit of and be binding upon Sempra Energy and its successors and assigns. Sempra Energy may not assign this Agreement to any Person (except for a successor described in Section 16(c), (d) or (e) below) without the Executive's written consent.

(c) Assumption. Sempra Energy shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of Sempra Energy to assume expressly and agree to perform the obligations and satisfy and discharge the liabilities of this Agreement in the same manner and to the same extent that Sempra Energy would have been required to perform the obligations and satisfy and discharge the liabilities under this Agreement if no such succession had taken place, and Sempra Energy shall have no further obligations and liabilities under this Agreement. Upon such assumption, references to Sempra Energy in this Agreement shall be replaced with references to such successor.

(d) Sale of Subsidiary. In the event that (i) the Executive is employed by a direct or indirect subsidiary of Sempra Energy that is a member of the Sempra Energy Control Group, (ii) Sempra Energy, directly or indirectly through one or more intermediaries, sells or otherwise disposes of such subsidiary, and (iii) such subsidiary ceases to be a member of the Sempra Energy Control Group, then if, on the date such subsidiary ceases to be a member of the Sempra Energy Control Group, the Executive continues in employment with such subsidiary and the Executive does not have a Separation from Service, Sempra Energy shall require such subsidiary or any successor (whether direct or indirect, by purchase merger, consolidation or otherwise) to such subsidiary, or the parent thereof, to assume expressly and agree to perform the obligations and satisfy and discharge the liabilities under this Agreement in the same manner and to the same extent that Sempra Energy would have been required to perform the obligations and satisfy and discharge the liabilities under this Agreement, if such subsidiary had not ceased to be part of the Sempra Energy Control Group, and, upon such assumption, Sempra Energy shall have no further obligations and liabilities under the Agreement. Upon such assumption, references to Sempra Energy in this Agreement shall be replaced with references to such subsidiary, or such successor or parent thereof, assuming this Agreement, and subsection (b) of the definition of "Cause" and subsection (b) of the definition of "Good Reason" shall apply thereafter, as if a Change in Control had occurred on the date of such cessation.

(e) Sale of Assets of Subsidiary. In the event that (i) the Executive is employed by a direct or indirect subsidiary of Sempra Energy, and (ii) such subsidiary sells or otherwise disposes of substantial assets of such subsidiary to an unrelated service recipient, as determined under Treasury Regulation Section 1.409A-1(f)(2)(ii) (the "Asset Purchaser"), in a transaction described in Treasury Regulation Section 1.409A-1(h)(4) (an "Asset Sale"), then if, on the date of such Asset Sale, the Executive becomes employed by the Asset Purchaser, Sempra Energy and the Asset Purchaser may specify, in accordance with Treasury Regulation Section 1.409A-1(h)(4), that the Executive shall not be treated as having a Separation from Service, and in such event, Sempra Energy may require such Asset Purchaser, or the parent thereof, to assume expressly and agree to perform the obligations and satisfy and discharge the liabilities under this Agreement in the same manner and to the same extent that the Company would have been required to perform the obligations and satisfy and discharge the liabilities under this Agreement, if the Asset Sale had not taken place, and, upon such assumption, Sempra

Energy shall have no further obligations and liabilities under the Agreement. Upon such assumption, references to Sempra Energy in this Agreement shall be replaced with references to the Asset Purchaser or the parent thereof, as applicable, and subsection (b) of the definition of “Cause” and subsection (b) of the definition of “Good Reason” shall apply thereafter, as if a Change in Control had occurred on the date of the Asset Sale.

**Section 17.** Administration Prior to Change in Control. Prior to a Change in Control, the Compensation Committee shall have full and complete authority to construe and interpret the provisions of this Agreement, to determine an individual’s entitlement to benefits under this Agreement, to make in its sole and absolute discretion all determinations contemplated under this Agreement, to investigate and make factual determinations necessary or advisable to administer or implement this Agreement, and to adopt such rules and procedures as it deems necessary or advisable for the administration or implementation of this Agreement. All determinations made under this Agreement by the Compensation Committee shall be final, conclusive and binding on all interested Persons. Prior to a Change in Control, the Compensation Committee may delegate responsibilities for the operation and administration of this Agreement to one or more officers or employees of the Company. The provisions of this Section 17 shall terminate and be of no further force and effect upon the occurrence of a Change in Control.

**Section 18.** Compliance with Section 409A of the Code. All payments and benefits payable under this Agreement (including, without limitation, the Section 409A Payments) are intended to comply with the requirements of Section 409A of the Code. Certain payments and benefits payable under this Agreement are intended to or may be exempt from the requirements of Section 409A of the Code. This Agreement shall be interpreted in accordance with the applicable requirements of, and exemptions from, Section 409A of the Code, the Treasury Regulations thereunder and other guidance of general applicability. If the Company determines that any compensation, benefits or other payments that are payable under this Agreement and intended to comply with Section 409A of the Code do not comply with Section 409A of the Code, the Treasury Regulations thereunder and other applicable authority issued by the Internal Revenue Service, to the extent permitted under Section 409A of the Code, the Treasury Regulations thereunder and any other applicable guidance, the Company and the Executive agree to amend this Agreement, or take such other actions as the Company and the Executive deem reasonably necessary or appropriate, to cause such compensation, benefits and other payments to comply with the requirements of Section 409A of the Code, the Treasury Regulations thereunder and other applicable guidance, while providing compensation, benefits and other payments that are, in the aggregate, no less favorable than the compensation, benefits and other payments provided under this Agreement. In the case of any compensation, benefits or other payments that are payable under this Agreement and intended to comply with Section 409A of the Code, if any provision of the Agreement would cause such compensation, benefits or other payments to fail to so comply, such provision shall not be effective and shall be null and void with respect to such compensation, benefits or other payments to the extent such provision would cause a failure to comply, and such provision shall otherwise remain in full force and effect.

**Section 19.** Miscellaneous.

(a) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California, without reference to its principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. Except as provided herein, the Agreement may not be amended, modified, repealed, waived, extended or discharged except by an agreement in writing signed by the parties hereto. No Person, other than pursuant to a resolution of the Board or a committee thereof, shall



have authority on behalf of Sempra Energy to agree to amend, modify, repeal, waive, extend or discharge any provision of this Agreement or anything in reference thereto.

(b) Notices. All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party, by a reputable overnight carrier or by registered or certified mail, return receipt requested, postage prepaid, addressed, in the case of the Company, to Sempra Energy's headquarters attention the most senior officer of Human Resources with a copy to the General Counsel or in the case of the Executive, the home address of the Executive on file with the Company, or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notices and communications shall be effective when actually received by the addressee.

(c) Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(d) Taxes. The Company may withhold from any amounts payable under this Agreement such federal, state or local taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(e) No Waiver. The Executive's or the Company's failure to insist upon strict compliance with any provision hereof or any other provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder, including, without limitation, the right of the Executive to terminate employment for Good Reason, or the right of the Company to terminate the Executive's employment for Cause shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(f) Entire Agreement; Exclusive Benefit; Supersession of Prior Agreement. This Agreement contains the entire agreement of the Executive, the Company or any predecessor or subsidiary thereof with respect to any severance or termination pay. The Pre-Change in Control Severance Payment, the Post-Change in Control Severance Payment and all other benefits provided hereunder shall be in lieu of any other severance payments to which the Executive is entitled under any other severance plan or program or arrangement sponsored by the Company, as well as pursuant to any individual employment or severance agreement that was entered into by the Executive and the Company, and, upon the Effective Date of this Agreement, all such plans, programs, arrangements and agreements other than agreements to arbitrate disputes with the Company, to the extent in conflict with this Agreement, are hereby automatically superseded and terminated. Any prior agreements/provisions agreeing to arbitrate disputes with the Company shall remain in full force and effect and shall not be affected by this Agreement.

(g) No Right of Employment. Nothing in this Agreement shall be construed as giving the Executive any right to be retained in the employ of the Company or shall interfere in any way with the right of the Company to terminate the Executive's employment at any time, with or without Cause.

(h) Unfunded Obligation. The obligations under this Agreement shall be unfunded. Benefits payable under this Agreement shall be paid from the general assets of the Company. The Company shall have no obligation to establish any fund or to set aside any assets to provide benefits under this Agreement.

(i) Termination upon Sale of Assets of Subsidiary. Notwithstanding anything contained herein, this Agreement shall automatically terminate and be of no further force and effect and no benefits shall be payable hereunder in the event that (i) the Executive is employed

by a direct or indirect subsidiary of Sempra Energy, (ii) an Asset Sale (as defined in Section 16(e)) occurs (other than such a sale or disposition which is part of a transaction or series of transactions which would result in a Change in Control), and (iii) as a result of such Asset Sale, the Executive is offered employment by the Asset Purchaser in an executive position with reasonably comparable status, compensation, benefits and severance agreement (including the assumption of this Agreement in accordance with Section 16(e)) and which is consistent with the Executive's experience and education, but the Executive declines to accept such offer and the Executive fails to become employed by the Asset Purchaser on the date of the Asset Sale.

(j) Term. The term of this Agreement shall commence on the Effective Date and shall continue until the third (3rd) anniversary of the Effective Date; *provided, however*, that commencing on the second (2nd) anniversary of the Effective Date (and each anniversary of the Effective Date thereafter), the term of this Agreement shall automatically be extended for one (1) additional year, unless at least ninety (90) days prior to such date, the Company or the Executive shall give written notice to the other party that it or he, as the case may be, does not wish to so extend this Agreement. Notwithstanding the foregoing, if the Company gives such written notice to the Executive (i) at a time when Sempra Energy is a party to an agreement that, if consummated, would constitute a Change in Control or (ii) less than two (2) years after a Change in Control, the term of this Agreement shall be automatically extended until the later of (X) the date that is one (1) year after the anniversary of the Effective Date that follows such written notice or (Y) the first day of the calendar month following the second (2nd) anniversary of the Change in Control Date.

(k) Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

*[remainder of page intentionally left blank]*

IN WITNESS WHEREOF, the Executive and, pursuant to due authorization from its Board of Directors, Sempra Energy have caused this Agreement to be executed as of the day and year first above written.

SEMPRA ENERGY

/s/ Karen L. Sedgwick

Karen L. Sedgwick  
Chief Administrative Officer and Chief Human Resources  
Officer

3/8/2023

Date

EXECUTIVE

/s/ Caroline A. Winn

Caroline A. Winn  
Chief Executive Officer – San Diego Gas & Electric

3/3/2023

Date

SEPARATION AGREEMENT AND GENERAL RELEASE

This SEPARATION AGREEMENT AND GENERAL RELEASE (the "Agreement"), is made by and between \_\_\_\_\_, a California corporation (the "Company") and \_\_\_\_\_ ("Employee") (jointly referred to as the "Parties" or individually referred to as a "Party") as of the Effective Date (as defined below).

WHEREAS, Employee was employed by the Company as an at-will employee;

WHEREAS, Employee and the Company previously entered into that certain Severance Pay Agreement dated \_\_\_\_\_, 20\_\_ (the "Severance Pay Agreement") in connection with Employee's employment with the Company;

WHEREAS, Employee's right to receive certain severance pay and benefits pursuant to the terms of the Severance Pay Agreement is subject to and conditioned upon Employee's execution [and non-revocation] of a general release of claims Employee has or may have against the Company Releasees (as defined below); and

WHEREAS, Employee's right to receive the Consulting Payment provided pursuant to Section 14(e) of the Severance Pay Agreement is subject to and conditioned upon Employee's execution [and non-revocation] of a general release of claims by Employee against the Company Releasees and Employee's adherence to the covenants described under Section 14 of the Severance Pay Agreement.

NOW, THEREFORE, in consideration of the promises and mutual covenants contained herein, the adequacy of which is hereby acknowledged, the Parties hereby agree as follows:

1. Separation Date. Employee's employment with the Company terminated at the close of business on [\_\_\_\_\_] (the "Separation Date"). Employee has received his/her final wages through the Separation Date, less deductions required by law, including any accrued but unused vacation, in accordance with applicable law. Employee has also been reimbursed for any outstanding employment-related expenses that were incurred and submitted consistent with Company policy. This Agreement is not a condition of employment or continued employment or a condition of receiving a raise or a bonus. On the Separation Date, Employee will be deemed to have resigned from all positions that he/she holds with the Company and its affiliates, and Employee will promptly execute any instrument reasonably requested by the Company or any of its affiliates to effectuate or commemorate such resignation. The term "affiliate" as used herein shall include, without limitation, such Person's parent companies, divisions and subsidiaries, whether or not specified.

2. Severance Benefits. In exchange for Employee entering into this Agreement and not revoking it, and for the covenants and releases contained herein, the Company will provide Employee with the severance benefits described below. Employee acknowledges that the amounts and benefits set forth in this Section 2 as well as any benefits and claims not released under Section 4(b), fully satisfy any entitlement Employee may have to any payments or benefits from the Company through the Separation Date, including under the Severance Pay Agreement. Employee further acknowledges that no part of the severance payments described in this Section 2 consist of wages owed to Employee for his/her employment through the Separation Date.

(a) [The Company will pay Employee a lump sum payment of [\_\_\_\_\_], less applicable withholdings, pursuant to Section [4/5] of the Severance Pay Agreement. Pursuant to Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”), payment will be made on the earlier of (i) the date that is six (6) months and one (1) day after the Separation Date; and (ii) the date of Employee’s death.

(b) The Company will pay Employee a lump sum payment of [\_\_\_\_\_], less applicable withholdings, which is equal to the Consulting Payment set forth in Section 14(e) of the Severance Pay Agreement. Such payment will be made during the thirty (30) day period commencing on the earlier of (i) a date that is six (6) months and one (1) day after the Separation Date; and (ii) the date of Employee’s death

(c) The Company will also provide Employee with the severance benefits set forth in Sections 4(c), (d) and (e) of the Severance Pay Agreement. For the avoidance of doubt, the value of the services set forth in Sections 4(c), (d) and (e) of the Severance Pay Agreement shall not be subject to liquidation or exchange for any other benefit.]

3. Tax Consequences. The Company makes no representations or warranties with respect to the tax consequences of the payments and any other consideration provided to Employee or made on Employee’s behalf under the terms of this Agreement. Employee agrees and understands that Employee is responsible for payment, if any, of local, state, and/or federal taxes on the payments and any other consideration provided hereunder by the Company and any penalties or assessments thereon. Employee further agrees to indemnify and hold the Company and its affiliates harmless from any claims, demands, deficiencies, penalties, interest, assessments, executions, judgments, or recoveries by any government agency against the Company or any of its affiliates for any amounts claimed due on account of (a) Employee’s failure to pay or delayed payment of federal or state taxes, or (b) damages sustained by the Company or any of its affiliates by reason of any such claims, including reasonable attorneys’ fees and costs

4. Release of Claims. As a material inducement for the payment of the severance and benefits of the Severance Pay Agreement, and except as otherwise provided in this Agreement, Employee, on behalf of him/herself and on behalf of his/her heirs, family members, executors, agents and assigns, hereby irrevocably and unconditionally releases, acquits and forever discharges the Company Releasees from any and all Claims he/she has or may have. For purposes of this Agreement and the preceding sentence, the words “Releasee” or “Releasees” and “Claim” or “Claims” shall have the meanings set forth below:

(a) “Company Releasees” shall refer to (i) the Company, (ii) each of the Company’s owners, stockholders, predecessors, successors, assigns, agents, directors, officers, employees, representatives, attorneys, advisors, and affiliates (including parent companies, divisions, and subsidiaries), (iii) agents, directors, officers, employees, representatives, attorneys and advisors of such affiliates (including parent companies, divisions, and subsidiaries), and (iv) all persons and entities acting by, through, under or in concert with any of them

(b) The words “Claim” or “Claims” shall refer to any charges, complaints, claims, liabilities, obligations, promises, agreements, controversies, damages, actions, causes of action, suits, rights, demands, costs, losses, debts and expenses (including attorneys’ fees and costs actually incurred) of any nature whatsoever, known or unknown, suspected or unsuspected, which Employee had or may have, own or hold against any of the Company Releasees through and including the Effective Date that in any way arise out of, relate to, or are in connection with Employee’s employment relationship with the Company and its affiliates and the termination of that relationship, including, without limitation, all rights arising out of alleged violations of any contracts, express or implied, including the Severance Pay Agreement; any tort claim; any legal

restrictions on the Company's right to terminate employment relationships; and any federal, state or other governmental statute, regulation, law or ordinance, including common law principles, governing the employment relationship including, without limitation, all laws and regulations prohibiting discrimination or harassment based on protected categories, and all laws and regulations prohibiting retaliation against employees, including retaliation for engaging in protected activity or legal off-duty conduct. This release does not extend to claims for workers' compensation or other claims which by law may not be waived or released by this Agreement, nor does it limit Employee's right to receive any vested payments or benefits to which he/she is entitled under any Company (including its affiliates) benefit plan (including, without limitation, any of the Company's (including its affiliates) qualified retirement plans or non-qualified deferred compensation plan), which payments or benefits will be paid or provided pursuant to the terms of the applicable governing documents.

5. Release of Unknown Claims. Employee expressly waives and relinquishes all rights and benefits afforded by any statute (including, but not limited to, Section 1542 of the Civil Code of the State of California and analogous laws of other states), which limits the effect of a release with respect to unknown claims. Employee does so understanding and acknowledging the significance of the release of unknown claims and the waiver of statutory protection against a release of unknown claims (including, but not limited to, Section 1542). Section 1542 of the Civil Code of the State of California states as follows:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.”

Thus, notwithstanding the provisions of Section 1542 or of any similar statute, and for the purpose of implementing a full and complete release and discharge of the Company Releasees, Employee expressly acknowledges that this Agreement is intended to include in its effect, without limitation, all Claims which are known and all Claims which Employee does not know or suspect to exist in Employee's favor at the time of execution of this Agreement and that this Agreement contemplates the extinguishment of all such Claims. Employee acknowledges that he/she might hereafter discover facts different from, or in addition to, those Employee now knows or believes to be true with respect to a Claim or Claims released herein, and they expressly agree to assume the risk of possible discovery of additional or different facts, and agree that this Agreement shall be and remain effective, in all respects, regardless of such additional or different discovered facts.

6. Covenant Not to Sue. Employee agrees that Employee will not file any suit, claim, proceeding or complaint against any Company Releasees arising out of or in connection with any Claims released herein, except as required to enforce the terms of this Agreement. Employee's right to file or participate in an administrative claim or investigation by the Equal Employment Opportunity Commission, or any other local, state, or federal administrative body or government agency against the Company, which is guaranteed by law, cannot be and is not waived. However, to the extent permitted by law, and except as to Securities and Exchange Commission whistleblower awards, Employee agrees that if such an administrative claim is made against any Company Releasee(s) on Employee's behalf, Employee shall not be entitled to recover any individual monetary relief or other individual remedies beyond the separation benefits identified in this Agreement.

7. No Pending Lawsuits. Employee represents and warrants that Employee does not have any lawsuits, charges, claims, grievances, or actions of any kind pending against any Company Releasees arising out of or in connection with any Claims released herein, by or on behalf of Employee or on behalf of any other person or entity, and that, to the best of Employee's knowledge, Employee possess no such claims (including, but not limited to, under the Family and Medical Leave Act, the Age Discrimination in Employment Act, the California Family Rights Act, the Fair Labor Standards Act, the California Labor Code and/or workers' compensation claims). Employee further acknowledges that he/she is not aware of, or has fully disclosed to the Company, any information that could reasonably give rise to such a claim, cause of action, lawsuit or proceeding against any Company Releasee(s).

8. No Cooperation. Employee agrees that he/she will not knowingly encourage, counsel, or assist any attorneys or their clients in the presentation or prosecution of any disputes, differences, grievances, claims, charges, or complaints by any third party against any Company Releasee(s) arising out of or in connection with any Claims released herein, unless under a subpoena or other court order to do so. Employee agrees to immediately notify the Company upon receipt of any such subpoena or court order, and to furnish to the Company, within three (3) business days of its receipt, a copy of such subpoena or other court order.

9. Payment of Salary and Receipt of All Benefits. Employee acknowledges and represents that, except as provided in this Agreement, the Company has fully paid or provided Employee all salary, wages, bonuses, accrued vacation/paid time off, premiums, leaves, housing allowances, relocation costs, interest, severance, outplacement costs, fees, reimbursable expenses, commissions or other incentive compensation, stock, stock options, vesting, and any and all other benefits and compensation due to Employee. Employee specifically represents that Employee is not owed any further sum by way of reimbursement from the Company or any of its affiliates. To the extent Employee claims that additional wages are or may become owed to Employee, there is a good faith dispute based in law and fact over whether any wages in excess of the wages already paid to Employee are or will be due, and thus California Labor Code Section 206.5 is inapplicable.

10. Indemnification.

(a) As a further material inducement to the Company to enter into this Agreement, Employee hereby agrees to indemnify and hold each of the Company Releasees harmless from all loss, costs, damages, or expenses, including without limitation, reasonable attorneys' fees incurred by the Company Releasees, arising out of any breach of this Agreement by Employee or the fact that any representation made in this Agreement by Employee was false when made. As a further material inducement to Employee to enter into this Agreement, the Company hereby agrees to indemnify and hold each of the Company Releasees harmless from all loss, costs, damages, or expenses, including without limitation, reasonable attorneys' fees incurred by the Company Releasees, arising out of any breach of this Agreement by the Company or the fact that any representation made in this Agreement by the Company was knowingly false when made.

(b) If Employee is a party or is threatened to be made a party to any proceeding by reason of the fact that Employee was an employee, officer or director of the Company or any of its affiliates, the Company shall indemnify and hold harmless Employee against any expenses (including reasonable attorneys' fees, *provided*, that counsel has been approved by the Company, which approval shall not be unreasonably withheld), judgments, fines, settlements and other amounts actually or reasonably incurred by Employee in connection with that proceeding, and *provided*, that Employee acted in good faith and in a manner Employee reasonably believed to be in the best interest of the Company. The limitations of Section 317 of the Corporations Code of the State of California shall apply to this assurance of indemnification.

Notwithstanding the foregoing or any other provision contained herein, this Agreement shall not supersede or in any way limit any (i) indemnification arrangements in favor of the Employee under the Company's or any of its affiliates charter documents or bylaws or pursuant to any agreement between the Employee and the Company or any of the Company's affiliates or (ii) the provision of insurance against insurable events which occurred while the Executive was a director or officer of the Company, in each as provided by and subject to the limitations set forth in Section 10 of the Severance Pay Agreement.

11. No Admission of Liability.

The Parties understand and acknowledge that no action taken by either Party in connection hereto, either previously or in connection with this Agreement, shall be deemed or construed to be (i) an admission of the truth or falsity of any actual or potential claims, or (ii) an acknowledgement or admission by either Party of any fault or liability whatsoever to the other Party or to any third party. This Agreement shall not in any way be construed as an admission by the Company that it has acted wrongfully with respect to Employee or any other person or entity, or that Employee has any rights whatsoever against the Company, and the Company specifically disclaims any liability to or wrongful acts against Employee or any other person or entity, on the part of itself, its employees or its agents. This Agreement shall not in any way be construed as an admission by Employee that Employee has acted wrongfully with respect to the Company, or that Employee failed to perform Employee's duties or negligently performed or breached Employee's duties, or that the Company had good cause to terminate Employee's employment.

12. Cooperation in Litigation. Employee agrees to cooperate with the Company and its affiliates and their respective designated attorneys, representatives and agents in connection with any actual or threatened judicial, administrative or other legal or equitable proceeding in which the Company or any of the Company's affiliates is or may become involved. Upon reasonable notice, Employee agrees to meet with and provide to the Company and its affiliates and their respective designated attorneys, representatives or agents all information and knowledge Employee has relating to the subject matter of any such proceeding. The Company agrees to reimburse Employee for any reasonable costs Employee incurs in providing such cooperation.

13. Governing Law. This Agreement is entered into in [state] and, except as provided in this section, shall be governed by substantive [state] law.

14. Arbitration of Disputes. If any dispute arises between Employee and the Company relating to this Agreement, including any dispute regarding the interpretation, enforceability, or validity of this Agreement ("Arbitrable Dispute"), the Parties agree to resolve that Arbitrable Dispute through **final and binding** arbitration under this section. Employee also agrees to arbitrate any Arbitrable Dispute which also involves any other Company Releasee who offers or agrees to arbitrate the dispute under this section.

(a) Any Arbitrable Dispute will be decided by an arbitrator through individual arbitration, and **Employee and the Company waive any right to a jury trial or a court bench trial.** Employee and the Company also waive the right for any dispute to be brought, maintained, decided or arbitrated as a class and/or collective action and the arbitrator shall have no authority to hear or preside over any such action ("Class Action Waiver"). Further, Arbitrable Disputes must be brought in the individual capacity of the party asserting the claim, Employee and the Company are waiving the right to pursue or have a dispute resolved as a plaintiff or class member in any purported class, collective or representative proceeding. To the extent the Class Action Waiver is determined to be invalid, unenforceable, or void, any class and/or collective action must proceed in a court of law and not in arbitration.



Notwithstanding any other provision of this Agreement, to the fullest extent permitted by law, Employee and the Company (1) agree not to bring a representative action on behalf of others under the Private Attorneys General Act of 2004 (“PAGA”), California Labor Code § 2698 et seq., in any court or in arbitration, and (2) agree that, for any claim brought on a private attorney general basis, including under the California PAGA, any such dispute shall be resolved in arbitration on an individual basis only (i.e., to resolve whether Employee has personally been aggrieved or subject to any violations of law), and that such an action may not be used to resolve the claims or rights of other individuals in a single or collective proceeding (collectively, “Representative PAGA Waiver”). Notwithstanding any other provision of this arbitration agreement or the JAMS Rules, the scope, applicability, enforceability, revocability or validity of this Representative PAGA Waiver may be resolved only by a court of competent jurisdiction and not by an arbitrator. If any provision of this representative PAGA Waiver is found to be unenforceable or unlawful for any reason, the unenforceable provision shall be severed from this Dispute Resolution provision, and any such representative PAGA claims or other representative private attorneys general act claims must be litigated in a court of competent jurisdiction and not in arbitration. To the extent that there are any Arbitrable Disputes to be litigated in a court of competent jurisdiction because a court determines that the representative PAGA Waiver is unenforceable with respect to those disputes, the Parties agree that litigation of those Arbitrable Disputes shall be stayed pending the outcome of any individual disputes in arbitration.

(b) The Arbitration shall take place at the office of JAMS that is nearest to the location where Employee last worked for the Company in accordance with the JAMS Employment Arbitration Rules & Procedures then in effect (“JAMS Rules”) (or, if Employee is employed outside of California at the time of the termination of Employee’s employment, at the nearest location of the American Arbitration Association (“AAA”) and in accordance with the AAA Employment Arbitration Rules and Mediation Procedures then in effect (“AAA Rules”), copies of which are available at [www.jamsadr.com](http://www.jamsadr.com); tel: 800.352.5267 and [www.adr.org](http://www.adr.org); tel: 800.778.7879, before a single experienced employment arbitrator selected in accordance with those rules.

(c) The Arbitrator may not modify or change this Agreement in any way. The Company will be responsible for paying any filing fee and the fees and costs of the Arbitrator; provided, however, that if Employee is the party initiating the claim, Employee will contribute an amount equal to the filing fee that would be paid to initiate a claim in the court of general jurisdiction in the state in which Employee is employed by the Company, unless a lower fee amount would be owed by Employee pursuant to the JAMS Rules (or AAA Rules, as applicable) or applicable law. Each Party shall pay for its own costs and attorneys’ fees and pay any costs that are not unique to arbitration (i.e., cost that each party would incur if the claim(s) were litigated in a court, such as costs to subpoena witnesses and/or documents, take depositions and purchase deposition transcripts, copy documents, etc.), if any. However if any party prevails on a statutory claim which affords the prevailing party attorneys’ fees and costs, or if there is a written agreement providing for attorneys’ fees and/or costs, the Arbitrator may award reasonable attorney’s fees and/or costs to the prevailing party, applying the same standards a court would apply under the law applicable to the claim.

(d) The Arbitrator shall apply the Federal Rules of Evidence and shall have the authority to entertain a motion to dismiss or a motion for summary judgment by any party and shall apply the standards governing such motions under the Federal Rules of Civil Procedure. The Arbitrator is required to issue a written award and opinion setting forth the essential findings and conclusions on which the award is based, and any judgment or award issued by the Arbitrator may be entered in any court of competent jurisdiction. The Arbitrator does not have the authority to consider, certify, or hear an arbitration as a class action, collective action, or any other type of representative action. In addition, unless all parties agree in writing otherwise, the Arbitrator shall not consolidate or join the arbitrations of one or more than one

individual. Neither party may seek, nor may the Arbitrator award, any relief that is not individualized to the claimant or that affects other individuals. The Arbitrator may award declaratory or injunctive relief only in favor of the individual party seeking relief and only to the extent necessary to provide relief warranted by that Party's individual claims.

(e) Employee and the Company recognize that this agreement to arbitrate arises out of or concerns interstate commerce and that the Federal Arbitration Act shall govern the arbitration and the interpretation or enforcement of this section or any arbitration award. If a court decides that applicable law does not permit the enforcement of any of this section's limitations as to a particular claim or any particular remedy for a claim, then that claim or particular remedy (and only that claim or particular remedy) must be severed from the arbitration and may be brought in court. To the extent that the Federal Arbitration Act is inapplicable, California law pertaining to arbitration agreements shall apply. Arbitration in this manner shall be the exclusive remedy for any Arbitrable Dispute. Except as prohibited by the Age Discrimination in Employment Act of 1967, as amended, should Employee or the Company attempt to resolve an Arbitrable Dispute by any method other than arbitration pursuant to this section, the responding party will be entitled to recover from the initiating party all damages, expenses, and attorneys' fees incurred as a result of this breach. This Section 13 supersedes any existing arbitration agreement between the Company and Employee as to any Arbitrable Dispute (as defined herein). Notwithstanding anything in this Section 13 to the contrary, a claim for benefits under an Employee Retirement Income Security Act of 1974, as amended, covered plan shall not be an Arbitrable Dispute.

15. Effective Date. The Parties understand and agree that this Agreement is final and binding eight (8) days after its execution and return (the "Effective Date"). Should Employee nevertheless attempt to challenge the enforceability of this Agreement as provided in Section 13 or, in violation of that section, through litigation, as a further limitation on any right to make such a challenge, Employee shall initially tender to the Company, by certified check delivered to the Company, all monies received pursuant to Section 4 or 5 of the Severance Pay Agreement, as applicable, plus interest, and invite the Company to retain such monies and agree with Employee to cancel this Agreement and void the Company's obligations under the Severance Pay Agreement. In the event the Company accepts this offer, the Company shall retain such monies and this Agreement shall be canceled and the Company shall have no obligation under Section 14(e) of the Severance Pay Agreement. In the event the Company does not accept such offer, the Company shall so notify Employee and shall place such monies in an interest-bearing escrow account pending resolution of the dispute between Employee and the Company as to whether or not this Agreement and the Company's obligations under the Severance Pay Agreement shall be set aside and/or otherwise rendered voidable or unenforceable. Additionally, any consulting agreement then in effect between Employee and the Company shall be immediately rescinded with no requirement of notice.

16. Notices. Any notices required to be given under this Agreement shall be delivered either personally or by first class United States mail, postage prepaid, addressed to the respective parties and shall be effective upon receipt as follows:

To Company: [TO COME]

Attn: [TO COME]

With a copy to:

Attn: [TO COME]

To Employee: \_\_\_\_\_

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17. Voluntary Waiver and Release of ADEA Claims. Employee understands and acknowledges that Employee is waiving any rights Employee may have under the Age Discrimination in Employment Act (“ADEA”), and that this waiver and release is knowing and voluntary. Employee acknowledges that the consideration given for this waiver and release is in addition to anything of value to which Employee was already entitled. Employee further understands and acknowledges that Employee has been given a period of twenty-one (21) days to review and consider this Agreement before signing it and may use as much of this twenty-one (21) period as Employee wishes prior to signing. In the event Employee signs this Agreement and returns it to the Company in less than the twenty-one (21)-day period identified above, Employee hereby acknowledges that Employee has freely and voluntarily chosen to waive the time period allotted for considering this Agreement, and that the Company has not promised Employee anything or made any representations not contained in this Agreement to induce Employee to sign this Agreement before the expiration of the twenty-one (21) day period. Employee is encouraged, at Employee’s personal expense, to consult with an attorney before signing this Agreement. Employee understands and acknowledges that whether or not Employee does so is Employee’s decision. Employee may revoke this Agreement within seven (7) days of signing it. If Employee wishes to revoke, the Company’s Vice President, Human Resources must receive written notice from Employee no later than the close of business on the seventh (7th) day after Employee has signed the Agreement. If revoked, this Agreement shall not be effective and enforceable, and Employee will not receive payments or benefits under Section 4 or 5 of the Severance Pay Agreement, as applicable. The Parties agree that changes, whether material or immaterial, do not restart the running of the twenty-one (21)-day period described above.

18. Section 409A. All payments and benefits payable under this Agreement are intended to comply with the requirements of Section 409A of the Code. Notwithstanding the foregoing, certain payments and benefits payable under this Agreement are intended to be exempt from the requirements of Section 409A of the Code. This Agreement shall be interpreted in accordance with the applicable requirements of, and exemptions from, Section 409A of the Code and the Treasury Regulations thereunder. To the extent the payments and benefits under this Agreement are subject to Section 409A of the Code, this Agreement shall be interpreted, construed and administered in a manner that satisfies the requirements of Section 409A(a)(2), (3) and (4) of the Code and the Treasury Regulations thereunder. To the extent that any payments under this Agreement are subject to Section 409A of the Code, the provisions of Section 9 of the Severance Pay Agreement shall apply.

19. Return of Company Property. Employee represents and warrants that he/she has returned all of the Company’s property, including all work in progress, files, photographs, notes, records, credit cards, keys, access cards, computers, and other Company or customer documents, products, or property that Employee has received in the course of his/her employment, or which reflect in any way any confidential or proprietary information of the Company. Employee also warrants that he has not downloaded or otherwise retained any information, whether in electronic or other form, belonging to the Company or derived from information belonging to the Company.

20. Confidential Information; Public Releases.

(a) Employee acknowledges and reaffirms Employee’s continuing obligations under the Confidentiality Agreement. The Parties understand and agree that nothing in this Agreement is intended to interfere with or discourage Employee’s good-faith disclosure to any

governmental entity related to a reasonably suspected violation of the law or to prevent Employee from discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that Employee has reason to believe is unlawful. The Parties further understand and agree that Employee cannot be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that (a) is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

(b) The Parties understand and agree that the Company and its affiliates shall take any and all necessary or appropriate action to timely satisfy their respective reporting and disclosure obligations in connection with Employee's separation and this Agreement, including filing any requisite forms with the Securities and Exchange Commission ("SEC") and Employee will promptly provide any information reasonably requested by the Company or any of its affiliates in fulfilling any such reporting or disclosure obligations.

21. Entire Agreement. This Agreement constitutes the entire agreement of the parties hereto and supersedes any and all other agreements (except the Severance Pay Agreement and the Confidentiality Agreement) with respect to the subject matter of this Agreement, whether written or oral, between the Parties. Any prior agreements/provisions agreeing to arbitrate disputes with the Company shall remain in full force and effect and shall not be affected by this Agreement. All modifications and amendments to this Agreement must be in writing and signed by all Parties.

22. No Representation. The Parties represent and acknowledge that in executing this Agreement, neither is relying upon any representation or statement not set forth in this Agreement or the Severance Pay Agreement.

23. Take All Necessary Further Action. Each party agrees, without further consideration, to sign or cause to be signed, and to deliver to the other party, any other documents and to take any other action as may be necessary to fulfill the obligations under this Agreement.

24. Severability. If any provision of this Agreement or the application thereof is held invalid, the invalidity shall not affect other provisions or applications of the Agreement which can be given effect without the invalid provisions or application; and to this end the provisions of this Agreement are declared to be severable.

25. Counterparts. This Agreement may be executed in counterparts.

With the benefit of representation and advice of counsel, the Parties have read the foregoing Severance Agreement and General Release, and accept and agree to the provisions it contains and hereby execute it voluntarily and with full understanding of its consequences. The Parties acknowledge that they are receiving valuable consideration in exchange for the execution of this Agreement, to which they would not otherwise be entitled.

DATED: \_\_\_\_\_

\_\_\_\_\_

DATED: \_\_\_\_\_

\_\_\_\_\_

Employee acknowledges that Employee first received this Agreement on [date].

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**SEMPRA ENERGY  
SEVERANCE PAY AGREEMENT**

**THIS AGREEMENT** (this “Agreement”), dated as of March 1, 2023 (the “Effective Date”), is made by and between SEMPra ENERGY, a California corporation (“Sempra Energy”), and David J. Barrett (the “Executive”).

**WHEREAS**, the Executive is currently employed by Sempra Energy or another corporation or trade or business which is a member of a Controlled Group of Corporations (Sempra Energy and such other controlled group members, collectively, the “Company”);

**WHEREAS**, Sempra Energy and the Executive desire to enter into this Agreement as may be restated from time to time in order to provide reasonable assurances to the Executive and maintain a constructive relationship following the termination of Executive’s employment with Company; and

**WHEREAS**, the Board of Directors of Sempra Energy (the “Board”) or an authorized committee thereof has authorized the terms of this Agreement.

**NOW, THEREFORE**, in consideration of the premises and mutual covenants herein contained, Sempra Energy and the Executive hereby agree as follows:

**Section 1. Definitions.** For purposes of this Agreement, the following capitalized terms have the meanings set forth below:

“AAA” has the meaning assigned thereto in Section 13(c) hereof.

“Accounting Firm” has the meaning assigned thereto in Section 8(e) hereof.

“Accrued Obligations” means the sum of (a) the Executive’s Annual Base Salary through the Date of Termination to the extent not theretofore paid, (b) an amount equal to any annual Incentive Compensation Awards earned with respect to fiscal years ended prior to the year that includes the Date of Termination to the extent not theretofore paid, (c) any accrued and unpaid vacation, and (d) reimbursement for unreimbursed business expenses, if any, properly incurred by the Executive in the performance of the Executive’s duties in accordance with Company policies applicable to the Executive from time to time, in each case to the extent not theretofore paid.

“Affiliate” has the meaning set forth in Rule 12b-2 promulgated under the Exchange Act.

“Annual Base Salary” means the Executive’s annual base salary from the Company.

“Asset Purchaser” has the meaning assigned thereto in Section 16(e).

“Asset Sale” has the meaning assigned thereto in Section 16(e).

“Average Annual Bonus” means the average of the annual bonuses from the Company earned by the Executive with respect to the three (3) fiscal years of Sempra Energy ending immediately preceding the Date of Termination (the “Bonus Fiscal Years”); *provided, however*, that, if the Executive was employed by the Company for less than three (3) Bonus Fiscal Years, “Average Annual Bonus” means the average of the annual bonuses (if any) from the Company earned by the Executive with respect to the Bonus Fiscal Years during which the

Executive was employed by the Company; and, *provided, further*, that, if the Executive was not employed by the Company during any of the Bonus Fiscal Years, "Average Annual Bonus" means zero (\$0).

"Cause" means:

(a) Prior to a Change in Control, (i) the Executive's willful failure to substantially perform the Executive's job duties, (ii) Executive's grossly negligent performance of the Executive's duties, (iii) the Executive's gross insubordination; (iv) the Executive's commission of one or more acts of significant dishonesty or moral turpitude (including but not limited to criminal acts involving one or more acts of moral turpitude) which have or result in an adverse effect on the Company, monetarily or otherwise; and/or (v) the Executive's serious violation of a material policy of Sempra Energy or its Affiliates that is applicable to the Executive. For purposes of clause (i) of this subsection (a), no act, or failure to act, on the Executive's part shall be deemed "willful" if due to the Executive's incapacity due to physical or mental illness, or if the Executive acted in good faith and with reasonable belief that the Executive's act, or failure to act, was in the best interests of the Company.

(b) From and after a Change in Control (or in connection with a termination occurring pursuant to Section 5(f)), (i) the Executive's willful and continued failure to substantially perform the Executive's duties with the Company (other than any such failure resulting from the Executive's incapacity due to physical or mental illness or other than any such actual or anticipated failure after the issuance by the Executive of a Notice of Termination for Good Reason pursuant to Section 2 hereof and after the Company's cure period relating to the event on which Good Reason is based, if any and if applicable, has expired) and/or (ii) the Executive's commission of one or more acts of moral turpitude that constitute a violation of applicable law (including but not limited to a felony involving one or more acts of moral turpitude) which have or result in an adverse effect on the Company, monetarily or otherwise, or one or more significant acts of dishonesty. For purposes of clause (i) of this subsection (b), no act, or failure to act, on the Executive's part shall be deemed "willful" unless done, or omitted to be done, by the Executive not in good faith and without reasonable belief that the Executive's act, or failure to act, was in the best interests of the Company. Notwithstanding the foregoing, the Executive shall not be deemed terminated for Cause pursuant to clause (i) of this subsection (b) unless and until the Executive shall have been provided with reasonable notice of and, if possible, a reasonable opportunity to cure the facts and circumstances claimed to provide a basis for termination of the Executive's employment for Cause.

"Change in Control" shall be deemed to have occurred on the date that a change in the ownership of Sempra Energy, a change in the effective control of Sempra Energy, or a change in the ownership of a substantial portion of assets of Sempra Energy occurs (each, as defined in subsection (a) below), except as otherwise provided in subsections (b), (c) and (d) below:

(a) (i) a "change in the ownership of Sempra Energy" occurs on the date that any one Person, or more than one Person acting as a Group, acquires ownership of stock of Sempra Energy that, together with stock held by such Person or Group, constitutes more than fifty percent (50%) of the total fair market value or total voting power of the stock of Sempra Energy,

(ii) a "change in the effective control of Sempra Energy" occurs only on either of the following dates:

(1) the date any one Person, or more than one Person acting as a Group, acquires (or has acquired during the twelve (12) month period ending on

the date of the most recent acquisition by such Person or Persons) ownership of stock of Sempra Energy possessing thirty percent (30%) or more of the total voting power of the stock of Sempra Energy, or

(2) the date a majority of the members of the Board is replaced during any twelve (12) month period by directors whose appointment or election is not endorsed by a majority of the members of the Board before the date of appointment or election, and

(iii) a “change in the ownership of a substantial portion of assets of Sempra Energy” occurs on the date any one Person, or more than one Person acting as a Group, acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such Person or Persons) assets from Sempra Energy that have a total gross fair market value equal to or more than eighty-five percent (85%) of the total gross fair market value of all of the assets of Sempra Energy immediately before such acquisition or acquisitions.

(b) A “change in the ownership of Sempra Energy” or “a change in the effective control of Sempra Energy” shall not occur under clause (a)(i) or (a)(ii) by reason of any of the following:

(i) an acquisition of ownership of stock of Sempra Energy directly from Sempra Energy or its Affiliates other than in connection with the acquisition by Sempra Energy or its Affiliates of a business,

(ii) a merger or consolidation which would result in the voting securities of Sempra Energy outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof), in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of the Company, at least sixty percent (60%) of the combined voting power of the securities of Sempra Energy or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, or

(iii) a merger or consolidation effected to implement a recapitalization of Sempra Energy (or similar transaction) in which no Person is or becomes the “beneficial owner” (within the meaning of Rule 13d-3 promulgated under the Exchange Act), directly or indirectly, of securities of Sempra Energy (not including the securities beneficially owned by such Person any securities acquired directly from Sempra Energy or its Affiliates other than in connection with the acquisition by Sempra Energy or its Affiliates of a business) representing twenty percent (20%) or more of the combined voting power of Sempra Energy’s then outstanding securities.

(c) A “change in the ownership of a substantial portion of assets of Sempra Energy” shall not occur under clause (a)(iii) by reason of a sale or disposition by Sempra Energy of the assets of Sempra Energy to an entity, at least sixty percent (60%) of the combined voting power of the voting securities of which are owned by shareholders of Sempra Energy in substantially the same proportions as their ownership of Sempra Energy immediately prior to such sale.

(d) This definition of “Change in Control” shall be limited to the definition of a “change in control event” with respect to the Executive and relating to Sempra Energy under Treasury Regulation Section 1.409A-3(i)(5). A Change in Control shall only occur if there is a Change in Control (as determined by the definition of Change in Control of this Agreement



without regard to this subsection (d)) and a “change in control event” relating to Sempra Energy under Treasury Regulation Section 1.409A-3(i)(5) with respect to the Executive.

“Change in Control Date” means the date on which a Change in Control occurs.

“COBRA” means coverage required by Section 4980B of the Code.

“COBRA Premium” means, with respect to the type and level of coverage provided to the Executive and his/her dependents pursuant to COBRA, the employer-paid portion of the monthly premium for such coverage as applicable for similarly-situated active employees.

“Code” means the Internal Revenue Code of 1986, as amended.

“Compensation Committee” means the compensation committee (however designated) of the Board.

“Consulting Payment” has the meaning assigned thereto in Section 14(e) hereof.

“Consulting Period” has the meaning assigned thereto in Section 14(f) hereof.

“Continued Benefits” has the meaning assigned thereto in Section 5(c) hereof.

“Controlled Group of Corporations” means a group of companies within the meaning of Section 414(b) or (c) of the Code) of which Sempra Energy is a component member, determined by applying an ownership threshold of 50%.

“Date of Termination” has the meaning assigned thereto in Section 2(b) hereof.

“Disability” has the meaning set forth in the long-term disability plan or its successor maintained by the Company entity that is the employer of the Executive; *provided, however*, that the Executive’s employment hereunder may not be terminated by reason of Disability unless (a) at the time of such termination there is no reasonable expectation that the Executive will return to work within the next ninety (90) day period and (b) such termination is permitted by all applicable disability laws.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and the applicable rulings and regulations thereunder.

“Excise Tax” has the meaning assigned thereto in Section 8(a) hereof.

“Good Reason” means:

(a) Prior to a Change in Control, the occurrence of any of the following without the prior written consent of the Executive, unless such act or failure to act is corrected by the Company prior to the Date of Termination specified in the Notice of Termination (as required under Section 2 hereof):

(i) the assignment to the Executive of any duties materially inconsistent with the range of duties and responsibilities appropriate to an executive of comparable rank within the Company (such range determined by reference to past, current and reasonable practices within the Company);

(ii) a material reduction in the Executive's overall standing and responsibilities within the Company, not including a mere change in title or a transfer within the Company, which change in title or transfer does not adversely affect the Executive's overall status within the Company in any material respect;

(iii) a material reduction by the Company in the Executive's aggregate annualized compensation and benefits opportunities, except for across-the-board reductions (or modifications of benefit plans) similarly affecting all similarly situated executives of the Company of comparable rank with the Executive;

(iv) the failure by the Company to pay to the Executive any portion of the Executive's current compensation and benefits or any portion of an installment of deferred compensation under any deferred compensation program of the Company within thirty (30) days of the date such compensation is due;

(v) any purported termination of the Executive's employment that is not effected pursuant to a Notice of Termination satisfying the requirements of Section 2 hereof;

(vi) the failure by Sempra Energy to perform its obligations under Section 16(c) or (d) hereof;

(vii) the failure by the Company to provide the indemnification and D&O insurance protection Section 10 of this Agreement requires it to provide; or

(viii) the failure by Sempra Energy (or any of the entities comprising the Company, as applicable) to comply with any material provision of this Agreement.

(b) From and after a Change in Control (or in connection with a termination occurring pursuant to Section 5(f)), the occurrence of any of the following without the prior written consent of the Executive, unless such act or failure to act is corrected by the Company prior to the Date of Termination specified in the Notice of Termination (as required under Section 2 hereof):

(i) an adverse change in the Executive's title, authority, duties, responsibilities or reporting lines as in effect immediately prior to the Change in Control;

(ii) a reduction by the Company in the Executive's aggregate annualized compensation opportunities, except for across-the-board reductions in base salaries, annual bonus opportunities or long-term incentive compensation opportunities of less than ten percent (10%) similarly affecting all similarly situated executives (including, if applicable, of the Person then in control of Sempra Energy) of comparable rank with the Executive; or the failure by the Company to continue in effect any material benefit plan in which the Executive participates immediately prior to the Change in Control, unless an equitable arrangement (embodied in an ongoing substitute or alternative plan) has been made with respect to such plan, or the failure by the Company to continue the Executive's participation therein (or in such substitute or alternative plan) on a basis not materially less favorable, both in terms of the amount of benefits provided and the level of the Executive's participation relative to other participants, as existed at the time of the Change in Control;

(iii) the relocation of the Executive's principal place of employment immediately prior to the Change in Control Date (the "Principal Location") to a location which is both further away from the Executive's residence and more than thirty (30) miles from such Principal Location, or the Company's requiring the Executive to be based anywhere other than such Principal Location (or permitted relocation thereof), or a substantial increase in the

Executive's business travel obligations outside of the Southern California area as of immediately prior to the Change in Control (without regard to any changes therein in anticipation of the Change in Control) other than any such increase that (A) arises in connection with extraordinary business activities of the Company of limited duration and (B) is understood not to be part of the Executive's regular duties with the Company;

(iv) the failure by the Company to pay to the Executive any portion of the Executive's current compensation and benefits or any portion of an installment of deferred compensation under any deferred compensation program of the Company within thirty (30) days of the date such compensation is due;

(v) any purported termination of the Executive's employment that is not effected pursuant to a Notice of Termination satisfying the requirements of Section 2 hereof;

(vi) the failure by Sempra Energy to perform its obligations under Section 16(c) or (d) hereof;

(vii) the failure by the Company to provide the indemnification and D&O insurance protection Section 10 of this Agreement requires it to provide; or

(viii) the failure by Sempra Energy (or any of the entities comprising the Company, as applicable) to comply with any material provision of this Agreement.

Following a Change in Control, the Executive's determination that an act or failure to act constitutes Good Reason shall be presumed to be valid unless such determination is deemed to be unreasonable by an arbitrator pursuant to the procedure described in Section 13 hereof. The Executive's right to terminate the Executive's employment for Good Reason shall not be affected by the Executive's incapacity due to physical or mental illness. The Executive's continued employment shall not constitute consent to, or a waiver of rights with respect to, any act or failure to act constituting Good Reason hereunder.

"Group" shall have the meaning of such term as used in Rule 13d-5(b)(1) promulgated under the Exchange Act.

"Incentive Compensation Awards" means awards granted under Incentive Compensation Plans providing the Executive with the opportunity to earn, on a year-by-year basis, annual and long-term incentive compensation.

"Incentive Compensation Plans" means annual incentive compensation plans and long-term incentive compensation plans of the Company, which long-term incentive compensation plans may include plans offering stock options, restricted stock, units and other long-term incentive compensation.

"Involuntary Termination" means (a) the Executive's Separation from Service by reason other than for Cause, death, Disability, or Mandatory Retirement, or (b) the Executive's Separation from Service by reason of resignation of employment for Good Reason.

"JAMS" has the meaning assigned thereto in Section 13(c) hereof.

"Mandatory Retirement" means termination of employment pursuant to the Company's mandatory retirement policy.

"Medical Continuation Benefits" has the meaning assigned thereto in Section 4(c) hereof.

“Notice of Termination” has the meaning assigned thereto in Section 2(a) hereof.

“Payment” has the meaning assigned thereto in Section 8(a) hereof.

“Payment in Lieu of Notice” has the meaning assigned thereto in Section 2(b) hereof.

“Person” means any individual, corporation, partnership limited liability company, estate, trust, or other entity, including a “Group”.

“Post-Change in Control Severance Payment” has the meaning assigned thereto in Section 5 hereof.

“Pre-Change in Control Severance Payment” has the meaning assigned thereto in Section 4 hereof.

“Principal Location” has the meaning assigned thereto in clause (b)(iii) of the definition of Good Reason, above.

“Proprietary Information” has the meaning assigned thereto in Section 14(a) hereof.

“Pro Rata Bonus” means a severance amount equal to the greater of (a) the Executive’s Target Bonus as in effect immediately prior to the Change in Control or on the Date of Termination, whichever is greater, or (b) the Executive’s Average Annual Bonus, multiplied by a fraction, (X) the numerator of which shall be the number of days from the beginning of such fiscal year to and including the Date of Termination and (Y) the denominator of which shall be three hundred sixty-five (365).

“Release” has the meaning assigned thereto in Section 4 hereof. The Release is not a condition of employment or continued employment or a condition of receiving a raise or a bonus.

“Release Requirements” has the meaning assigned thereto in Section 4 hereof.

“Section 409A Payments” means any payments under this Agreement which are subject to Section 409A of the Code.

“Sempra Energy Control Group” means Sempra Energy and all Persons with whom Sempra Energy would be considered a single employer under Section 414(b) or (c) of the Code, as determined from time to time.

“Separation from Service” has the meaning set forth in Treasury Regulation Section 1.409A-1(h).

“Specified Employee” shall be determined in accordance with Section 409A(a)(2)(B)(i) of the Code and Treasury Regulation Section 1.409A-1(i).

“Target Bonus” means, for any year, the target annual bonus from the Company that may be earned by the Executive for such year (regardless of the actual annual bonus earned, if any); *provided, however*, that if, as of the Date of Termination, a target annual bonus has not been established for the Executive for the year in which the Date of Termination occurs, the “Target Bonus” as of the Date of Termination shall be equal to the target annual bonus, if any, for the immediately preceding fiscal year of Sempra Energy.

For purposes of this Agreement, references to any “Treasury Regulation” shall mean such Treasury Regulation as in effect on the date hereof.

**Section 2.**     Notice and Date of Termination.

(a) Any termination of the Executive’s employment by the Company or by the Executive shall be communicated by a written notice of termination to the other party (the “Notice of Termination”). Where applicable, the Notice of Termination shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive’s employment under the provision so indicated. Unless the Board or a committee thereof, in writing, provides a longer notice period, a Notice of Termination by the Executive alleging a termination for Good Reason must be made within one hundred eighty (180) days of the act or failure to act that the Executive alleges to constitute Good Reason.

(b) The date of the Executive’s termination of employment with the Company (the “Date of Termination”) shall be determined as follows: (i) if the Executive’s Separation from Service is at the volition of the Company, then the Date of Termination shall be the date specified in the Notice of Termination (which, in the case of a termination by the Company other than for Cause, shall not be less than two (2) weeks from the date such Notice of Termination is given unless the Company elects to pay the Executive, in addition to any other amounts payable hereunder, an amount (the “Payment in Lieu of Notice”) equal to two (2) weeks of the Executive’s Annual Base Salary in effect on the Date of Termination), and (ii) if the Executive’s Separation from Service is by the Executive for Good Reason, the Date of Termination shall be determined by the Executive and specified in the Notice of Termination, but in no event be less than fifteen (15) days nor more than sixty (60) days after the date such Notice of Termination is given. The Payment in Lieu of Notice shall be paid on such date as is required by law, but no later than thirty (30) days after the date of the Executive’s Separation from Service.

**Section 3.**     Termination from the Board. Upon the termination of the Executive’s employment for any reason, the Executive’s membership on the Board, the board of directors of any Affiliates of Sempra Energy, any committees of the Board and any committees of the board of directors of any of the Affiliates of Sempra Energy, if applicable, shall be automatically terminated and the Executive agrees to promptly take any and all actions (including resigning) required by Sempra Energy or any of its Affiliates to evidence and effect such termination of membership.

**Section 4.**     Severance Benefits upon Involuntary Termination Prior to Change in Control. Except as provided in Sections 5(f) and 19(i) hereof, in the event of the Involuntary Termination of the Executive prior to a Change in Control, Sempra Energy shall, or shall cause one of its Affiliates that is the employer of the Executive to, pay the Executive, in one lump sum cash payment, an amount (the “Pre-Change in Control Severance Payment”) equal to one-half (0.5) times the sum of (X) the Executive’s Annual Base Salary as in effect on the Date of Termination plus (Y) an amount equal to the greater of (I) his/her Average Annual Bonus or (II) the Target Bonus in effect on the Date of Termination. In addition to the Pre-Change in Control Severance Payment, the Executive shall be entitled to the following additional benefits specified in Section 4(a) through (e). The Company’s obligation to pay the Pre-Change in Control Severance Payment or provide the benefits set forth in Section 4(c), (d) and (e) is subject to and conditioned upon the Executive’s satisfaction of the Release Requirements. The Pre-Change in Control Severance Payment shall be paid on the sixtieth (60<sup>th</sup>) day (or if the sixtieth (60<sup>th</sup>) day falls on a weekend or banking holiday, the next succeeding business day) after the date of the Involuntary Termination (the “Payment Date”), *provided* that the Release Requirements are

satisfied on or before the Payment Date and remain satisfied on the Payment Date. If the Release Requirements are not satisfied on the Payment Date, no Pre-Change in Control Severance Payment shall be paid hereunder and none of the benefits described in Section 4(c), (d) or (e) shall be provided, and the Executive shall have no right to the Pre-Change in Control Severance Payment or the applicable benefits. The “Release Requirements” will be satisfied if, on the Payment Date, the Executive has executed a release of all claims substantially in the form attached hereto as Exhibit A (the “Release”), the revocation period required by applicable law has expired, and the Executive has not revoked the Release and the Release is effective. If the Release Requirements are satisfied on a date prior to the Payment Date, any portion of the Pre-Change in Control Severance Payment or the applicable benefits that are not subject to Section 409A of the Code can be paid on a date prior to the Payment Date, as determined in the sole discretion of Sempra Energy (and in no event shall the Executive be able to elect the date of payment). If the period in which the Release Requirements could be satisfied spans more than one taxable year, then the Pre-Change in Control Severance Payment shall not be made until the later taxable year.

(a) Accrued Obligations. The Company shall pay the Executive a lump sum amount in cash equal to Accrued Obligations within the time prescribed by law.

(b) Equity-Based Compensation. The Executive shall retain all rights to any equity-based compensation awards to the extent set forth in the applicable plan and/or award agreement.

(c) Welfare Benefits. Subject to the terms and conditions of this Agreement, if the Executive (and, to the extent applicable, his/her eligible dependents) is eligible to and elects COBRA coverage in connection with the Executive’s Involuntary Termination, then the Executive (and the Executive’s dependents who have elected COBRA coverage) shall be provided with group medical benefits as required by COBRA (“Medical Continuation Benefits”) on substantially the same terms and conditions and at the same cost to the Executive as apply to similarly-situated active employees of the Company for the same type and level of coverage. The Medical Continuation Benefits shall be provided for a period of up to six (6) months following the date of the Involuntary Termination (and up to an additional twelve (12) months if the Executive provides consulting services under Section 14(f) hereof); *provided, however*, that (i) the Medical Continuation Benefits (including any Medical Continuation Benefits that are provided pursuant to this Section 4(c) for periods after the maximum COBRA coverage period) shall be provided on the same terms and conditions that apply to COBRA coverage (including termination thereof), (ii) if the Medical Continuation Benefits are to be provided pursuant to this Section 4(c) past the maximum COBRA coverage period, Sempra Energy may, in its sole discretion, provide or cause to be provided to the Executive, in lieu of the Medical Continuation Benefits for any period in excess of the maximum COBRA coverage period, a taxable monthly cash payment in an amount equal to the COBRA Premium, and (iii) the Medical Continuation Benefits shall be provided in a manner that complies with Treasury Regulation Section 1.409A-1(a)(5). Notwithstanding the foregoing, if Sempra Energy determines in its sole discretion that the Medical Continuation Benefits cannot be provided without potentially violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act) or that the provision of Medical Continuation Benefits under this Agreement would subject Sempra Energy or any of its Affiliates to a material tax or penalty, (A) the Executive shall be provided, in lieu thereof, with a taxable monthly payment in an amount equal to the COBRA Premium or (B) Sempra Energy shall have the authority to amend the Agreement to the limited

extent reasonably necessary to avoid such violation of law or tax or penalty and shall use all reasonable efforts to provide the Executive with a comparable benefit that does not violate applicable law or subject Sempra Energy or any of its Affiliates to such tax or penalty. Any Medical Continuation Benefits provided pursuant to this Section 4(c) shall be co-extensive with (and not in addition to) any benefits to which the Executive (and the Executive's covered dependents) may be entitled under COBRA or similar provisions of applicable state law.

(d) Outplacement Services. The Executive shall receive reasonable outplacement services, on an in-kind basis, suitable to the Executive's position and directly related to the Executive's Involuntary Termination, for a period of eighteen (18) months following the date of the Involuntary Termination, in an aggregate amount of cost to the Company not to exceed \$50,000. Notwithstanding the foregoing, the Executive shall cease to receive outplacement services on the date the Executive accepts employment with a subsequent employer. Such outplacement services shall be provided in a manner that complies with Treasury Regulation Section 1.409A-1(b)(9)(v)(A).

(e) Financial Planning Services. The Executive shall receive financial planning services, on an in-kind basis, for a period of eighteen (18) months following the Date of Termination. Such financial planning services shall include expert financial and legal resources to assist the Executive with financial planning needs and shall be limited to (i) current investment portfolio management, (ii) tax planning, (iii) tax return preparation, and (iv) estate planning advice and document preparation (including wills and trusts); *provided, however*, that the Company shall provide such financial planning services during any taxable year of the Executive only to the extent the cost to the Company for such taxable year does not exceed \$25,000. The Company shall provide such financial planning services through a financial planner selected by the Company, and shall pay the fees for such financial planning services. The financial planning services provided during any taxable year of the Executive shall not affect the financial planning services provided in any other taxable year of the Executive. The Executive's right to financial planning services shall not be subject to liquidation or exchange for any other benefit. Such financial planning services shall be provided in a manner that complies with Treasury Regulation Section 1.409A-3(i)(1)(iv).

**Section 5.** Severance Benefits upon Involuntary Termination in Connection with and after Change in Control. Notwithstanding the provisions of Section 4 above, and except as provided in Section 19(i) hereof, in the event of the Involuntary Termination of the Executive on or within two (2) years following a Change in Control, in lieu of the payments described in Section 4 above, Sempra Energy shall, or shall cause one of its Affiliates that is the employer of the Executive to, pay the Executive, in one lump sum cash payment, an amount (the "Post-Change in Control Severance Payment") equal to (a) the Pro Rata Bonus plus (b) the sum of (X) the Executive's Annual Base Salary as in effect immediately prior to the Change in Control or on the Date of Termination, whichever is greater, plus (Y) an amount equal to the greater of (I) the Executive's Target Bonus determined immediately prior to the Change in Control or the Date of Termination, whichever is greater and (II) the Executive's Average Annual Bonus; *provided, however*; that, in the event that the Involuntary Termination occurs prior to January 12, 2024, the Post-Change in Control Severance Payment shall be increased by twenty-five percent (25%). In addition to the Post-Change in Control Severance Payment, the Executive shall be entitled to the following additional benefits specified in Section 5(a) through (e). The Company's obligation to pay the Post-Change in Control Severance Payment or provide the benefits set forth in Section

5(b), (c), (d) and (e) is subject to and conditioned upon the Executive's satisfaction of the Release Requirements. Except as provided in Section 5(f), the Post-Change in Control Severance Payment shall be paid on the Payment Date provided that the Release Requirements are satisfied on or before the Payment Date and remain satisfied on the Payment Date. If the Release Requirements are not satisfied on the Payment Date, no Post-Change in Control Severance Payment shall be paid hereunder and none of the benefits described in Section 5(b), (c), (d) or (e) shall be provided, and the Executive shall have no right to the Pre-Change in Control Severance Payment or the applicable benefits. If the Release Requirements are satisfied on a date prior to the Payment Date, any portion of the Post-Change in Control Severance Payment or the applicable benefits that are not subject to Section 409A of the Code can be paid on a date prior to the Payment Date, as determined in the sole discretion of Sempra Energy (and in no event shall the Executive be able to elect the date of payment). If the period in which Release Requirements could be satisfied spans more than one taxable year, then the Post-Change in Control Severance Payment and applicable benefits shall not be made until the later taxable year.

(a) Accrued Obligations. The Company shall pay the Executive a lump sum amount in cash equal to the Accrued Obligations within the time required by law and, to the extent applicable, in accordance with the applicable plan, policy or arrangement pursuant to which such payments are to be made.

(b) Equity-Based Compensation. Notwithstanding the provisions of any applicable equity-based compensation plan or award agreement to the contrary, all equity-based Incentive Compensation Awards (including, without limitation, stock options, stock appreciation rights, restricted stock awards, restricted stock units, performance share awards, and dividend equivalents) held by the Executive shall immediately vest and become exercisable or payable, as the case may be, as of the Date of Termination, to be exercised or paid, as the case may be, in accordance with the terms of the applicable Incentive Compensation Plan and Incentive Compensation Award agreement, and any restrictions on any such Incentive Compensation Awards shall automatically lapse; *provided, however*, that, in the case of any stock option or stock appreciation rights awards that remain outstanding on the Date of Termination, such stock options and stock appreciation rights shall remain exercisable until the earlier of (i) the later of eighteen (18) months following the Date of Termination or the period specified in the applicable Incentive Compensation Award agreement or (ii) the expiration of the original term of such Incentive Compensation Award (or, if earlier, the tenth (10th) anniversary of the original date of grant) (it being understood that all Incentive Compensation Awards shall remain outstanding and exercisable for a period that is no less than that provided for in the applicable agreement in effect as of the date of grant).

(c) Welfare Benefits. Subject to the terms and conditions of this Agreement, the Executive and the Executive's dependents shall be provided with life, disability, accident and Medical Continuation Benefits (which benefits are collectively referred to herein as "Continued Benefits") which are substantially similar to those provided to the Executive and the Executive's dependents immediately prior to the date of Involuntary Termination or the Change in Control Date, whichever is more favorable to the Executive; *provided, however*, that the Medical Continuation Benefits shall be provided pursuant to this Section 5(c) only if the Executive (and, to the extent applicable, his/her eligible dependents) is eligible to and elects COBRA coverage in connection with the Executive's Involuntary Termination, the Medical Continuation Benefits shall be provided in accordance with COBRA, and the Medical Continuation Benefits shall be provided on substantially the same terms and conditions and at the same cost to the Executive as apply to similarly-situated active employees of the Company for the same type and level of coverage. The Continued Benefits shall be provided for a period of up to twelve (12) months following the date of the Involuntary Termination (and up to an additional twelve (12) months if



the Executive provides consulting services under Section 14(f) hereof); *provided, however*, that (i) the Medical Continuation Benefits (including any Medical Continuation Benefits that are provided pursuant to this Section 5(c) for periods after the maximum COBRA coverage period) shall be provided on the same terms and conditions that apply to COBRA coverage (including termination thereof), (ii) if the Medical Continuation Benefits are to be provided pursuant to this Section 5(c) past the maximum COBRA coverage period, Sempra Energy may, in its sole discretion, provide or cause to be provided to the Executive, in lieu of the Medical Continuation Benefits for any period in excess of the maximum COBRA coverage period, a taxable monthly cash payment in an amount equal to the COBRA Premium, and (iii) the Medical Continuation Benefits shall be provided in a manner that complies with Treasury Regulation Section 1.409A-1(a)(5) and the Continued Benefits will be provided in a manner that complies with Section 409A of the Code. Notwithstanding the foregoing, if Sempra Energy determines in its sole discretion that the Medical Continuation Benefits cannot be provided without potentially violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act) or that the provision of Medical Continuation Benefits under this Agreement would subject Sempra Energy or any of its Affiliates to a material tax or penalty, (A) the Executive shall be provided, in lieu thereof, with a taxable monthly payment in an amount equal to the COBRA Premium or (B) Sempra Energy shall have the authority to amend the Agreement to the limited extent reasonably necessary to avoid such violation of law or tax or penalty and shall use all reasonable efforts to provide the Executive with a comparable benefit that does not violate applicable law or subject Sempra Energy or any of its Affiliates to such tax or penalty. Any Medical Continuation Benefits provided pursuant to this Section 5(c) shall be co-extensive with (and not in addition to) any benefits to which the Executive (and the Executive's covered dependents) may be entitled under COBRA or similar provisions of applicable state law.

(d) Outplacement Services. The Executive shall receive reasonable outplacement services, on an in-kind basis, suitable to the Executive's position and directly related to the Executive's Involuntary Termination, for a period of twenty-four (24) months following the date of Involuntary Termination (but in no event beyond the last day of the Executive's second (2nd) taxable year following the Executive's taxable year in which the Involuntary Termination occurs), in the aggregate amount of cost to the Company not to exceed \$50,000. Notwithstanding the foregoing, the Executive shall cease to receive outplacement services on the date the Executive accepts employment with a subsequent employer. Such outplacement services shall be provided in a manner that complies with Treasury Regulation Section 1.409A-1(b)(9)(v)(A).

(e) Financial Planning Services. The Executive shall receive financial planning services, on an in-kind basis, for a period of twenty-four (24) months following the date of Involuntary Termination. Such financial planning services shall include expert financial and legal resources to assist the Executive with financial planning needs and shall be limited to (i) current investment portfolio management, (ii) tax planning, (iii) tax return preparation, and (iv) estate planning advice and document preparation (including wills and trusts); *provided, however*, that the Company shall provide such financial services during any taxable year of the Executive only to the extent the cost to the Company for such taxable year does not exceed \$25,000. The Company shall provide such financial planning services through a financial planner selected by the Company, and shall pay the fees for such financial planning services. The financial planning services provided during any taxable year of the Executive shall not affect the financial planning services provided in any other taxable year of the Executive. The Executive's right to financial planning services shall not be subject to liquidation or exchange for any other benefit. Such financial planning services shall be provided in a manner that complies with Section 1.409A-3(i)(1)(iv).

(f) Involuntary Termination in Connection with a Change in Control. Notwithstanding anything contained herein, in the event of an Involuntary Termination prior to a

Change in Control, if the Involuntary Termination (i) was at the request of a third party who has taken steps reasonably calculated to effect such Change in Control or (ii) otherwise arose in connection with or in anticipation of such Change in Control, then the Executive shall, in lieu of the payments described in Section 4 hereof, be entitled to the Post-Change in Control Severance Payment and the additional benefits described in this Section 5 as if such Involuntary Termination had occurred within two (2) years following the Change in Control. The amounts specified in Section 5 that are to be paid under this Section 5(f) shall be reduced by any amount previously paid under Section 4. The amounts to be paid under this Section 5(f) shall be paid within sixty (60) days after the Change in Control Date of such Change in Control unless otherwise required by Section 409A of the Code.

**Section 6.** Severance Benefits upon Termination by the Company for Cause or by the Executive Other than for Good Reason. If the Executive's employment shall be terminated for Cause, or if the Executive terminates employment other than for Good Reason, the Company shall have no further obligations to the Executive under this Agreement other than the pre-Change in Control Accrued Obligations and any amounts or benefits described in Section 10 hereof.

**Section 7.** Severance Benefits upon Termination due to Death or Disability. If the Executive has a Separation from Service by reason of death or Disability, the Company shall pay the Executive or the Executive's estate, as the case may be, the Accrued Obligations and a severance amount equal to the Pro Rata Bonus (without regard to whether a Change in Control has occurred) and any amounts or benefits described in Section 10 hereof. Such payments shall be in addition to those rights and benefits to which the Executive or the Executive's estate may be entitled under the relevant Company plans or programs. The Company's obligation to pay the severance amount pursuant to this Section 7 is conditioned upon satisfaction of the Release Requirements by the Executive, the Executive's representative or the Executive's estate, as the case may be. The Accrued Obligations shall be paid within the time required by law and the severance amount payable pursuant to this Section 7 shall be paid on the Payment Date *provided* that the Release Requirements are satisfied on or prior to the Payment Date. If the Release Requirements are not satisfied on or prior to the Payment Date, no severance payment shall be provided hereunder and neither the Executive nor the Executive's estate, as the case may be, will have any right to the severance payment. If the Release Requirements are satisfied on a date prior to the Payment Date, any portion of the severance benefit pursuant to this Section 7 that is not subject to Section 409A of the Code can be paid on a date prior to the Payment Date, as determined in the sole discretion of Sempra Energy (and in no event shall the Executive or the Executive's estate, as applicable, be able to elect the date of payment). If the period in which Release Requirements could be satisfied spans more than one taxable year, then the severance payment pursuant to this Section 7 shall not be made until the later taxable year.

**Section 8.** Limitation on Payments by the Company.

(a) Anything in this Agreement to the contrary notwithstanding and except as set forth in this Section 8 below, in the event it shall be determined that any payment or distribution "in the nature of compensation" (within the meaning of Section 280G(b)(2) of the Code) to or for the benefit of the Executive, whether paid or payable pursuant to this Agreement or otherwise (the "Payment") would be subject (in whole or in part) to the excise tax imposed by Section 4999 of the Code, (the "Excise Tax"), then, subject to Section 8(b), the Pre-Change in Control Severance Payment or the Post-Change in Control Severance Payment (whichever is applicable) payable under this Agreement shall be reduced under this Section 8(a) to the amount equal to the Reduced Payment. For such Payment payable under this Agreement, the "Reduced Payment" shall be the amount equal to the greatest portion of the Payment (which may be

zero (\$0)) that, if paid, would result in no portion of any Payment being subject to the Excise Tax.

(b) The Pre-Change in Control Severance Payment or the Post-Change in Control Severance Payment (whichever is applicable) payable under this Agreement shall not be reduced under Section 8(a) if:

(i) such reduction in such Payment is not sufficient to cause no portion of any Payment to be subject to the Excise Tax, or

(ii) the Net After-Tax Unreduced Payments (as defined below) would equal or exceed one hundred five percent (105%) of the Net After-Tax Reduced Payments (as defined below).

For purposes of determining the amount of any Reduced Payment under Section 8(a), and the Net-After Tax Reduced Payments and the Net After-Tax Unreduced Payments, the Executive shall be considered to pay federal, state and local income and employment taxes at the Executive's applicable marginal rates taking into consideration any reduction in federal income taxes which could be obtained from the deduction of state and local income taxes, and any reduction or disallowance of itemized deductions and personal exemptions under applicable tax law). The applicable federal, state and local income and employment taxes and the Excise Tax (to the extent applicable) are collectively referred to as the "Taxes."

(c) For purposes of determining the amount of any Reduced Payment under this Section 8, the amount of any Payment shall be reduced in the following order:

(i) first, by reducing the amounts of parachute payments that would not constitute deferred compensation subject to Section 409A of the Code;

(ii) next, if after the reduction described in Section 8(c)(i), additional reductions are required, then by reducing the cash portion of the Payment that constitutes "deferred compensation" (within the meaning of Section 409A) subject to Section 409A, with the reductions to be applied first to the portion of the Payment scheduled for the latest distribution date, and then applied to distributions scheduled for progressively earlier distribution dates, to the extent necessary to decrease the Payment as required under this Section 8; and

(iii) next, if after the reduction described in Section 8(c)(ii), additional reductions are required, then, by reducing the non-cash portion of the Payment that constitutes deferred compensation (within the meaning of Section 409A) subject to Section 409A, with the reductions to be applied first to the portion of the Payment scheduled for the latest distribution date, and then applied to distributions scheduled for progressively earlier distribution dates, to the extent necessary to decrease the Payment as required under this Section 8.

(d) The following definitions shall apply for purposes of this Section 8:

(i) "Net After-Tax Reduced Payments" shall mean the total amount of all Payments that the Executive would retain, on a Net After-Tax Basis, in the event that the Payments payable under this Agreement are reduced pursuant to Section 8(a).

(ii) "Net After-Tax Unreduced Payments" shall mean the total amount of all Payments that the Executive would retain, on a Net After-Tax Basis, in the event that the Payments payable under this Agreement are not reduced pursuant to Section 8(a).

(iii) “Net After-Tax Basis” shall mean, with respect to the Payments, either with or without reduction under Section 8(a) (as applicable), the amount that would be retained by the Executive from such Payments after the payment of all Taxes.

(e) All determinations required to be made under this Section 8 and the assumptions to be utilized in arriving at such determinations, shall be made by a nationally recognized accounting firm as may be agreed by the Company and the Executive (the “Accounting Firm”); *provided*, that the Accounting Firm’s determination shall be made based upon “substantial authority” within the meaning of Section 6662 of the Code. The Accounting Firm shall provide detailed supporting calculations to both the Company and the Executive within fifteen (15) business days of the receipt of notice from the Executive that there has been a Payment or such earlier time as is requested by the Company. All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any determination by the Accounting Firm shall be binding upon the Company and the Executive. For purposes of determining whether and the extent to which the Payments will be subject to the Excise Tax, (i) no portion of the Payments the receipt or enjoyment of which the Executive shall have waived at such time and in such manner as not to constitute a “payment” within the meaning of Section 280G(b) of the Code shall be taken into account, (ii) no portion of the Payments shall be taken into account which, in the written opinion of the Accounting Firm, does not constitute a “parachute payment” within the meaning of Section 280G(b)(2) of the Code (including by reason of Section 280G(b)(4)(A) of the Code) and, in calculating the Excise Tax, no portion of such Payments shall be taken into account which, in the opinion of the Accounting Firm, constitutes “reasonable compensation” for services actually rendered, within the meaning of Section 280G(b)(4)(B) of the Code, in excess of the “base amount” (as defined in Section 280G(b)(3) of the Code) allocable to such reasonable compensation, and (iii) the value of any non-cash benefit or any deferred payment or benefit included in the Payments shall be determined by the Accounting Firm in accordance with the principles of Section 280G(d)(3) and (4) of the Code.

**Section 9.** Delayed Distribution under Section 409A of the Code. Notwithstanding any other provision of this Agreement to the contrary, if the Executive is a Specified Employee on the date of the Executive’s Involuntary Termination (or on the date of the Executive’s Separation from Service by reason of Disability), the Section 409A Payments which are payable upon Separation from Service shall be delayed to the extent necessary in order to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code, and such delayed payments or benefits shall be paid or distributed to the Executive during the thirty (30) day period commencing on the earlier of (a) the expiration of the six (6) month period measured from the date of the Executive’s Separation from Service or (b) the date of the Executive’s death. Upon the expiration of the applicable six (6) month period, all payments deferred pursuant to this Section 9 (excluding in-kind benefits) shall be paid in a lump sum payment to the Executive, plus interest thereon from the date of the Executive’s Involuntary Termination through the payment date at an annual rate equal to Moody’s Rate. The “Moody’s Rate” shall mean the average of the daily Moody’s Corporate Bond Yield Average – Monthly Average Corporates as published by Moody’s Investors Service, Inc. (or any successor) for the month next preceding the Date of Termination. Any remaining payments due under the Agreement shall be paid as otherwise provided herein.

**Section 10.** Nonexclusivity of Rights. Nothing in this Agreement shall prevent or limit the Executive’s continuing or future participation in any benefit, plan, program, policy or practice provided by the Company and for which the Executive may qualify (except with respect to any benefit to which the Executive has waived the Executive’s rights in writing), including, without limitation, any and all indemnification arrangements in favor of the Executive (whether under agreements or under the Company’s charter documents, bylaws, or otherwise), and insurance policies covering the Executive, nor shall anything herein limit or otherwise affect

such rights as the Executive may have under any other contract or agreement entered into after the Effective Date with the Company. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any benefit, plan, policy, practice or program of, or any contract or agreement entered into with, the Company shall be payable in accordance with such benefit, plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement. At all times during the Executive's employment with the Company and thereafter, the Company shall provide (to the extent permissible under applicable law) the Executive with indemnification and D&O insurance insuring the Executive against insurable events which occur or have occurred while the Executive was a director or officer of the Company, that with respect to such insurance is on terms and conditions that, to the extent reasonably practical, are at least as generous as that then currently provided to any other similarly situated current or former director or officer of the Company or any Affiliate. Such indemnification and D&O insurance shall be provided in a manner that complies with Treasury Regulation Section 1.409A-1(b)(10).

**Section 11. Clawbacks.** Notwithstanding anything herein to the contrary, (a) if Sempra Energy determines prior to a Change in Control, in its good faith judgment, that the Executive is required to forfeit or to make any repayment of any compensation or benefit(s) to the Company under the Sarbanes-Oxley Act of 2002 or pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act or any other law or listing standards of the national securities exchange that maintains the principal listing for any class of Sempra Energy's common equity or pursuant to any formal policy of Sempra Energy, or (b) if an arbitrator or court determines following a Change in Control that the Executive is required to forfeit or to make any repayment of any compensation or benefit(s) to the Company under the Sarbanes-Oxley Act of 2002 or pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act or any other law or listing standards of the national securities exchange that maintains the principal listing for any class of Sempra Energy's common equity, such forfeiture or repayment shall not constitute Good Reason.

**Section 12. Full Settlement; Mitigation.** The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Executive or others, provided that nothing herein shall preclude the Company from separately pursuing recovery from the Executive based on any such claim. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts (including amounts for damages for breach) payable to the Executive under any of the provisions of this Agreement, and such amounts shall not be reduced whether or not the Executive obtains other employment.

**Section 13. Dispute Resolution and Arbitration.**

(a) If any dispute arises between the Executive and Sempra Energy or any of its Affiliates, including, but not limited to, disputes relating to or arising out of this Agreement, disputes relating to or arising out of the Executive's employment and/or the termination thereof, and/or disputes regarding the interpretation, enforceability, or validity of this Agreement ("Arbitrable Dispute"), the Executive and Sempra Energy mutually agree to waive their respective rights to resolution of disputes through litigation in a judicial forum and agree to resolve any Arbitrable Dispute through **final and binding arbitration** as set forth below, except as prohibited by law. Arbitration shall be the exclusive remedy for any Arbitrable Dispute. Accordingly, this agreement to arbitrate applies with respect to all Arbitrable Disputes, whether initiated by Executive or Sempra Energy. Any Arbitrable Dispute will be decided by an arbitrator through individual arbitration and not by way of court or jury trial. **Sempra Energy and the Executive waive any right to a jury trial or a court bench trial.**

(b) Sempra Energy and the Executive agree to bring any dispute in arbitration in an individual capacity only:

Sempra Energy and the Executive hereby waive any right for any dispute to be brought, maintained, heard, decided or arbitrated as a class and/or collective action and the arbitrator will have no authority to hear or preside over any such action (“Class Action Waiver”). The Executive understands and agrees that the Executive and Sempra Energy are waiving the right to pursue or have a dispute resolved as a plaintiff or class member in any purported class, collective or representative proceeding. To the extent the Class Action Waiver is determined to be invalid, unenforceable, or void, any class and/or collective action must proceed in a court of law and not in arbitration.

Notwithstanding any other provision of this Agreement, to the fullest extent permitted by law, the Executive and Sempra Energy (1) agree not to bring a representative action on behalf of others under the Private Attorneys General Act of 2004 (“PAGA”), California Labor Code § 2698 *et seq.*, in any court or in arbitration, and (2) agree that, for any claim brought on a private attorney general basis, including under the California PAGA, any such dispute shall be resolved in arbitration on an individual basis only (*i.e.*, to resolve whether the Executive has personally been aggrieved or subject to any violations of law), and that such an action may not be used to resolve the claims or rights of other individuals in a single or collective proceeding (collectively, “Representative PAGA Waiver”). Notwithstanding any other provision of this agreement to arbitrate or the JAMS Rules, the scope, applicability, enforceability, revocability or validity of this Representative PAGA Waiver may be resolved only by a court of competent jurisdiction and not by an arbitrator. If any provision of this representative PAGA Waiver is found to be unenforceable or unlawful for any reason, the unenforceable provision shall be severed from this Dispute Resolution provision, and any such representative PAGA claims or other representative private attorneys general act claims must be litigated in a court of competent jurisdiction and not in arbitration. To the extent that there are any Arbitrable Disputes to be litigated in a court of competent jurisdiction because a court determines that the Representative PAGA Waiver is unenforceable with respect to those disputes, the Parties agree that litigation of those Arbitrable Disputes shall be stayed pending the outcome of any individual disputes in arbitration.

(c) Arbitration shall take place at the office of JAMS (or, if the Executive is employed outside of California, the American Arbitration Association (“AAA”)) nearest to the location where the Executive last worked for the Company. Except to the extent it conflicts with the rules and procedures set forth in this Agreement, arbitration shall be conducted in accordance with the JAMS Employment Arbitration Rules & Procedures then in effect (“JAMS Rules”) (if the Executive is employed outside of California, the AAA Employment Arbitration Rules & Mediation Procedures (“AAA Rules”)), copies of which are available at [www.jamsadr.com](http://www.jamsadr.com); tel: 800.352.5267 and [www.adr.org](http://www.adr.org); tel: 800.778.7879, before a single experienced, neutral employment arbitrator selected in accordance with those rules.

(d) Sempra Energy will be responsible for paying any filing fee and the fees and costs of the arbitrator. However, the Executive will be responsible for contributing up to any amount equal to the filing fee that would be paid to initiate the claim in a court of general jurisdiction in the state in which the Executive is employed, unless a lower fee amount would be owed by the Executive pursuant to the JAMS Rules (or AAA rules, as applicable) or applicable law. Subject to Section 15 of this Agreement, each party shall pay its own attorneys’ fees and pay any costs that are not unique to arbitration (*i.e.*, costs that each party would incur if the claim(s) were litigated in a court, such as costs to subpoena witnesses and/or documents, take depositions and purchase deposition transcripts, copy documents, etc.). However, subject to Section 15 of this Agreement, if any party prevails on a statutory claim that authorizes an award of attorneys’ fees to the prevailing party, or if there is a written agreement providing for

attorneys' fees, the arbitrator may award reasonable attorneys' fees to the prevailing party, applying the same standards a court would apply under the law applicable to the claim.

(e) The arbitrator shall apply the Federal Rules of Evidence, shall have the authority to entertain a motion to dismiss or a motion for summary judgment by any party, and shall apply the standards governing such motions under the Federal Rules of Civil Procedure. The arbitrator is required to issue a written award and opinion setting forth the essential findings and conclusions on which the award is based, and any judgment or award issued by an arbitrator may be entered in any court of competent jurisdiction. The arbitrator does not have the authority to consider, certify, or hear an arbitration as a class action, collective action, or any other type of representative action. In addition, unless all parties agree in writing otherwise, the arbitrator shall not consolidate or join the arbitrations of one or more than one individual. Neither party may seek, nor may the arbitrator award, any relief that is not individualized to the claimant or that affects other individuals. The arbitrator may award declaratory or injunctive relief only in favor of the individual party seeking relief and only to the extent necessary to provide relief warranted by that party's individual claims. Sempra Energy and the Executive recognize that this agreement to arbitrate arises out of or concerns interstate commerce and that the Federal Arbitration Act shall govern the arbitration and shall govern the interpretation or enforcement of this Agreement or any arbitration award.

(f) If a court decides that applicable law does not permit the enforcement of any of this section's limitations as to a particular claim or any particular remedy for a claim, then that claim or particular remedy (and only that claim or particular remedy) must be severed from the arbitration and may be brought in court.

#### **Section 14. Executive's Covenants.**

(a) Confidentiality. The Executive acknowledges that in the course of the Executive's employment with the Company, the Executive has acquired non-public privileged or confidential information and trade secrets concerning the operations, future plans and methods of doing business ("Proprietary Information") of Sempra Energy and its Affiliates; and the Executive agrees that it would be extremely damaging to Sempra Energy and its Affiliates if such Proprietary Information were disclosed to a competitor of Sempra Energy and its Affiliates or to any other Person. The Executive understands and agrees that all Proprietary Information has been divulged to the Executive in confidence and further understands and agrees to keep all Proprietary Information secret and confidential (except for such information which is or becomes publicly available other than as a result of a breach by the Executive of this provision or information the Executive is required by law or any governmental, administrative or court order to disclose) without limitation in time. In view of the nature of the Executive's employment and the Proprietary Information the Executive has acquired during the course of such employment, the Executive likewise agrees that Sempra Energy and its Affiliates would be irreparably harmed by any disclosure of Proprietary Information in violation of the terms of this Section 14(a) and that Sempra Energy and its Affiliates shall therefore be entitled to preliminary and/or permanent injunctive relief prohibiting the Executive from engaging in any activity or threatened activity in violation of the terms of this Section 14(a) and to any other relief available to them. Inquiries regarding whether specific information constitutes Proprietary Information shall be directed to the Company's most senior officer of Human Resources (or, if such position is vacant, the Company's then Chief Executive Officer); *provided*, that the Company shall not unreasonably classify information as Proprietary Information.

(b) Governmental Reporting. Nothing in this Agreement is intended to interfere with or discourage the Executive's good faith disclosure related to a suspected violation of federal or state law or regulation to any governmental agency or entity or making other disclosures that are protected under the whistleblower provisions of federal or state law or

regulation. The Executive cannot and will not be held criminally or civilly liable under any federal or state trade secret law for disclosing otherwise protected trade secrets and/or confidential or proprietary information so long as the disclosure is made in (i) confidence to a federal, state, or local government official, directly or indirectly, or to an attorney and solely for the purpose of reporting or investigating a suspected violation of law; or (ii) a complaint or other document filed in a lawsuit or other proceeding, so long as such filing is made under seal. The Company will not retaliate against the Executive in any way for a disclosure made pursuant to this Section 14(b). Further, in the event the Executive makes such a disclosure, and files a lawsuit against the Company alleging that the Company retaliated against the Executive because of the disclosure, the Executive may disclose the relevant trade secret or confidential information to the Executive's attorney, and may use the same in the court proceeding only if (X) the Executive ensures that any court filing that includes the trade secret or confidential information at issue is made under seal; and (Y) the Executive does not otherwise disclose the trade secret or confidential information except as required by court order.

(c) Non-Solicitation of Employees. The Executive recognizes that the Executive possesses and will possess confidential information about other employees of Sempra Energy and its Affiliates relating to their education, experience, skills, abilities, compensation and benefits, and inter-personal relationships with customers of Sempra Energy and its Affiliates. The Executive recognizes that the information the Executive possesses and will possess about these other employees is not generally known, is of substantial value to Sempra Energy and its Affiliates in developing their business and in securing and retaining customers, and has been and will be acquired by the Executive because of the Executive's business position with Sempra Energy and its Affiliates. The Executive agrees that at all times during the Executive's employment with the Company and for a period of one (1) year thereafter, the Executive will not use such information to directly or indirectly solicit or recruit any employee of the Company or its Affiliates for the purpose of being employed by the Executive or by any competitor of the Company or its Affiliates on whose behalf the Executive is acting as an agent, representative or employee and that the Executive will not convey any such confidential information or trade secrets about other employees of Sempra Energy and its Affiliates to any other Person; *provided, however*, that it shall not constitute a solicitation or recruitment of employment in violation of this Section 14(c) to discuss employment opportunities with any employee of the Company or its Affiliates who has either first contacted the Executive or regarding whose employment the Executive has discussed with and received the written approval of the Company's most senior officer of Human Resources (or, if such position is vacant, the Company's then Chief Executive Officer), prior to making such solicitation or recruitment. In view of the nature of the Executive's employment with the Company, the Executive likewise agrees that Sempra Energy and its Affiliates would be irreparably harmed by any solicitation or recruitment in violation of the terms of this Section 14(c) and that Sempra Energy and its Affiliates shall therefore be entitled to preliminary and/or permanent injunctive relief prohibiting the Executive from engaging in any activity or threatened activity in violation of the terms of this Section 14(c) and to any other relief available to them.

(d) Survival of Provisions. The obligations contained in Section 14(a), (b) and (c) above shall survive the termination of the Executive's employment within the Company and shall be fully enforceable thereafter to the same extent that it was enforceable prior to such termination. If it is determined by a court of competent jurisdiction in any state that any restriction in Section 14(a) or (c) above is excessive in duration or scope or is unreasonable or unenforceable under the laws of that state, it is the intention of the parties that such restriction may be modified or amended by the court to render it enforceable to the maximum extent permitted by the law of that state.



(e) Consulting Payment. In the event of the Executive's Involuntary Termination, if (i) the Executive reconfirms and agrees to abide by the covenants described in Section 14(a) and (c) above, (ii) the Release Requirements are satisfied by the Payment Date, and (iii) the Executive agrees to provide the consulting services described in Section 14(f) below, then in consideration for such covenants and consulting services, the Company shall pay the Executive, in one (1) cash lump sum, an amount (the "Consulting Payment") in cash equal to the sum of (X) the Executive's Annual Base Salary as in effect on the Date of Termination, plus (Y) the greater of the Executive's Average Annual Bonus or the Executive's Target Bonus on the Date of Termination. If the requirements of this Section 14(e) are satisfied, the Consulting Payment shall be paid during the thirty (30) day period commencing on the earlier of (i) the expiration of the six (6) month period measured from the date of the Executive's Separation from Service or (ii) the date of the Executive's death.

(f) Consulting. If the Executive agrees to the provisions of Section 14(e) above, then the Executive shall have the obligation to provide consulting services to the Company as an independent contractor, commencing on the Date of Termination and ending on the second (2<sup>nd</sup>) anniversary of the Date of Termination (the "Consulting Period"). The Executive shall hold himself available at reasonable times and on reasonable notice to render such consulting services as may be so assigned to the Executive by the Board or the Company's then Chief Executive Officer; *provided, however*, that unless the parties otherwise agree, the consulting services rendered by the Executive during the Consulting Period shall not exceed twenty (20) hours each month; and, *provided, further*, that the consulting services rendered by the Executive during the Consulting Period shall in no event exceed twenty percent (20%) of the average level of services performed by the Executive for the Company over the thirty-six (36) month period immediately preceding the Executive's Separation from Service (or the full period of services to the Company, if the Executive has been providing services to the Company for less than thirty-six (36) months). The Company agrees to use its best efforts during the Consulting Period to secure the benefit of the Executive's consulting services so as to minimize the interference with the Executive's other activities, including requiring the performance of consulting services at the Company's offices only when such services may not be reasonably performed off-site by the Executive.

#### **Section 15. Legal Fees.**

(a) Reimbursement of Legal Fees. Subject to Section 15(b), in the event of the Executive's Separation from Service either (i) prior to a Change in Control, or (ii) on or within two (2) years following a Change in Control, the Company shall reimburse the Executive for all legal fees and expenses (including but not limited to fees and expenses in connection with any legal proceeding) incurred by the Executive in disputing any issue arising under this Agreement relating to the Executive's Separation from Service or in seeking to obtain or enforce any benefit or right provided by this Agreement.

(b) Requirements for Reimbursement. The Company shall reimburse the Executive's legal fees and expenses pursuant to Section 15(a) above only to the extent the arbitrator or court determines (i) in the case of Section 15(a)(ii) that the Executive had a reasonable basis for such claim and (ii) in the case of Section 15(a)(i) that the Executive disputed such issue, or sought to obtain or enforce such benefit or right, in good faith, the Executive had a reasonable basis for such claim, and the Executive is the prevailing party. In addition, the Company shall reimburse such legal fees and expenses, in each case only if such legal fees and expenses are incurred during the twenty (20) year period beginning on the date of the Executive's Separation from Service. The legal fees and expenses paid to the Executive for any taxable year of the Executive shall not affect the legal fees and expenses paid to the Executive

for any other taxable year of the Executive. The legal fees and expenses shall be paid to the Executive as soon as practicable following the date on which documentation relating to the incurred expenses is provided by the Executive to the Company; provided, however, that any such reimbursement shall occur on or before the last day of the Executive's taxable year following the taxable year in which the fees or expenses are determined to be payable pursuant to this Agreement. The Executive's right to reimbursement of legal fees and expenses shall not be subject to liquidation or exchange for any other benefit. Such right to reimbursement of legal fees and expenses shall be provided in a manner that complies with Treasury Regulation Section 1.409A-3(i)(1)(iv).

#### **Section 16. Successors.**

(a) Assignment by the Executive. This Agreement is personal to the Executive and without the prior written consent of Sempra Energy shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives.

(b) Successors and Assigns of Sempra Energy. This Agreement shall inure to the benefit of and be binding upon Sempra Energy and its successors and assigns. Sempra Energy may not assign this Agreement to any Person (except for a successor described in Section 16(c), (d) or (e) below) without the Executive's written consent.

(c) Assumption. Sempra Energy shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of Sempra Energy to assume expressly and agree to perform the obligations and satisfy and discharge the liabilities of this Agreement in the same manner and to the same extent that Sempra Energy would have been required to perform the obligations and satisfy and discharge the liabilities under this Agreement if no such succession had taken place, and Sempra Energy shall have no further obligations and liabilities under this Agreement. Upon such assumption, references to Sempra Energy in this Agreement shall be replaced with references to such successor.

(d) Sale of Subsidiary. In the event that (i) the Executive is employed by a direct or indirect subsidiary of Sempra Energy that is a member of the Sempra Energy Control Group, (ii) Sempra Energy, directly or indirectly through one or more intermediaries, sells or otherwise disposes of such subsidiary, and (iii) such subsidiary ceases to be a member of the Sempra Energy Control Group, then if, on the date such subsidiary ceases to be a member of the Sempra Energy Control Group, the Executive continues in employment with such subsidiary and the Executive does not have a Separation from Service, Sempra Energy shall require such subsidiary or any successor (whether direct or indirect, by purchase merger, consolidation or otherwise) to such subsidiary, or the parent thereof, to assume expressly and agree to perform the obligations and satisfy and discharge the liabilities under this Agreement in the same manner and to the same extent that Sempra Energy would have been required to perform the obligations and satisfy and discharge the liabilities under this Agreement, if such subsidiary had not ceased to be part of the Sempra Energy Control Group, and, upon such assumption, Sempra Energy shall have no further obligations and liabilities under the Agreement. Upon such assumption, references to Sempra Energy in this Agreement shall be replaced with references to such subsidiary, or such successor or parent thereof, assuming this Agreement, and subsection (b) of the definition of "Cause" and subsection (b) of the definition of "Good Reason" shall apply thereafter, as if a Change in Control had occurred on the date of such cessation.

(e) Sale of Assets of Subsidiary. In the event that (i) the Executive is employed by a direct or indirect subsidiary of Sempra Energy, and (ii) such subsidiary sells or otherwise disposes of substantial assets of such subsidiary to an unrelated service recipient, as

determined under Treasury Regulation Section 1.409A-1(f)(2)(ii) (the “Asset Purchaser”), in a transaction described in Treasury Regulation Section 1.409A-1(h)(4) (an “Asset Sale”), then if, on the date of such Asset Sale, the Executive becomes employed by the Asset Purchaser, Sempra Energy and the Asset Purchaser may specify, in accordance with Treasury Regulation Section 1.409A-1(h)(4), that the Executive shall not be treated as having a Separation from Service, and in such event, Sempra Energy may require such Asset Purchaser, or the parent thereof, to assume expressly and agree to perform the obligations and satisfy and discharge the liabilities under this Agreement in the same manner and to the same extent that the Company would have been required to perform the obligations and satisfy and discharge the liabilities under this Agreement, if the Asset Sale had not taken place, and, upon such assumption, Sempra Energy shall have no further obligations and liabilities under the Agreement. Upon such assumption, references to Sempra Energy in this Agreement shall be replaced with references to the Asset Purchaser or the parent thereof, as applicable, and subsection (b) of the definition of “Cause” and subsection (b) of the definition of “Good Reason” shall apply thereafter, as if a Change in Control had occurred on the date of the Asset Sale.

**Section 17.** Administration Prior to Change in Control. Prior to a Change in Control, the Compensation Committee shall have full and complete authority to construe and interpret the provisions of this Agreement, to determine an individual’s entitlement to benefits under this Agreement, to make in its sole and absolute discretion all determinations contemplated under this Agreement, to investigate and make factual determinations necessary or advisable to administer or implement this Agreement, and to adopt such rules and procedures as it deems necessary or advisable for the administration or implementation of this Agreement. All determinations made under this Agreement by the Compensation Committee shall be final, conclusive and binding on all interested Persons. Prior to a Change in Control, the Compensation Committee may delegate responsibilities for the operation and administration of this Agreement to one or more officers or employees of the Company. The provisions of this Section 17 shall terminate and be of no further force and effect upon the occurrence of a Change in Control.

**Section 18.** Compliance with Section 409A of the Code. All payments and benefits payable under this Agreement (including, without limitation, the Section 409A Payments) are intended to comply with the requirements of Section 409A of the Code. Certain payments and benefits payable under this Agreement are intended to or may be exempt from the requirements of Section 409A of the Code. This Agreement shall be interpreted in accordance with the applicable requirements of, and exemptions from, Section 409A of the Code, the Treasury Regulations thereunder and other guidance of general applicability. If the Company determines that any compensation, benefits or other payments that are payable under this Agreement and intended to comply with Section 409A of the Code do not comply with Section 409A of the Code, the Treasury Regulations thereunder and other applicable authority issued by the Internal Revenue Service, to the extent permitted under Section 409A of the Code, the Treasury Regulations thereunder and any other applicable guidance, the Company and the Executive agree to amend this Agreement, or take such other actions as the Company and the Executive deem reasonably necessary or appropriate, to cause such compensation, benefits and other payments to comply with the requirements of Section 409A of the Code, the Treasury Regulations thereunder and other applicable guidance, while providing compensation, benefits and other payments that are, in the aggregate, no less favorable than the compensation, benefits and other payments provided under this Agreement. In the case of any compensation, benefits or other payments that are payable under this Agreement and intended to comply with Section 409A of the Code, if any provision of the Agreement would cause such compensation, benefits or other payments to fail to so comply, such provision shall not be effective and shall be null and void with respect to such compensation, benefits or other payments to the extent such provision would cause a failure to comply, and such provision shall otherwise remain in full force and effect.

**Section 19. Miscellaneous.**

(a) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California, without reference to its principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. Except as provided herein, the Agreement may not be amended, modified, repealed, waived, extended or discharged except by an agreement in writing signed by the parties hereto. No Person, other than pursuant to a resolution of the Board or a committee thereof, shall have authority on behalf of Sempra Energy to agree to amend, modify, repeal, waive, extend or discharge any provision of this Agreement or anything in reference thereto.

(b) Notices. All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party, by a reputable overnight carrier or by registered or certified mail, return receipt requested, postage prepaid, addressed, in the case of the Company, to Sempra Energy's headquarters attention the most senior officer of Human Resources with a copy to the General Counsel or in the case of the Executive, the home address of the Executive on file with the Company, or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notices and communications shall be effective when actually received by the addressee.

(c) Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(d) Taxes. The Company may withhold from any amounts payable under this Agreement such federal, state or local taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(e) No Waiver. The Executive's or the Company's failure to insist upon strict compliance with any provision hereof or any other provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder, including, without limitation, the right of the Executive to terminate employment for Good Reason, or the right of the Company to terminate the Executive's employment for Cause shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(f) Entire Agreement; Exclusive Benefit; Supersession of Prior Agreement. This Agreement contains the entire agreement of the Executive, the Company or any predecessor or subsidiary thereof with respect to any severance or termination pay. The Pre-Change in Control Severance Payment, the Post-Change in Control Severance Payment and all other benefits provided hereunder shall be in lieu of any other severance payments to which the Executive is entitled under any other severance plan or program or arrangement sponsored by the Company, as well as pursuant to any individual employment or severance agreement that was entered into by the Executive and the Company, and, upon the Effective Date of this Agreement, all such plans, programs, arrangements and agreements other than agreements to arbitrate disputes with the Company, to the extent in conflict with this Agreement, are hereby automatically superseded and terminated. Any prior agreements/provisions agreeing to arbitrate disputes with the Company shall remain in full force and effect and shall not be affected by this Agreement.

(g) No Right of Employment. Nothing in this Agreement shall be construed as giving the Executive any right to be retained in the employ of the Company or shall interfere in any way with the right of the Company to terminate the Executive's employment at any time, with or without Cause.

(h) Unfunded Obligation. The obligations under this Agreement shall be unfunded. Benefits payable under this Agreement shall be paid from the general assets of the Company. The Company shall have no obligation to establish any fund or to set aside any assets to provide benefits under this Agreement.

(i) Termination upon Sale of Assets of Subsidiary. Notwithstanding anything contained herein, this Agreement shall automatically terminate and be of no further force and effect and no benefits shall be payable hereunder in the event that (i) the Executive is employed by a direct or indirect subsidiary of Sempra Energy, (ii) an Asset Sale (as defined in Section 16(e)) occurs (other than such a sale or disposition which is part of a transaction or series of transactions which would result in a Change in Control), and (iii) as a result of such Asset Sale, the Executive is offered employment by the Asset Purchaser in an executive position with reasonably comparable status, compensation, benefits and severance agreement (including the assumption of this Agreement in accordance with Section 16(e)) and which is consistent with the Executive's experience and education, but the Executive declines to accept such offer and the Executive fails to become employed by the Asset Purchaser on the date of the Asset Sale.

(j) Term. The term of this Agreement shall commence on the Effective Date and shall continue until the third (3rd) anniversary of the Effective Date; *provided, however*, that commencing on the second (2nd) anniversary of the Effective Date (and each anniversary of the Effective Date thereafter), the term of this Agreement shall automatically be extended for one (1) additional year, unless at least ninety (90) days prior to such date, the Company or the Executive shall give written notice to the other party that it or he, as the case may be, does not wish to so extend this Agreement. Notwithstanding the foregoing, if the Company gives such written notice to the Executive (i) at a time when Sempra Energy is a party to an agreement that, if consummated, would constitute a Change in Control or (ii) less than two (2) years after a Change in Control, the term of this Agreement shall be automatically extended until the later of (X) the date that is one (1) year after the anniversary of the Effective Date that follows such written notice or (Y) the first day of the calendar month following the second (2nd) anniversary of the Change in Control Date.

(k) Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Executive and, pursuant to due authorization from its Board of Directors, Sempra Energy have caused this Agreement to be executed as of the day and year first above written.

SEMPRA ENERGY

/s/ Karen L. Sedgwick

Karen L. Sedgwick  
Chief Administrative Officer and Chief Human Resources  
Officer

3/9/2023

Date

EXECUTIVE

/s/ David J. Barrett

David J. Barrett  
SVP and General Counsel  
Southern California Gas Company

3/7/2023

Date

SEPARATION AGREEMENT AND GENERAL RELEASE

This SEPARATION AGREEMENT AND GENERAL RELEASE (the "Agreement"), is made by and between \_\_\_\_\_, a California corporation (the "Company") and \_\_\_\_\_ ("Employee") (jointly referred to as the "Parties" or individually referred to as a "Party") as of the Effective Date (as defined below).

WHEREAS, Employee was employed by the Company as an at-will employee;

WHEREAS, Employee and the Company previously entered into that certain Severance Pay Agreement dated \_\_\_\_\_, 20\_\_ (the "Severance Pay Agreement") in connection with Employee's employment with the Company;

WHEREAS, Employee's right to receive certain severance pay and benefits pursuant to the terms of the Severance Pay Agreement is subject to and conditioned upon Employee's execution [and non-revocation] of a general release of claims Employee has or may have against the Company Releasees (as defined below); and

WHEREAS, Employee's right to receive the Consulting Payment provided pursuant to Section 14(e) of the Severance Pay Agreement is subject to and conditioned upon Employee's execution [and non-revocation] of a general release of claims by Employee against the Company Releasees and Employee's adherence to the covenants described under Section 14 of the Severance Pay Agreement.

NOW, THEREFORE, in consideration of the promises and mutual covenants contained herein, the adequacy of which is hereby acknowledged, the Parties hereby agree as follows:

1. Separation Date. Employee's employment with the Company terminated at the close of business on [\_\_\_\_\_] (the "Separation Date"). Employee has received his/her final wages through the Separation Date, less deductions required by law, including any accrued but unused vacation, in accordance with applicable law. Employee has also been reimbursed for any outstanding employment-related expenses that were incurred and submitted consistent with Company policy. This Agreement is not a condition of employment or continued employment or a condition of receiving a raise or a bonus. On the Separation Date, Employee will be deemed to have resigned from all positions that he/she holds with the Company and its affiliates, and Employee will promptly execute any instrument reasonably requested by the Company or any of its affiliates to effectuate or commemorate such resignation. The term "affiliate" as used herein shall include, without limitation, such Person's parent companies, divisions and subsidiaries, whether or not specified.

2. Severance Benefits. In exchange for Employee entering into this Agreement and not revoking it, and for the covenants and releases contained herein, the Company will provide Employee with the severance benefits described below. Employee acknowledges that the amounts and benefits set forth in this Section 2 as well as any benefits and claims not released under Section 4(b), fully satisfy any entitlement Employee may have to any payments or benefits from the Company through the Separation Date, including under the Severance Pay Agreement. Employee further acknowledges that no part of the severance payments described in this Section 2 consist of wages owed to Employee for his/her employment through the Separation Date.

(a) [The Company will pay Employee a lump sum payment of \_\_\_\_\_], less applicable withholdings, pursuant to Section [4/5] of the Severance Pay Agreement. Pursuant to Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”), payment will be made on the earlier of (i) the date that is six (6) months and one (1) day after the Separation Date; and (ii) the date of Employee’s death.

(b) The Company will pay Employee a lump sum payment of \_\_\_\_\_], less applicable withholdings, which is equal to the Consulting Payment set forth in Section 14(e) of the Severance Pay Agreement. Such payment will be made during the thirty (30) day period commencing on the earlier of (i) a date that is six (6) months and one (1) day after the Separation Date; and (ii) the date of Employee’s death

(c) The Company will also provide Employee with the severance benefits set forth in Sections 4(c), (d) and (e) of the Severance Pay Agreement. For the avoidance of doubt, the value of the services set forth in Sections 4(c), (d) and (e) of the Severance Pay Agreement shall not be subject to liquidation or exchange for any other benefit.]

3. Tax Consequences. The Company makes no representations or warranties with respect to the tax consequences of the payments and any other consideration provided to Employee or made on Employee’s behalf under the terms of this Agreement. Employee agrees and understands that Employee is responsible for payment, if any, of local, state, and/or federal taxes on the payments and any other consideration provided hereunder by the Company and any penalties or assessments thereon. Employee further agrees to indemnify and hold the Company and its affiliates harmless from any claims, demands, deficiencies, penalties, interest, assessments, executions, judgments, or recoveries by any government agency against the Company or any of its affiliates for any amounts claimed due on account of (a) Employee’s failure to pay or delayed payment of federal or state taxes, or (b) damages sustained by the Company or any of its affiliates by reason of any such claims, including reasonable attorneys’ fees and costs

4. Release of Claims. As a material inducement for the payment of the severance and benefits of the Severance Pay Agreement, and except as otherwise provided in this Agreement, Employee, on behalf of him/herself and on behalf of his/her heirs, family members, executors, agents and assigns, hereby irrevocably and unconditionally releases, acquits and forever discharges the Company Releasees from any and all Claims he/she has or may have. For purposes of this Agreement and the preceding sentence, the words “Releasee” or “Releasees” and “Claim” or “Claims” shall have the meanings set forth below:

(a) “Company Releasees” shall refer to (i) the Company, (ii) each of the Company’s owners, stockholders, predecessors, successors, assigns, agents, directors, officers, employees, representatives, attorneys, advisors, and affiliates (including parent companies, divisions, and subsidiaries), (iii) agents, directors, officers, employees, representatives, attorneys and advisors of such affiliates (including parent companies, divisions, and subsidiaries), and (iv) all persons and entities acting by, through, under or in concert with any of them

(b) The words “Claim” or “Claims” shall refer to any charges, complaints, claims, liabilities, obligations, promises, agreements, controversies, damages, actions, causes of action, suits, rights, demands, costs, losses, debts and expenses (including attorneys’ fees and costs actually incurred) of any nature whatsoever, known or unknown, suspected or unsuspected, which Employee had or may have, own or hold against any of the Company Releasees through and including the Effective Date that in any way arise out of, relate to, or are in connection with Employee’s employment relationship with the Company and its affiliates and the termination of that relationship, including, without limitation, all rights arising out of alleged violations of any contracts, express or implied, including the Severance Pay Agreement; any tort claim; any legal



restrictions on the Company's right to terminate employment relationships; and any federal, state or other governmental statute, regulation, law or ordinance, including common law principles, governing the employment relationship including, without limitation, all laws and regulations prohibiting discrimination or harassment based on protected categories, and all laws and regulations prohibiting retaliation against employees, including retaliation for engaging in protected activity or legal off-duty conduct. This release does not extend to claims for workers' compensation or other claims which by law may not be waived or released by this Agreement, nor does it limit Employee's right to receive any vested payments or benefits to which he/she is entitled under any Company (including its affiliates) benefit plan (including, without limitation, any of the Company's (including its affiliates) qualified retirement plans or non-qualified deferred compensation plan), which payments or benefits will be paid or provided pursuant to the terms of the applicable governing documents.

5. Release of Unknown Claims. Employee expressly waives and relinquishes all rights and benefits afforded by any statute (including, but not limited to, Section 1542 of the Civil Code of the State of California and analogous laws of other states), which limits the effect of a release with respect to unknown claims. Employee does so understanding and acknowledging the significance of the release of unknown claims and the waiver of statutory protection against a release of unknown claims (including, but not limited to, Section 1542). Section 1542 of the Civil Code of the State of California states as follows:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.”

Thus, notwithstanding the provisions of Section 1542 or of any similar statute, and for the purpose of implementing a full and complete release and discharge of the Company Releasees, Employee expressly acknowledges that this Agreement is intended to include in its effect, without limitation, all Claims which are known and all Claims which Employee does not know or suspect to exist in Employee's favor at the time of execution of this Agreement and that this Agreement contemplates the extinguishment of all such Claims. Employee acknowledges that he/she might hereafter discover facts different from, or in addition to, those Employee now knows or believes to be true with respect to a Claim or Claims released herein, and they expressly agree to assume the risk of possible discovery of additional or different facts, and agree that this Agreement shall be and remain effective, in all respects, regardless of such additional or different discovered facts.

6. Covenant Not to Sue. Employee agrees that Employee will not file any suit, claim, proceeding or complaint against any Company Releasees arising out of or in connection with any Claims released herein, except as required to enforce the terms of this Agreement. Employee's right to file or participate in an administrative claim or investigation by the Equal Employment Opportunity Commission, or any other local, state, or federal administrative body or government agency against the Company, which is guaranteed by law, cannot be and is not waived. However, to the extent permitted by law, and except as to Securities and Exchange Commission whistleblower awards, Employee agrees that if such an administrative claim is made against any Company Releasee(s) on Employee's behalf, Employee shall not be entitled to recover any individual monetary relief or other individual remedies beyond the separation benefits identified in this Agreement.

7. No Pending Lawsuits. Employee represents and warrants that Employee does not have any lawsuits, charges, claims, grievances, or actions of any kind pending against any Company Releasees arising out of or in connection with any Claims released herein, by or on behalf of Employee or on behalf of any other person or entity, and that, to the best of Employee's knowledge, Employee possess no such claims (including, but not limited to, under the Family and Medical Leave Act, the Age Discrimination in Employment Act, the California Family Rights Act, the Fair Labor Standards Act, the California Labor Code and/or workers' compensation claims). Employee further acknowledges that he/she is not aware of, or has fully disclosed to the Company, any information that could reasonably give rise to such a claim, cause of action, lawsuit or proceeding against any Company Releasee(s).

8. No Cooperation. Employee agrees that he/she will not knowingly encourage, counsel, or assist any attorneys or their clients in the presentation or prosecution of any disputes, differences, grievances, claims, charges, or complaints by any third party against any Company Releasee(s) arising out of or in connection with any Claims released herein, unless under a subpoena or other court order to do so. Employee agrees to immediately notify the Company upon receipt of any such subpoena or court order, and to furnish to the Company, within three (3) business days of its receipt, a copy of such subpoena or other court order.

9. Payment of Salary and Receipt of All Benefits. Employee acknowledges and represents that, except as provided in this Agreement, the Company has fully paid or provided Employee all salary, wages, bonuses, accrued vacation/paid time off, premiums, leaves, housing allowances, relocation costs, interest, severance, outplacement costs, fees, reimbursable expenses, commissions or other incentive compensation, stock, stock options, vesting, and any and all other benefits and compensation due to Employee. Employee specifically represents that Employee is not owed any further sum by way of reimbursement from the Company or any of its affiliates. To the extent Employee claims that additional wages are or may become owed to Employee, there is a good faith dispute based in law and fact over whether any wages in excess of the wages already paid to Employee are or will be due, and thus California Labor Code Section 206.5 is inapplicable.

10. Indemnification.

(a) As a further material inducement to the Company to enter into this Agreement, Employee hereby agrees to indemnify and hold each of the Company Releasees harmless from all loss, costs, damages, or expenses, including without limitation, reasonable attorneys' fees incurred by the Company Releasees, arising out of any breach of this Agreement by Employee or the fact that any representation made in this Agreement by Employee was false when made. As a further material inducement to Employee to enter into this Agreement, the Company hereby agrees to indemnify and hold each of the Company Releasees harmless from all loss, costs, damages, or expenses, including without limitation, reasonable attorneys' fees incurred by the Company Releasees, arising out of any breach of this Agreement by the Company or the fact that any representation made in this Agreement by the Company was knowingly false when made.

(b) If Employee is a party or is threatened to be made a party to any proceeding by reason of the fact that Employee was an employee, officer or director of the Company or any of its affiliates, the Company shall indemnify and hold harmless Employee against any expenses (including reasonable attorneys' fees, *provided*, that counsel has been approved by the Company, which approval shall not be unreasonably withheld), judgments, fines, settlements and other amounts actually or reasonably incurred by Employee in connection with that proceeding, and *provided*, that Employee acted in good faith and in a manner Employee reasonably believed to be in the best interest of the Company. The limitations of Section 317 of the Corporations Code of the State of California shall apply to this assurance of indemnification.

Notwithstanding the foregoing or any other provision contained herein, this Agreement shall not supersede or in any way limit any (i) indemnification arrangements in favor of the Employee under the Company's or any of its affiliates charter documents or bylaws or pursuant to any agreement between the Employee and the Company or any of the Company's affiliates or (ii) the provision of insurance against insurable events which occurred while the Executive was a director or officer of the Company, in each as provided by and subject to the limitations set forth in Section 10 of the Severance Pay Agreement.

11. No Admission of Liability.

The Parties understand and acknowledge that no action taken by either Party in connection hereto, either previously or in connection with this Agreement, shall be deemed or construed to be (i) an admission of the truth or falsity of any actual or potential claims, or (ii) an acknowledgement or admission by either Party of any fault or liability whatsoever to the other Party or to any third party. This Agreement shall not in any way be construed as an admission by the Company that it has acted wrongfully with respect to Employee or any other person or entity, or that Employee has any rights whatsoever against the Company, and the Company specifically disclaims any liability to or wrongful acts against Employee or any other person or entity, on the part of itself, its employees or its agents. This Agreement shall not in any way be construed as an admission by Employee that Employee has acted wrongfully with respect to the Company, or that Employee failed to perform Employee's duties or negligently performed or breached Employee's duties, or that the Company had good cause to terminate Employee's employment.

12. Cooperation in Litigation. Employee agrees to cooperate with the Company and its affiliates and their respective designated attorneys, representatives and agents in connection with any actual or threatened judicial, administrative or other legal or equitable proceeding in which the Company or any of the Company's affiliates is or may become involved. Upon reasonable notice, Employee agrees to meet with and provide to the Company and its affiliates and their respective designated attorneys, representatives or agents all information and knowledge Employee has relating to the subject matter of any such proceeding. The Company agrees to reimburse Employee for any reasonable costs Employee incurs in providing such cooperation.

13. Governing Law. This Agreement is entered into in [state] and, except as provided in this section, shall be governed by substantive [state] law.

14. Arbitration of Disputes. If any dispute arises between Employee and the Company relating to this Agreement, including any dispute regarding the interpretation, enforceability, or validity of this Agreement ("Arbitrable Dispute"), the Parties agree to resolve that Arbitrable Dispute through **final and binding** arbitration under this section. Employee also agrees to arbitrate any Arbitrable Dispute which also involves any other Company Releasee who offers or agrees to arbitrate the dispute under this section.

(a) Any Arbitrable Dispute will be decided by an arbitrator through individual arbitration, and **Employee and the Company waive any right to a jury trial or a court bench trial.** Employee and the Company also waive the right for any dispute to be brought, maintained, decided or arbitrated as a class and/or collective action and the arbitrator shall have no authority to hear or preside over any such action ("Class Action Waiver"). Further, Arbitrable Disputes must be brought in the individual capacity of the party asserting the claim, Employee and the Company are waiving the right to pursue or have a dispute resolved as a plaintiff or class member in any purported class, collective or representative proceeding. To the extent the Class Action Waiver is determined to be invalid, unenforceable, or void, any class and/or collective action must proceed in a court of law and not in arbitration.

Notwithstanding any other provision of this Agreement, to the fullest extent permitted by law, Employee and the Company (1) agree not to bring a representative action on behalf of others under the Private Attorneys General Act of 2004 (“PAGA”), California Labor Code § 2698 et seq., in any court or in arbitration, and (2) agree that, for any claim brought on a private attorney general basis, including under the California PAGA, any such dispute shall be resolved in arbitration on an individual basis only (i.e., to resolve whether Employee has personally been aggrieved or subject to any violations of law), and that such an action may not be used to resolve the claims or rights of other individuals in a single or collective proceeding (collectively, “Representative PAGA Waiver”). Notwithstanding any other provision of this arbitration agreement or the JAMS Rules, the scope, applicability, enforceability, revocability or validity of this Representative PAGA Waiver may be resolved only by a court of competent jurisdiction and not by an arbitrator. If any provision of this representative PAGA Waiver is found to be unenforceable or unlawful for any reason, the unenforceable provision shall be severed from this Dispute Resolution provision, and any such representative PAGA claims or other representative private attorneys general act claims must be litigated in a court of competent jurisdiction and not in arbitration. To the extent that there are any Arbitrable Disputes to be litigated in a court of competent jurisdiction because a court determines that the representative PAGA Waiver is unenforceable with respect to those disputes, the Parties agree that litigation of those Arbitrable Disputes shall be stayed pending the outcome of any individual disputes in arbitration.

(b) The Arbitration shall take place at the office of JAMS that is nearest to the location where Employee last worked for the Company in accordance with the JAMS Employment Arbitration Rules & Procedures then in effect (“JAMS Rules”) (or, if Employee is employed outside of California at the time of the termination of Employee’s employment, at the nearest location of the American Arbitration Association (“AAA”) and in accordance with the AAA Employment Arbitration Rules and Mediation Procedures then in effect (“AAA Rules”), copies of which are available at [www.jamsadr.com](http://www.jamsadr.com); tel: 800.352.5267 and [www.adr.org](http://www.adr.org); tel: 800.778.7879, before a single experienced employment arbitrator selected in accordance with those rules.

(c) The Arbitrator may not modify or change this Agreement in any way. The Company will be responsible for paying any filing fee and the fees and costs of the Arbitrator; provided, however, that if Employee is the party initiating the claim, Employee will contribute an amount equal to the filing fee that would be paid to initiate a claim in the court of general jurisdiction in the state in which Employee is employed by the Company, unless a lower fee amount would be owed by Employee pursuant to the JAMS Rules (or AAA Rules, as applicable) or applicable law. Each Party shall pay for its own costs and attorneys’ fees and pay any costs that are not unique to arbitration (i.e., cost that each party would incur if the claim(s) were litigated in a court, such as costs to subpoena witnesses and/or documents, take depositions and purchase deposition transcripts, copy documents, etc.), if any. However if any party prevails on a statutory claim which affords the prevailing party attorneys’ fees and costs, or if there is a written agreement providing for attorneys’ fees and/or costs, the Arbitrator may award reasonable attorney’s fees and/or costs to the prevailing party, applying the same standards a court would apply under the law applicable to the claim.

(d) The Arbitrator shall apply the Federal Rules of Evidence and shall have the authority to entertain a motion to dismiss or a motion for summary judgment by any party and shall apply the standards governing such motions under the Federal Rules of Civil Procedure. The Arbitrator is required to issue a written award and opinion setting forth the essential findings and conclusions on which the award is based, and any judgment or award issued by the Arbitrator may be entered in any court of competent jurisdiction. The Arbitrator does not have the authority to consider, certify, or hear an arbitration as a class action, collective action, or any other type of representative action. In addition, unless all parties agree in writing otherwise, the Arbitrator shall not consolidate or join the arbitrations of one or more than one

individual. Neither party may seek, nor may the Arbitrator award, any relief that is not individualized to the claimant or that affects other individuals. The Arbitrator may award declaratory or injunctive relief only in favor of the individual party seeking relief and only to the extent necessary to provide relief warranted by that Party's individual claims.

(e) Employee and the Company recognize that this agreement to arbitrate arises out of or concerns interstate commerce and that the Federal Arbitration Act shall govern the arbitration and the interpretation or enforcement of this section or any arbitration award. If a court decides that applicable law does not permit the enforcement of any of this section's limitations as to a particular claim or any particular remedy for a claim, then that claim or particular remedy (and only that claim or particular remedy) must be severed from the arbitration and may be brought in court. To the extent that the Federal Arbitration Act is inapplicable, California law pertaining to arbitration agreements shall apply. Arbitration in this manner shall be the exclusive remedy for any Arbitrable Dispute. Except as prohibited by the Age Discrimination in Employment Act of 1967, as amended, should Employee or the Company attempt to resolve an Arbitrable Dispute by any method other than arbitration pursuant to this section, the responding party will be entitled to recover from the initiating party all damages, expenses, and attorneys' fees incurred as a result of this breach. This Section 13 supersedes any existing arbitration agreement between the Company and Employee as to any Arbitrable Dispute (as defined herein). Notwithstanding anything in this Section 13 to the contrary, a claim for benefits under an Employee Retirement Income Security Act of 1974, as amended, covered plan shall not be an Arbitrable Dispute.

15. Effective Date. The Parties understand and agree that this Agreement is final and binding eight (8) days after its execution and return (the "Effective Date"). Should Employee nevertheless attempt to challenge the enforceability of this Agreement as provided in Section 13 or, in violation of that section, through litigation, as a further limitation on any right to make such a challenge, Employee shall initially tender to the Company, by certified check delivered to the Company, all monies received pursuant to Section 4 or 5 of the Severance Pay Agreement, as applicable, plus interest, and invite the Company to retain such monies and agree with Employee to cancel this Agreement and void the Company's obligations under the Severance Pay Agreement. In the event the Company accepts this offer, the Company shall retain such monies and this Agreement shall be canceled and the Company shall have no obligation under Section 14(e) of the Severance Pay Agreement. In the event the Company does not accept such offer, the Company shall so notify Employee and shall place such monies in an interest-bearing escrow account pending resolution of the dispute between Employee and the Company as to whether or not this Agreement and the Company's obligations under the Severance Pay Agreement shall be set aside and/or otherwise rendered voidable or unenforceable. Additionally, any consulting agreement then in effect between Employee and the Company shall be immediately rescinded with no requirement of notice.

16. Notices. Any notices required to be given under this Agreement shall be delivered either personally or by first class United States mail, postage prepaid, addressed to the respective parties and shall be effective upon receipt as follows:

To Company: [TO COME]

Attn: [TO COME]

With a copy to:

Attn: [TO COME]

To Employee: \_\_\_\_\_

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17. Voluntary Waiver and Release of ADEA Claims. Employee understands and acknowledges that Employee is waiving any rights Employee may have under the Age Discrimination in Employment Act (“ADEA”), and that this waiver and release is knowing and voluntary. Employee acknowledges that the consideration given for this waiver and release is in addition to anything of value to which Employee was already entitled. Employee further understands and acknowledges that Employee has been given a period of twenty-one (21) days to review and consider this Agreement before signing it and may use as much of this twenty-one (21) period as Employee wishes prior to signing. In the event Employee signs this Agreement and returns it to the Company in less than the twenty-one (21)-day period identified above, Employee hereby acknowledges that Employee has freely and voluntarily chosen to waive the time period allotted for considering this Agreement, and that the Company has not promised Employee anything or made any representations not contained in this Agreement to induce Employee to sign this Agreement before the expiration of the twenty-one (21) day period. Employee is encouraged, at Employee’s personal expense, to consult with an attorney before signing this Agreement. Employee understands and acknowledges that whether or not Employee does so is Employee’s decision. Employee may revoke this Agreement within seven (7) days of signing it. If Employee wishes to revoke, the Company’s Vice President, Human Resources must receive written notice from Employee no later than the close of business on the seventh (7th) day after Employee has signed the Agreement. If revoked, this Agreement shall not be effective and enforceable, and Employee will not receive payments or benefits under Section 4 or 5 of the Severance Pay Agreement, as applicable. The Parties agree that changes, whether material or immaterial, do not restart the running of the twenty-one (21)-day period described above.

18. Section 409A. All payments and benefits payable under this Agreement are intended to comply with the requirements of Section 409A of the Code. Notwithstanding the foregoing, certain payments and benefits payable under this Agreement are intended to be exempt from the requirements of Section 409A of the Code. This Agreement shall be interpreted in accordance with the applicable requirements of, and exemptions from, Section 409A of the Code and the Treasury Regulations thereunder. To the extent the payments and benefits under this Agreement are subject to Section 409A of the Code, this Agreement shall be interpreted, construed and administered in a manner that satisfies the requirements of Section 409A(a)(2), (3) and (4) of the Code and the Treasury Regulations thereunder. To the extent that any payments under this Agreement are subject to Section 409A of the Code, the provisions of Section 9 of the Severance Pay Agreement shall apply.

19. Return of Company Property. Employee represents and warrants that he/she has returned all of the Company’s property, including all work in progress, files, photographs, notes, records, credit cards, keys, access cards, computers, and other Company or customer documents, products, or property that Employee has received in the course of his/her employment, or which reflect in any way any confidential or proprietary information of the Company. Employee also warrants that he has not downloaded or otherwise retained any information, whether in electronic or other form, belonging to the Company or derived from information belonging to the Company.

20. Confidential Information; Public Releases.

(a) Employee acknowledges and reaffirms Employee’s continuing obligations under the Confidentiality Agreement. The Parties understand and agree that nothing in this Agreement is intended to interfere with or discourage Employee’s good-faith disclosure to any

governmental entity related to a reasonably suspected violation of the law or to prevent Employee from discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that Employee has reason to believe is unlawful. The Parties further understand and agree that Employee cannot be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that (a) is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

(b) The Parties understand and agree that the Company and its affiliates shall take any and all necessary or appropriate action to timely satisfy their respective reporting and disclosure obligations in connection with Employee's separation and this Agreement, including filing any requisite forms with the Securities and Exchange Commission ("SEC") and Employee will promptly provide any information reasonably requested by the Company or any of its affiliates in fulfilling any such reporting or disclosure obligations.

21. Entire Agreement. This Agreement constitutes the entire agreement of the parties hereto and supersedes any and all other agreements (except the Severance Pay Agreement and the Confidentiality Agreement) with respect to the subject matter of this Agreement, whether written or oral, between the Parties. Any prior agreements/provisions agreeing to arbitrate disputes with the Company shall remain in full force and effect and shall not be affected by this Agreement. All modifications and amendments to this Agreement must be in writing and signed by all Parties.

22. No Representation. The Parties represent and acknowledge that in executing this Agreement, neither is relying upon any representation or statement not set forth in this Agreement or the Severance Pay Agreement.

23. Take All Necessary Further Action. Each party agrees, without further consideration, to sign or cause to be signed, and to deliver to the other party, any other documents and to take any other action as may be necessary to fulfill the obligations under this Agreement.

24. Severability. If any provision of this Agreement or the application thereof is held invalid, the invalidity shall not affect other provisions or applications of the Agreement which can be given effect without the invalid provisions or application; and to this end the provisions of this Agreement are declared to be severable.

25. Counterparts. This Agreement may be executed in counterparts.

With the benefit of representation and advice of counsel, the Parties have read the foregoing Severance Agreement and General Release, and accept and agree to the provisions it contains and hereby execute it voluntarily and with full understanding of its consequences. The Parties acknowledge that they are receiving valuable consideration in exchange for the execution of this Agreement, to which they would not otherwise be entitled.

DATED: \_\_\_\_\_

\_\_\_\_\_

DATED: \_\_\_\_\_

\_\_\_\_\_

Employee acknowledges that Employee first received this Agreement on [date].

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**SEMPRA ENERGY  
SEVERANCE PAY AGREEMENT**

**THIS AGREEMENT** (this “Agreement”), dated as of March 1, 2023 (the “Effective Date”), is made by and between SEMPra ENERGY, a California corporation (“Sempra Energy”), and Maryam S. Brown (the “Executive”).

**WHEREAS**, the Executive is currently employed by Sempra Energy or another corporation or trade or business which is a member of a Controlled Group of Corporations (Sempra Energy and such other controlled group members, collectively, the “Company”);

**WHEREAS**, Sempra Energy and the Executive desire to enter into this Agreement as may be restated from time to time in order to provide reasonable assurances to the Executive and maintain a constructive relationship following the termination of Executive’s employment with Company; and

**WHEREAS**, the Board of Directors of Sempra Energy (the “Board”) or an authorized committee thereof has authorized the terms of this Agreement.

**NOW, THEREFORE**, in consideration of the premises and mutual covenants herein contained, Sempra Energy and the Executive hereby agree as follows:

**Section 1. Definitions.** For purposes of this Agreement, the following capitalized terms have the meanings set forth below:

“AAA” has the meaning assigned thereto in Section 13(c) hereof.

“Accounting Firm” has the meaning assigned thereto in Section 8(e) hereof.

“Accrued Obligations” means the sum of (a) the Executive’s Annual Base Salary through the Date of Termination to the extent not theretofore paid, (b) an amount equal to any annual Incentive Compensation Awards earned with respect to fiscal years ended prior to the year that includes the Date of Termination to the extent not theretofore paid, (c) any accrued and unpaid vacation, and (d) reimbursement for unreimbursed business expenses, if any, properly incurred by the Executive in the performance of the Executive’s duties in accordance with Company policies applicable to the Executive from time to time, in each case to the extent not theretofore paid.

“Affiliate” has the meaning set forth in Rule 12b-2 promulgated under the Exchange Act.

“Annual Base Salary” means the Executive’s annual base salary from the Company.

“Asset Purchaser” has the meaning assigned thereto in Section 16(e).

“Asset Sale” has the meaning assigned thereto in Section 16(e).

“Average Annual Bonus” means the average of the annual bonuses from the Company earned by the Executive with respect to the three (3) fiscal years of Sempra Energy ending immediately preceding the Date of Termination (the “Bonus Fiscal Years”); *provided, however*, that, if the Executive was employed by the Company for less than three (3) Bonus Fiscal Years, “Average Annual Bonus” means the average of the annual bonuses (if any) from the Company earned by the Executive with respect to the Bonus Fiscal Years during which the

Executive was employed by the Company; and, *provided, further*, that, if the Executive was not employed by the Company during any of the Bonus Fiscal Years, "Average Annual Bonus" means zero (\$0).

"Cause" means:

(a) Prior to a Change in Control, (i) the Executive's willful failure to substantially perform the Executive's job duties, (ii) Executive's grossly negligent performance of the Executive's duties, (iii) the Executive's gross insubordination; (iv) the Executive's commission of one or more acts of significant dishonesty or moral turpitude (including but not limited to criminal acts involving one or more acts of moral turpitude) which have or result in an adverse effect on the Company, monetarily or otherwise; and/or (v) the Executive's serious violation of a material policy of Sempra Energy or its Affiliates that is applicable to the Executive. For purposes of clause (i) of this subsection (a), no act, or failure to act, on the Executive's part shall be deemed "willful" if due to the Executive's incapacity due to physical or mental illness, or if the Executive acted in good faith and with reasonable belief that the Executive's act, or failure to act, was in the best interests of the Company.

(b) From and after a Change in Control (or in connection with a termination occurring pursuant to Section 5(f)), (i) the Executive's willful and continued failure to substantially perform the Executive's duties with the Company (other than any such failure resulting from the Executive's incapacity due to physical or mental illness or other than any such actual or anticipated failure after the issuance by the Executive of a Notice of Termination for Good Reason pursuant to Section 2 hereof and after the Company's cure period relating to the event on which Good Reason is based, if any and if applicable, has expired) and/or (ii) the Executive's commission of one or more acts of moral turpitude that constitute a violation of applicable law (including but not limited to a felony involving one or more acts of moral turpitude) which have or result in an adverse effect on the Company, monetarily or otherwise, or one or more significant acts of dishonesty. For purposes of clause (i) of this subsection (b), no act, or failure to act, on the Executive's part shall be deemed "willful" unless done, or omitted to be done, by the Executive not in good faith and without reasonable belief that the Executive's act, or failure to act, was in the best interests of the Company. Notwithstanding the foregoing, the Executive shall not be deemed terminated for Cause pursuant to clause (i) of this subsection (b) unless and until the Executive shall have been provided with reasonable notice of and, if possible, a reasonable opportunity to cure the facts and circumstances claimed to provide a basis for termination of the Executive's employment for Cause.

"Change in Control" shall be deemed to have occurred on the date that a change in the ownership of Sempra Energy, a change in the effective control of Sempra Energy, or a change in the ownership of a substantial portion of assets of Sempra Energy occurs (each, as defined in subsection (a) below), except as otherwise provided in subsections (b), (c) and (d) below:

(a) (i) a "change in the ownership of Sempra Energy" occurs on the date that any one Person, or more than one Person acting as a Group, acquires ownership of stock of Sempra Energy that, together with stock held by such Person or Group, constitutes more than fifty percent (50%) of the total fair market value or total voting power of the stock of Sempra Energy,

(ii) a "change in the effective control of Sempra Energy" occurs only on either of the following dates:

(1) the date any one Person, or more than one Person acting as a Group, acquires (or has acquired during the twelve (12) month period ending on

the date of the most recent acquisition by such Person or Persons) ownership of stock of Sempra Energy possessing thirty percent (30%) or more of the total voting power of the stock of Sempra Energy, or

(2) the date a majority of the members of the Board is replaced during any twelve (12) month period by directors whose appointment or election is not endorsed by a majority of the members of the Board before the date of appointment or election, and

(iii) a “change in the ownership of a substantial portion of assets of Sempra Energy” occurs on the date any one Person, or more than one Person acting as a Group, acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such Person or Persons) assets from Sempra Energy that have a total gross fair market value equal to or more than eighty-five percent (85%) of the total gross fair market value of all of the assets of Sempra Energy immediately before such acquisition or acquisitions.

(b) A “change in the ownership of Sempra Energy” or “a change in the effective control of Sempra Energy” shall not occur under clause (a)(i) or (a)(ii) by reason of any of the following:

(i) an acquisition of ownership of stock of Sempra Energy directly from Sempra Energy or its Affiliates other than in connection with the acquisition by Sempra Energy or its Affiliates of a business,

(ii) a merger or consolidation which would result in the voting securities of Sempra Energy outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof), in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of the Company, at least sixty percent (60%) of the combined voting power of the securities of Sempra Energy or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, or

(iii) a merger or consolidation effected to implement a recapitalization of Sempra Energy (or similar transaction) in which no Person is or becomes the “beneficial owner” (within the meaning of Rule 13d-3 promulgated under the Exchange Act), directly or indirectly, of securities of Sempra Energy (not including the securities beneficially owned by such Person any securities acquired directly from Sempra Energy or its Affiliates other than in connection with the acquisition by Sempra Energy or its Affiliates of a business) representing twenty percent (20%) or more of the combined voting power of Sempra Energy’s then outstanding securities.

(c) A “change in the ownership of a substantial portion of assets of Sempra Energy” shall not occur under clause (a)(iii) by reason of a sale or disposition by Sempra Energy of the assets of Sempra Energy to an entity, at least sixty percent (60%) of the combined voting power of the voting securities of which are owned by shareholders of Sempra Energy in substantially the same proportions as their ownership of Sempra Energy immediately prior to such sale.

(d) This definition of “Change in Control” shall be limited to the definition of a “change in control event” with respect to the Executive and relating to Sempra Energy under Treasury Regulation Section 1.409A-3(i)(5). A Change in Control shall only occur if there is a Change in Control (as determined by the definition of Change in Control of this Agreement

without regard to this subsection (d)) and a “change in control event” relating to Sempra Energy under Treasury Regulation Section 1.409A-3(i)(5) with respect to the Executive.

“Change in Control Date” means the date on which a Change in Control occurs.

“COBRA” means coverage required by Section 4980B of the Code.

“COBRA Premium” means, with respect to the type and level of coverage provided to the Executive and his/her dependents pursuant to COBRA, the employer-paid portion of the monthly premium for such coverage as applicable for similarly-situated active employees.

“Code” means the Internal Revenue Code of 1986, as amended.

“Compensation Committee” means the compensation committee (however designated) of the Board.

“Consulting Payment” has the meaning assigned thereto in Section 14(e) hereof.

“Consulting Period” has the meaning assigned thereto in Section 14(f) hereof.

“Continued Benefits” has the meaning assigned thereto in Section 5(c) hereof.

“Controlled Group of Corporations” means a group of companies within the meaning of Section 414(b) or (c) of the Code) of which Sempra Energy is a component member, determined by applying an ownership threshold of 50%.

“Date of Termination” has the meaning assigned thereto in Section 2(b) hereof.

“Disability” has the meaning set forth in the long-term disability plan or its successor maintained by the Company entity that is the employer of the Executive; *provided, however*, that the Executive’s employment hereunder may not be terminated by reason of Disability unless (a) at the time of such termination there is no reasonable expectation that the Executive will return to work within the next ninety (90) day period and (b) such termination is permitted by all applicable disability laws.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and the applicable rulings and regulations thereunder.

“Excise Tax” has the meaning assigned thereto in Section 8(a) hereof.

“Good Reason” means:

(a) Prior to a Change in Control, the occurrence of any of the following without the prior written consent of the Executive, unless such act or failure to act is corrected by the Company prior to the Date of Termination specified in the Notice of Termination (as required under Section 2 hereof):

(i) the assignment to the Executive of any duties materially inconsistent with the range of duties and responsibilities appropriate to an executive of comparable rank within the Company (such range determined by reference to past, current and reasonable practices within the Company);

(ii) a material reduction in the Executive's overall standing and responsibilities within the Company, not including a mere change in title or a transfer within the Company, which change in title or transfer does not adversely affect the Executive's overall status within the Company in any material respect;

(iii) a material reduction by the Company in the Executive's aggregate annualized compensation and benefits opportunities, except for across-the-board reductions (or modifications of benefit plans) similarly affecting all similarly situated executives of the Company of comparable rank with the Executive;

(iv) the failure by the Company to pay to the Executive any portion of the Executive's current compensation and benefits or any portion of an installment of deferred compensation under any deferred compensation program of the Company within thirty (30) days of the date such compensation is due;

(v) any purported termination of the Executive's employment that is not effected pursuant to a Notice of Termination satisfying the requirements of Section 2 hereof;

(vi) the failure by Sempra Energy to perform its obligations under Section 16(c) or (d) hereof;

(vii) the failure by the Company to provide the indemnification and D&O insurance protection Section 10 of this Agreement requires it to provide; or

(viii) the failure by Sempra Energy (or any of the entities comprising the Company, as applicable) to comply with any material provision of this Agreement.

(b) From and after a Change in Control (or in connection with a termination occurring pursuant to Section 5(f)), the occurrence of any of the following without the prior written consent of the Executive, unless such act or failure to act is corrected by the Company prior to the Date of Termination specified in the Notice of Termination (as required under Section 2 hereof):

(i) an adverse change in the Executive's title, authority, duties, responsibilities or reporting lines as in effect immediately prior to the Change in Control;

(ii) a reduction by the Company in the Executive's aggregate annualized compensation opportunities, except for across-the-board reductions in base salaries, annual bonus opportunities or long-term incentive compensation opportunities of less than ten percent (10%) similarly affecting all similarly situated executives (including, if applicable, of the Person then in control of Sempra Energy) of comparable rank with the Executive; or the failure by the Company to continue in effect any material benefit plan in which the Executive participates immediately prior to the Change in Control, unless an equitable arrangement (embodied in an ongoing substitute or alternative plan) has been made with respect to such plan, or the failure by the Company to continue the Executive's participation therein (or in such substitute or alternative plan) on a basis not materially less favorable, both in terms of the amount of benefits provided and the level of the Executive's participation relative to other participants, as existed at the time of the Change in Control;

(iii) the relocation of the Executive's principal place of employment immediately prior to the Change in Control Date (the "Principal Location") to a location which is both further away from the Executive's residence and more than thirty (30) miles from such Principal Location, or the Company's requiring the Executive to be based anywhere other than such Principal Location (or permitted relocation thereof), or a substantial increase in the

Executive's business travel obligations outside of the Southern California area as of immediately prior to the Change in Control (without regard to any changes therein in anticipation of the Change in Control) other than any such increase that (A) arises in connection with extraordinary business activities of the Company of limited duration and (B) is understood not to be part of the Executive's regular duties with the Company;

(iv) the failure by the Company to pay to the Executive any portion of the Executive's current compensation and benefits or any portion of an installment of deferred compensation under any deferred compensation program of the Company within thirty (30) days of the date such compensation is due;

(v) any purported termination of the Executive's employment that is not effected pursuant to a Notice of Termination satisfying the requirements of Section 2 hereof;

(vi) the failure by Sempra Energy to perform its obligations under Section 16(c) or (d) hereof;

(vii) the failure by the Company to provide the indemnification and D&O insurance protection Section 10 of this Agreement requires it to provide; or

(viii) the failure by Sempra Energy (or any of the entities comprising the Company, as applicable) to comply with any material provision of this Agreement.

Following a Change in Control, the Executive's determination that an act or failure to act constitutes Good Reason shall be presumed to be valid unless such determination is deemed to be unreasonable by an arbitrator pursuant to the procedure described in Section 13 hereof. The Executive's right to terminate the Executive's employment for Good Reason shall not be affected by the Executive's incapacity due to physical or mental illness. The Executive's continued employment shall not constitute consent to, or a waiver of rights with respect to, any act or failure to act constituting Good Reason hereunder.

"Group" shall have the meaning of such term as used in Rule 13d-5(b)(1) promulgated under the Exchange Act.

"Incentive Compensation Awards" means awards granted under Incentive Compensation Plans providing the Executive with the opportunity to earn, on a year-by-year basis, annual and long-term incentive compensation.

"Incentive Compensation Plans" means annual incentive compensation plans and long-term incentive compensation plans of the Company, which long-term incentive compensation plans may include plans offering stock options, restricted stock, units and other long-term incentive compensation.

"Involuntary Termination" means (a) the Executive's Separation from Service by reason other than for Cause, death, Disability, or Mandatory Retirement, or (b) the Executive's Separation from Service by reason of resignation of employment for Good Reason.

"JAMS" has the meaning assigned thereto in Section 13(c) hereof.

"Mandatory Retirement" means termination of employment pursuant to the Company's mandatory retirement policy.

"Medical Continuation Benefits" has the meaning assigned thereto in Section 4(c) hereof.

“Notice of Termination” has the meaning assigned thereto in Section 2(a) hereof.

“Payment” has the meaning assigned thereto in Section 8(a) hereof.

“Payment in Lieu of Notice” has the meaning assigned thereto in Section 2(b) hereof.

“Person” means any individual, corporation, partnership limited liability company, estate, trust, or other entity, including a “Group”.

“Post-Change in Control Severance Payment” has the meaning assigned thereto in Section 5 hereof.

“Pre-Change in Control Severance Payment” has the meaning assigned thereto in Section 4 hereof.

“Principal Location” has the meaning assigned thereto in clause (b)(iii) of the definition of Good Reason, above.

“Proprietary Information” has the meaning assigned thereto in Section 14(a) hereof.

“Pro Rata Bonus” means a severance amount equal to the greater of (a) the Executive’s Target Bonus as in effect immediately prior to the Change in Control or on the Date of Termination, whichever is greater, or (b) the Executive’s Average Annual Bonus, multiplied by a fraction, (X) the numerator of which shall be the number of days from the beginning of such fiscal year to and including the Date of Termination and (Y) the denominator of which shall be three hundred sixty-five (365).

“Release” has the meaning assigned thereto in Section 4 hereof. The Release is not a condition of employment or continued employment or a condition of receiving a raise or a bonus.

“Release Requirements” has the meaning assigned thereto in Section 4 hereof.

“Section 409A Payments” means any payments under this Agreement which are subject to Section 409A of the Code.

“Sempra Energy Control Group” means Sempra Energy and all Persons with whom Sempra Energy would be considered a single employer under Section 414(b) or (c) of the Code, as determined from time to time.

“Separation from Service” has the meaning set forth in Treasury Regulation Section 1.409A-1(h).

“Specified Employee” shall be determined in accordance with Section 409A(a)(2)(B)(i) of the Code and Treasury Regulation Section 1.409A-1(i).

“Target Bonus” means, for any year, the target annual bonus from the Company that may be earned by the Executive for such year (regardless of the actual annual bonus earned, if any); *provided, however*, that if, as of the Date of Termination, a target annual bonus has not been established for the Executive for the year in which the Date of Termination occurs, the “Target Bonus” as of the Date of Termination shall be equal to the target annual bonus, if any, for the immediately preceding fiscal year of Sempra Energy.

For purposes of this Agreement, references to any “Treasury Regulation” shall mean such Treasury Regulation as in effect on the date hereof.

**Section 2. Notice and Date of Termination.**

(a) Any termination of the Executive’s employment by the Company or by the Executive shall be communicated by a written notice of termination to the other party (the “Notice of Termination”). Where applicable, the Notice of Termination shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive’s employment under the provision so indicated. Unless the Board or a committee thereof, in writing, provides a longer notice period, a Notice of Termination by the Executive alleging a termination for Good Reason must be made within one hundred eighty (180) days of the act or failure to act that the Executive alleges to constitute Good Reason.

(b) The date of the Executive’s termination of employment with the Company (the “Date of Termination”) shall be determined as follows: (i) if the Executive’s Separation from Service is at the volition of the Company, then the Date of Termination shall be the date specified in the Notice of Termination (which, in the case of a termination by the Company other than for Cause, shall not be less than two (2) weeks from the date such Notice of Termination is given unless the Company elects to pay the Executive, in addition to any other amounts payable hereunder, an amount (the “Payment in Lieu of Notice”) equal to two (2) weeks of the Executive’s Annual Base Salary in effect on the Date of Termination), and (ii) if the Executive’s Separation from Service is by the Executive for Good Reason, the Date of Termination shall be determined by the Executive and specified in the Notice of Termination, but in no event be less than fifteen (15) days nor more than sixty (60) days after the date such Notice of Termination is given. The Payment in Lieu of Notice shall be paid on such date as is required by law, but no later than thirty (30) days after the date of the Executive’s Separation from Service.

**Section 3. Termination from the Board.** Upon the termination of the Executive’s employment for any reason, the Executive’s membership on the Board, the board of directors of any Affiliates of Sempra Energy, any committees of the Board and any committees of the board of directors of any of the Affiliates of Sempra Energy, if applicable, shall be automatically terminated and the Executive agrees to promptly take any and all actions (including resigning) required by Sempra Energy or any of its Affiliates to evidence and effect such termination of membership.

**Section 4. Severance Benefits upon Involuntary Termination Prior to Change in Control.** Except as provided in Sections 5(f) and 19(i) hereof, in the event of the Involuntary Termination of the Executive prior to a Change in Control, Sempra Energy shall, or shall cause one of its Affiliates that is the employer of the Executive to, pay the Executive, in one lump sum cash payment, an amount (the “Pre-Change in Control Severance Payment”) equal to one-half (0.5) times the sum of (X) the Executive’s Annual Base Salary as in effect on the Date of Termination plus (Y) an amount equal to the greater of (I) his/her Average Annual Bonus or (II) the Target Bonus in effect on the Date of Termination. In addition to the Pre-Change in Control Severance Payment, the Executive shall be entitled to the following additional benefits specified in Section 4(a) through (e). The Company’s obligation to pay the Pre-Change in Control Severance Payment or provide the benefits set forth in Section 4(c), (d) and (e) is subject to and conditioned upon the Executive’s satisfaction of the Release Requirements. The Pre-Change in Control Severance Payment shall be paid on the sixtieth (60<sup>th</sup>) day (or if the sixtieth (60<sup>th</sup>) day falls on a weekend or banking holiday, the next succeeding business day) after the date of the Involuntary Termination (the “Payment Date”), *provided* that the Release Requirements are



satisfied on or before the Payment Date and remain satisfied on the Payment Date. If the Release Requirements are not satisfied on the Payment Date, no Pre-Change in Control Severance Payment shall be paid hereunder and none of the benefits described in Section 4(c), (d) or (e) shall be provided, and the Executive shall have no right to the Pre-Change in Control Severance Payment or the applicable benefits. The “Release Requirements” will be satisfied if, on the Payment Date, the Executive has executed a release of all claims substantially in the form attached hereto as Exhibit A (the “Release”), the revocation period required by applicable law has expired, and the Executive has not revoked the Release and the Release is effective. If the Release Requirements are satisfied on a date prior to the Payment Date, any portion of the Pre-Change in Control Severance Payment or the applicable benefits that are not subject to Section 409A of the Code can be paid on a date prior to the Payment Date, as determined in the sole discretion of Sempra Energy (and in no event shall the Executive be able to elect the date of payment). If the period in which the Release Requirements could be satisfied spans more than one taxable year, then the Pre-Change in Control Severance Payment shall not be made until the later taxable year.

(a) Accrued Obligations. The Company shall pay the Executive a lump sum amount in cash equal to Accrued Obligations within the time prescribed by law.

(b) Equity-Based Compensation. The Executive shall retain all rights to any equity-based compensation awards to the extent set forth in the applicable plan and/or award agreement.

(c) Welfare Benefits. Subject to the terms and conditions of this Agreement, if the Executive (and, to the extent applicable, his/her eligible dependents) is eligible to and elects COBRA coverage in connection with the Executive’s Involuntary Termination, then the Executive (and the Executive’s dependents who have elected COBRA coverage) shall be provided with group medical benefits as required by COBRA (“Medical Continuation Benefits”) on substantially the same terms and conditions and at the same cost to the Executive as apply to similarly-situated active employees of the Company for the same type and level of coverage. The Medical Continuation Benefits shall be provided for a period of up to six (6) months following the date of the Involuntary Termination (and up to an additional twelve (12) months if the Executive provides consulting services under Section 14(f) hereof); *provided, however*, that (i) the Medical Continuation Benefits (including any Medical Continuation Benefits that are provided pursuant to this Section 4(c) for periods after the maximum COBRA coverage period) shall be provided on the same terms and conditions that apply to COBRA coverage (including termination thereof), (ii) if the Medical Continuation Benefits are to be provided pursuant to this Section 4(c) past the maximum COBRA coverage period, Sempra Energy may, in its sole discretion, provide or cause to be provided to the Executive, in lieu of the Medical Continuation Benefits for any period in excess of the maximum COBRA coverage period, a taxable monthly cash payment in an amount equal to the COBRA Premium, and (iii) the Medical Continuation Benefits shall be provided in a manner that complies with Treasury Regulation Section 1.409A-1(a)(5). Notwithstanding the foregoing, if Sempra Energy determines in its sole discretion that the Medical Continuation Benefits cannot be provided without potentially violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act) or that the provision of Medical Continuation Benefits under this Agreement would subject Sempra Energy or any of its Affiliates to a material tax or penalty, (A) the Executive shall be provided, in lieu thereof, with a taxable monthly payment in an amount equal to the COBRA Premium or (B) Sempra Energy shall have the authority to amend the Agreement to the limited

extent reasonably necessary to avoid such violation of law or tax or penalty and shall use all reasonable efforts to provide the Executive with a comparable benefit that does not violate applicable law or subject Sempra Energy or any of its Affiliates to such tax or penalty. Any Medical Continuation Benefits provided pursuant to this Section 4(c) shall be co-extensive with (and not in addition to) any benefits to which the Executive (and the Executive's covered dependents) may be entitled under COBRA or similar provisions of applicable state law.

(d) Outplacement Services. The Executive shall receive reasonable outplacement services, on an in-kind basis, suitable to the Executive's position and directly related to the Executive's Involuntary Termination, for a period of eighteen (18) months following the date of the Involuntary Termination, in an aggregate amount of cost to the Company not to exceed \$50,000. Notwithstanding the foregoing, the Executive shall cease to receive outplacement services on the date the Executive accepts employment with a subsequent employer. Such outplacement services shall be provided in a manner that complies with Treasury Regulation Section 1.409A-1(b)(9)(v)(A).

(e) Financial Planning Services. The Executive shall receive financial planning services, on an in-kind basis, for a period of eighteen (18) months following the Date of Termination. Such financial planning services shall include expert financial and legal resources to assist the Executive with financial planning needs and shall be limited to (i) current investment portfolio management, (ii) tax planning, (iii) tax return preparation, and (iv) estate planning advice and document preparation (including wills and trusts); *provided, however*, that the Company shall provide such financial planning services during any taxable year of the Executive only to the extent the cost to the Company for such taxable year does not exceed \$25,000. The Company shall provide such financial planning services through a financial planner selected by the Company, and shall pay the fees for such financial planning services. The financial planning services provided during any taxable year of the Executive shall not affect the financial planning services provided in any other taxable year of the Executive. The Executive's right to financial planning services shall not be subject to liquidation or exchange for any other benefit. Such financial planning services shall be provided in a manner that complies with Treasury Regulation Section 1.409A-3(i)(1)(iv).

**Section 5.** Severance Benefits upon Involuntary Termination in Connection with and after Change in Control. Notwithstanding the provisions of Section 4 above, and except as provided in Section 19(i) hereof, in the event of the Involuntary Termination of the Executive on or within two (2) years following a Change in Control, in lieu of the payments described in Section 4 above, Sempra Energy shall, or shall cause one of its Affiliates that is the employer of the Executive to, pay the Executive, in one lump sum cash payment, an amount (the "Post-Change in Control Severance Payment") equal to (a) the Pro Rata Bonus plus (b) the sum of (X) the Executive's Annual Base Salary as in effect immediately prior to the Change in Control or on the Date of Termination, whichever is greater, plus (Y) an amount equal to the greater of (I) the Executive's Target Bonus determined immediately prior to the Change in Control or the Date of Termination, whichever is greater and (II) the Executive's Average Annual Bonus. In addition to the Post-Change in Control Severance Payment, the Executive shall be entitled to the following additional benefits specified in Section 5(a) through (e). The Company's obligation to pay the Post-Change in Control Severance Payment or provide the benefits set forth in Section 5(b), (c), (d) and (e) is subject to and conditioned upon the Executive's satisfaction of the Release Requirements. Except as provided in Section 5(f), the Post-Change in Control

Severance Payment shall be paid on the Payment Date provided that the Release Requirements are satisfied on or before the Payment Date and remain satisfied on the Payment Date. If the Release Requirements are not satisfied on the Payment Date, no Post-Change in Control Severance Payment shall be paid hereunder and none of the benefits described in Section 5(b), (c), (d) or (e) shall be provided, and the Executive shall have no right to the Pre-Change in Control Severance Payment or the applicable benefits. If the Release Requirements are satisfied on a date prior to the Payment Date, any portion of the Post-Change in Control Severance Payment or the applicable benefits that are not subject to Section 409A of the Code can be paid on a date prior to the Payment Date, as determined in the sole discretion of Sempra Energy (and in no event shall the Executive be able to elect the date of payment). If the period in which Release Requirements could be satisfied spans more than one taxable year, then the Post-Change in Control Severance Payment and applicable benefits shall not be made until the later taxable year.

(a) Accrued Obligations. The Company shall pay the Executive a lump sum amount in cash equal to the Accrued Obligations within the time required by law and, to the extent applicable, in accordance with the applicable plan, policy or arrangement pursuant to which such payments are to be made.

(b) Equity-Based Compensation. Notwithstanding the provisions of any applicable equity-based compensation plan or award agreement to the contrary, all equity-based Incentive Compensation Awards (including, without limitation, stock options, stock appreciation rights, restricted stock awards, performance share awards, and dividend equivalents) held by the Executive shall immediately vest and become exercisable or payable, as the case may be, as of the Date of Termination, to be exercised or paid, as the case may be, in accordance with the terms of the applicable Incentive Compensation Plan and Incentive Compensation Award agreement, and any restrictions on any such Incentive Compensation Awards shall automatically lapse; *provided, however*, that, in the case of any stock option or stock appreciation rights awards that remain outstanding on the Date of Termination, such stock options and stock appreciation rights shall remain exercisable until the earlier of (i) the later of eighteen (18) months following the Date of Termination or the period specified in the applicable Incentive Compensation Award agreement or (ii) the expiration of the original term of such Incentive Compensation Award (or, if earlier, the tenth (10th) anniversary of the original date of grant) (it being understood that all Incentive Compensation Awards shall remain outstanding and exercisable for a period that is no less than that provided for in the applicable agreement in effect as of the date of grant).

(c) Welfare Benefits. Subject to the terms and conditions of this Agreement, the Executive and the Executive's dependents shall be provided with life, disability, accident and Medical Continuation Benefits (which benefits are collectively referred to herein as "Continued Benefits") which are substantially similar to those provided to the Executive and the Executive's dependents immediately prior to the date of Involuntary Termination or the Change in Control Date, whichever is more favorable to the Executive; *provided, however*, that the Medical Continuation Benefits shall be provided pursuant to this Section 5(c) only if the Executive (and, to the extent applicable, his/her eligible dependents) is eligible to and elects COBRA coverage in connection with the Executive's Involuntary Termination, the Medical Continuation Benefits shall be provided in accordance with COBRA, and the Medical Continuation Benefits shall be provided on substantially the same terms and conditions and at the same cost to the Executive as apply to similarly-situated active employees of the Company for the same type and level of coverage. The Continued Benefits shall be provided for a period of up to twelve (12) months following the date of the Involuntary Termination (and up to an additional twelve (12) months if the Executive provides consulting services under Section 14(f) hereof); *provided, however*, that (i) the Medical Continuation Benefits (including any Medical Continuation Benefits that are

provided pursuant to this Section 5(c) for periods after the maximum COBRA coverage period) shall be provided on the same terms and conditions that apply to COBRA coverage (including termination thereof), (ii) if the Medical Continuation Benefits are to be provided pursuant to this Section 5(c) past the maximum COBRA coverage period, Sempra Energy may, in its sole discretion, provide or cause to be provided to the Executive, in lieu of the Medical Continuation Benefits for any period in excess of the maximum COBRA coverage period, a taxable monthly cash payment in an amount equal to the COBRA Premium, and (iii) the Medical Continuation Benefits shall be provided in a manner that complies with Treasury Regulation Section 1.409A-1(a)(5) and the Continued Benefits will be provided in a manner that complies with Section 409A of the Code. Notwithstanding the foregoing, if Sempra Energy determines in its sole discretion that the Medical Continuation Benefits cannot be provided without potentially violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act) or that the provision of Medical Continuation Benefits under this Agreement would subject Sempra Energy or any of its Affiliates to a material tax or penalty, (A) the Executive shall be provided, in lieu thereof, with a taxable monthly payment in an amount equal to the COBRA Premium or (B) Sempra Energy shall have the authority to amend the Agreement to the limited extent reasonably necessary to avoid such violation of law or tax or penalty and shall use all reasonable efforts to provide the Executive with a comparable benefit that does not violate applicable law or subject Sempra Energy or any of its Affiliates to such tax or penalty. Any Medical Continuation Benefits provided pursuant to this Section 5(c) shall be co-extensive with (and not in addition to) any benefits to which the Executive (and the Executive's covered dependents) may be entitled under COBRA or similar provisions of applicable state law.

(d) Outplacement Services. The Executive shall receive reasonable outplacement services, on an in-kind basis, suitable to the Executive's position and directly related to the Executive's Involuntary Termination, for a period of twenty-four (24) months following the date of Involuntary Termination (but in no event beyond the last day of the Executive's second (2nd) taxable year following the Executive's taxable year in which the Involuntary Termination occurs), in the aggregate amount of cost to the Company not to exceed \$50,000. Notwithstanding the foregoing, the Executive shall cease to receive outplacement services on the date the Executive accepts employment with a subsequent employer. Such outplacement services shall be provided in a manner that complies with Treasury Regulation Section 1.409A-1(b)(9)(v)(A).

(e) Financial Planning Services. The Executive shall receive financial planning services, on an in-kind basis, for a period of twenty-four (24) months following the date of Involuntary Termination. Such financial planning services shall include expert financial and legal resources to assist the Executive with financial planning needs and shall be limited to (i) current investment portfolio management, (ii) tax planning, (iii) tax return preparation, and (iv) estate planning advice and document preparation (including wills and trusts); *provided, however*, that the Company shall provide such financial services during any taxable year of the Executive only to the extent the cost to the Company for such taxable year does not exceed \$25,000. The Company shall provide such financial planning services through a financial planner selected by the Company, and shall pay the fees for such financial planning services. The financial planning services provided during any taxable year of the Executive shall not affect the financial planning services provided in any other taxable year of the Executive. The Executive's right to financial planning services shall not be subject to liquidation or exchange for any other benefit. Such financial planning services shall be provided in a manner that complies with Section 1.409A-3(i)(1)(iv).

(f) Involuntary Termination in Connection with a Change in Control. Notwithstanding anything contained herein, in the event of an Involuntary Termination prior to a Change in Control, if the Involuntary Termination (i) was at the request of a third party who has taken steps reasonably calculated to effect such Change in Control or (ii) otherwise arose in

connection with or in anticipation of such Change in Control, then the Executive shall, in lieu of the payments described in Section 4 hereof, be entitled to the Post-Change in Control Severance Payment and the additional benefits described in this Section 5 as if such Involuntary Termination had occurred within two (2) years following the Change in Control. The amounts specified in Section 5 that are to be paid under this Section 5(f) shall be reduced by any amount previously paid under Section 4. The amounts to be paid under this Section 5(f) shall be paid within sixty (60) days after the Change in Control Date of such Change in Control unless otherwise required by Section 409A of the Code.

**Section 6.** Severance Benefits upon Termination by the Company for Cause or by the Executive Other than for Good Reason. If the Executive's employment shall be terminated for Cause, or if the Executive terminates employment other than for Good Reason, the Company shall have no further obligations to the Executive under this Agreement other than the pre-Change in Control Accrued Obligations and any amounts or benefits described in Section 10 hereof.

**Section 7.** Severance Benefits upon Termination due to Death or Disability. If the Executive has a Separation from Service by reason of death or Disability, the Company shall pay the Executive or the Executive's estate, as the case may be, the Accrued Obligations and a severance amount equal to the Pro Rata Bonus (without regard to whether a Change in Control has occurred) and any amounts or benefits described in Section 10 hereof. Such payments shall be in addition to those rights and benefits to which the Executive or the Executive's estate may be entitled under the relevant Company plans or programs. The Company's obligation to pay the severance amount pursuant to this Section 7 is conditioned upon satisfaction of the Release Requirements by the Executive, the Executive's representative or the Executive's estate, as the case may be. The Accrued Obligations shall be paid within the time required by law and the severance amount payable pursuant to this Section 7 shall be paid on the Payment Date *provided* that the Release Requirements are satisfied on or prior to the Payment Date. If the Release Requirements are not satisfied on or prior to the Payment Date, no severance payment shall be provided hereunder and neither the Executive nor the Executive's estate, as the case may be, will have any right to the severance payment. If the Release Requirements are satisfied on a date prior to the Payment Date, any portion of the severance benefit pursuant to this Section 7 that is not subject to Section 409A of the Code can be paid on a date prior to the Payment Date, as determined in the sole discretion of Sempra Energy (and in no event shall the Executive or the Executive's estate, as applicable, be able to elect the date of payment). If the period in which Release Requirements could be satisfied spans more than one taxable year, then the severance payment pursuant to this Section 7 shall not be made until the later taxable year.

**Section 8.** Limitation on Payments by the Company.

(a) Anything in this Agreement to the contrary notwithstanding and except as set forth in this Section 8 below, in the event it shall be determined that any payment or distribution "in the nature of compensation" (within the meaning of Section 280G(b)(2) of the Code) to or for the benefit of the Executive, whether paid or payable pursuant to this Agreement or otherwise (the "Payment") would be subject (in whole or in part) to the excise tax imposed by Section 4999 of the Code, (the "Excise Tax"), then, subject to Section 8(b), the Pre-Change in Control Severance Payment or the Post-Change in Control Severance Payment (whichever is applicable) payable under this Agreement shall be reduced under this Section 8(a) to the amount equal to the Reduced Payment. For such Payment payable under this Agreement, the "Reduced Payment" shall be the amount equal to the greatest portion of the Payment (which may be zero (\$0)) that, if paid, would result in no portion of any Payment being subject to the Excise Tax.

(b) The Pre-Change in Control Severance Payment or the Post-Change in Control Severance Payment (whichever is applicable) payable under this Agreement shall not be reduced under Section 8(a) if:

- (i) such reduction in such Payment is not sufficient to cause no portion of any Payment to be subject to the Excise Tax, or
- (ii) the Net After-Tax Unreduced Payments (as defined below) would equal or exceed one hundred five percent (105%) of the Net After-Tax Reduced Payments (as defined below).

For purposes of determining the amount of any Reduced Payment under Section 8(a), and the Net-After Tax Reduced Payments and the Net After-Tax Unreduced Payments, the Executive shall be considered to pay federal, state and local income and employment taxes at the Executive's applicable marginal rates taking into consideration any reduction in federal income taxes which could be obtained from the deduction of state and local income taxes, and any reduction or disallowance of itemized deductions and personal exemptions under applicable tax law). The applicable federal, state and local income and employment taxes and the Excise Tax (to the extent applicable) are collectively referred to as the "Taxes."

(c) For purposes of determining the amount of any Reduced Payment under this Section 8, the amount of any Payment shall be reduced in the following order:

(i) first, by reducing the amounts of parachute payments that would not constitute deferred compensation subject to Section 409A of the Code;

(ii) next, if after the reduction described in Section 8(c)(i), additional reductions are required, then by reducing the cash portion of the Payment that constitutes "deferred compensation" (within the meaning of Section 409A) subject to Section 409A, with the reductions to be applied first to the portion of the Payment scheduled for the latest distribution date, and then applied to distributions scheduled for progressively earlier distribution dates, to the extent necessary to decrease the Payment as required under this Section 8; and

(iii) next, if after the reduction described in Section 8(c)(ii), additional reductions are required, then, by reducing the non-cash portion of the Payment that constitutes deferred compensation (within the meaning of Section 409A) subject to Section 409A, with the reductions to be applied first to the portion of the Payment scheduled for the latest distribution date, and then applied to distributions scheduled for progressively earlier distribution dates, to the extent necessary to decrease the Payment as required under this Section 8.

(d) The following definitions shall apply for purposes of this Section 8:

(i) "Net After-Tax Reduced Payments" shall mean the total amount of all Payments that the Executive would retain, on a Net After-Tax Basis, in the event that the Payments payable under this Agreement are reduced pursuant to Section 8(a).

(ii) "Net After-Tax Unreduced Payments" shall mean the total amount of all Payments that the Executive would retain, on a Net After-Tax Basis, in the event that the Payments payable under this Agreement are not reduced pursuant to Section 8(a).

(iii) “Net After-Tax Basis” shall mean, with respect to the Payments, either with or without reduction under Section 8(a) (as applicable), the amount that would be retained by the Executive from such Payments after the payment of all Taxes.

(e) All determinations required to be made under this Section 8 and the assumptions to be utilized in arriving at such determinations, shall be made by a nationally recognized accounting firm as may be agreed by the Company and the Executive (the “Accounting Firm”); *provided*, that the Accounting Firm’s determination shall be made based upon “substantial authority” within the meaning of Section 6662 of the Code. The Accounting Firm shall provide detailed supporting calculations to both the Company and the Executive within fifteen (15) business days of the receipt of notice from the Executive that there has been a Payment or such earlier time as is requested by the Company. All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any determination by the Accounting Firm shall be binding upon the Company and the Executive. For purposes of determining whether and the extent to which the Payments will be subject to the Excise Tax, (i) no portion of the Payments the receipt or enjoyment of which the Executive shall have waived at such time and in such manner as not to constitute a “payment” within the meaning of Section 280G(b) of the Code shall be taken into account, (ii) no portion of the Payments shall be taken into account which, in the written opinion of the Accounting Firm, does not constitute a “parachute payment” within the meaning of Section 280G(b)(2) of the Code (including by reason of Section 280G(b)(4)(A) of the Code) and, in calculating the Excise Tax, no portion of such Payments shall be taken into account which, in the opinion of the Accounting Firm, constitutes “reasonable compensation” for services actually rendered, within the meaning of Section 280G(b)(4)(B) of the Code, in excess of the “base amount” (as defined in Section 280G(b)(3) of the Code) allocable to such reasonable compensation, and (iii) the value of any non-cash benefit or any deferred payment or benefit included in the Payments shall be determined by the Accounting Firm in accordance with the principles of Section 280G(d)(3) and (4) of the Code.

**Section 9.** Delayed Distribution under Section 409A of the Code. Notwithstanding any other provision of this Agreement to the contrary, if the Executive is a Specified Employee on the date of the Executive’s Involuntary Termination (or on the date of the Executive’s Separation from Service by reason of Disability), the Section 409A Payments which are payable upon Separation from Service shall be delayed to the extent necessary in order to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code, and such delayed payments or benefits shall be paid or distributed to the Executive during the thirty (30) day period commencing on the earlier of (a) the expiration of the six (6) month period measured from the date of the Executive’s Separation from Service or (b) the date of the Executive’s death. Upon the expiration of the applicable six (6) month period, all payments deferred pursuant to this Section 9 (excluding in-kind benefits) shall be paid in a lump sum payment to the Executive, plus interest thereon from the date of the Executive’s Involuntary Termination through the payment date at an annual rate equal to Moody’s Rate. The “Moody’s Rate” shall mean the average of the daily Moody’s Corporate Bond Yield Average – Monthly Average Corporates as published by Moody’s Investors Service, Inc. (or any successor) for the month next preceding the Date of Termination. Any remaining payments due under the Agreement shall be paid as otherwise provided herein.

**Section 10.** Nonexclusivity of Rights. Nothing in this Agreement shall prevent or limit the Executive’s continuing or future participation in any benefit, plan, program, policy or practice provided by the Company and for which the Executive may qualify (except with respect to any benefit to which the Executive has waived the Executive’s rights in writing), including, without limitation, any and all indemnification arrangements in favor of the Executive (whether under agreements or under the Company’s charter documents, bylaws, or otherwise), and insurance policies covering the Executive, nor shall anything herein limit or otherwise affect

such rights as the Executive may have under any other contract or agreement entered into after the Effective Date with the Company. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any benefit, plan, policy, practice or program of, or any contract or agreement entered into with, the Company shall be payable in accordance with such benefit, plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement. At all times during the Executive's employment with the Company and thereafter, the Company shall provide (to the extent permissible under applicable law) the Executive with indemnification and D&O insurance insuring the Executive against insurable events which occur or have occurred while the Executive was a director or officer of the Company, that with respect to such insurance is on terms and conditions that, to the extent reasonably practical, are at least as generous as that then currently provided to any other similarly situated current or former director or officer of the Company or any Affiliate. Such indemnification and D&O insurance shall be provided in a manner that complies with Treasury Regulation Section 1.409A-1(b)(10).

**Section 11. Clawbacks.** Notwithstanding anything herein to the contrary, (a) if Sempra Energy determines prior to a Change in Control, in its good faith judgment, that the Executive is required to forfeit or to make any repayment of any compensation or benefit(s) to the Company under the Sarbanes-Oxley Act of 2002 or pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act or any other law or listing standards of the national securities exchange that maintains the principal listing for any class of Sempra Energy's common equity or pursuant to any formal policy of Sempra Energy, or (b) if an arbitrator or court determines following a Change in Control that the Executive is required to forfeit or to make any repayment of any compensation or benefit(s) to the Company under the Sarbanes-Oxley Act of 2002 or pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act or any other law or listing standards of the national securities exchange that maintains the principal listing for any class of Sempra Energy's common equity, such forfeiture or repayment shall not constitute Good Reason.

**Section 12. Full Settlement; Mitigation.** The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Executive or others, provided that nothing herein shall preclude the Company from separately pursuing recovery from the Executive based on any such claim. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts (including amounts for damages for breach) payable to the Executive under any of the provisions of this Agreement, and such amounts shall not be reduced whether or not the Executive obtains other employment.

**Section 13. Dispute Resolution and Arbitration.**

(a) If any dispute arises between the Executive and Sempra Energy or any of its Affiliates, including, but not limited to, disputes relating to or arising out of this Agreement, disputes relating to or arising out of the Executive's employment and/or the termination thereof, and/or disputes regarding the interpretation, enforceability, or validity of this Agreement ("Arbitrable Dispute"), the Executive and Sempra Energy mutually agree to waive their respective rights to resolution of disputes through litigation in a judicial forum and agree to resolve any Arbitrable Dispute through **final and binding arbitration** as set forth below, except as prohibited by law. Arbitration shall be the exclusive remedy for any Arbitrable Dispute. Accordingly, this agreement to arbitrate applies with respect to all Arbitrable Disputes, whether initiated by Executive or Sempra Energy. Any Arbitrable Dispute will be decided by an arbitrator through individual arbitration and not by way of court or jury trial. **Sempra Energy and the Executive waive any right to a jury trial or a court bench trial.**



(b) Sempra Energy and the Executive agree to bring any dispute in arbitration in an individual capacity only:

Sempra Energy and the Executive hereby waive any right for any dispute to be brought, maintained, heard, decided or arbitrated as a class and/or collective action and the arbitrator will have no authority to hear or preside over any such action (“Class Action Waiver”). The Executive understands and agrees that the Executive and Sempra Energy are waiving the right to pursue or have a dispute resolved as a plaintiff or class member in any purported class, collective or representative proceeding. To the extent the Class Action Waiver is determined to be invalid, unenforceable, or void, any class and/or collective action must proceed in a court of law and not in arbitration.

Notwithstanding any other provision of this Agreement, to the fullest extent permitted by law, the Executive and Sempra Energy (1) agree not to bring a representative action on behalf of others under the Private Attorneys General Act of 2004 (“PAGA”), California Labor Code § 2698 *et seq.*, in any court or in arbitration, and (2) agree that, for any claim brought on a private attorney general basis, including under the California PAGA, any such dispute shall be resolved in arbitration on an individual basis only (*i.e.*, to resolve whether the Executive has personally been aggrieved or subject to any violations of law), and that such an action may not be used to resolve the claims or rights of other individuals in a single or collective proceeding (collectively, “Representative PAGA Waiver”). Notwithstanding any other provision of this agreement to arbitrate or the JAMS Rules, the scope, applicability, enforceability, revocability or validity of this Representative PAGA Waiver may be resolved only by a court of competent jurisdiction and not by an arbitrator. If any provision of this representative PAGA Waiver is found to be unenforceable or unlawful for any reason, the unenforceable provision shall be severed from this Dispute Resolution provision, and any such representative PAGA claims or other representative private attorneys general act claims must be litigated in a court of competent jurisdiction and not in arbitration. To the extent that there are any Arbitrable Disputes to be litigated in a court of competent jurisdiction because a court determines that the Representative PAGA Waiver is unenforceable with respect to those disputes, the Parties agree that litigation of those Arbitrable Disputes shall be stayed pending the outcome of any individual disputes in arbitration.

(c) Arbitration shall take place at the office of JAMS (or, if the Executive is employed outside of California, the American Arbitration Association (“AAA”)) nearest to the location where the Executive last worked for the Company. Except to the extent it conflicts with the rules and procedures set forth in this Agreement, arbitration shall be conducted in accordance with the JAMS Employment Arbitration Rules & Procedures then in effect (“JAMS Rules”) (if the Executive is employed outside of California, the AAA Employment Arbitration Rules & Mediation Procedures (“AAA Rules”)), copies of which are available at [www.jamsadr.com](http://www.jamsadr.com); tel: 800.352.5267 and [www.adr.org](http://www.adr.org); tel: 800.778.7879, before a single experienced, neutral employment arbitrator selected in accordance with those rules.

(d) Sempra Energy will be responsible for paying any filing fee and the fees and costs of the arbitrator. However, the Executive will be responsible for contributing up to any amount equal to the filing fee that would be paid to initiate the claim in a court of general jurisdiction in the state in which the Executive is employed, unless a lower fee amount would be owed by the Executive pursuant to the JAMS Rules (or AAA rules, as applicable) or applicable law. Subject to Section 15 of this Agreement, each party shall pay its own attorneys’ fees and pay any costs that are not unique to arbitration (*i.e.*, costs that each party would incur if the claim(s) were litigated in a court, such as costs to subpoena witnesses and/or documents, take depositions and purchase deposition transcripts, copy documents, etc.). However, subject to Section 15 of this Agreement, if any party prevails on a statutory claim that authorizes an award of attorneys’ fees to the prevailing party, or if there is a written agreement providing for

attorneys' fees, the arbitrator may award reasonable attorneys' fees to the prevailing party, applying the same standards a court would apply under the law applicable to the claim.

(e) The arbitrator shall apply the Federal Rules of Evidence, shall have the authority to entertain a motion to dismiss or a motion for summary judgment by any party, and shall apply the standards governing such motions under the Federal Rules of Civil Procedure. The arbitrator is required to issue a written award and opinion setting forth the essential findings and conclusions on which the award is based, and any judgment or award issued by an arbitrator may be entered in any court of competent jurisdiction. The arbitrator does not have the authority to consider, certify, or hear an arbitration as a class action, collective action, or any other type of representative action. In addition, unless all parties agree in writing otherwise, the arbitrator shall not consolidate or join the arbitrations of one or more than one individual. Neither party may seek, nor may the arbitrator award, any relief that is not individualized to the claimant or that affects other individuals. The arbitrator may award declaratory or injunctive relief only in favor of the individual party seeking relief and only to the extent necessary to provide relief warranted by that party's individual claims. Sempra Energy and the Executive recognize that this agreement to arbitrate arises out of or concerns interstate commerce and that the Federal Arbitration Act shall govern the arbitration and shall govern the interpretation or enforcement of this Agreement or any arbitration award.

(f) If a court decides that applicable law does not permit the enforcement of any of this section's limitations as to a particular claim or any particular remedy for a claim, then that claim or particular remedy (and only that claim or particular remedy) must be severed from the arbitration and may be brought in court.

#### **Section 14. Executive's Covenants.**

(a) Confidentiality. The Executive acknowledges that in the course of the Executive's employment with the Company, the Executive has acquired non-public privileged or confidential information and trade secrets concerning the operations, future plans and methods of doing business ("Proprietary Information") of Sempra Energy and its Affiliates; and the Executive agrees that it would be extremely damaging to Sempra Energy and its Affiliates if such Proprietary Information were disclosed to a competitor of Sempra Energy and its Affiliates or to any other Person. The Executive understands and agrees that all Proprietary Information has been divulged to the Executive in confidence and further understands and agrees to keep all Proprietary Information secret and confidential (except for such information which is or becomes publicly available other than as a result of a breach by the Executive of this provision or information the Executive is required by law or any governmental, administrative or court order to disclose) without limitation in time. In view of the nature of the Executive's employment and the Proprietary Information the Executive has acquired during the course of such employment, the Executive likewise agrees that Sempra Energy and its Affiliates would be irreparably harmed by any disclosure of Proprietary Information in violation of the terms of this Section 14(a) and that Sempra Energy and its Affiliates shall therefore be entitled to preliminary and/or permanent injunctive relief prohibiting the Executive from engaging in any activity or threatened activity in violation of the terms of this Section 14(a) and to any other relief available to them. Inquiries regarding whether specific information constitutes Proprietary Information shall be directed to the Company's most senior officer of Human Resources (or, if such position is vacant, the Company's then Chief Executive Officer); *provided*, that the Company shall not unreasonably classify information as Proprietary Information.

(b) Governmental Reporting. Nothing in this Agreement is intended to interfere with or discourage the Executive's good faith disclosure related to a suspected violation of federal or state law or regulation to any governmental agency or entity or making other disclosures that are protected under the whistleblower provisions of federal or state law or

regulation. The Executive cannot and will not be held criminally or civilly liable under any federal or state trade secret law for disclosing otherwise protected trade secrets and/or confidential or proprietary information so long as the disclosure is made in (i) confidence to a federal, state, or local government official, directly or indirectly, or to an attorney and solely for the purpose of reporting or investigating a suspected violation of law; or (ii) a complaint or other document filed in a lawsuit or other proceeding, so long as such filing is made under seal. The Company will not retaliate against the Executive in any way for a disclosure made pursuant to this Section 14(b). Further, in the event the Executive makes such a disclosure, and files a lawsuit against the Company alleging that the Company retaliated against the Executive because of the disclosure, the Executive may disclose the relevant trade secret or confidential information to the Executive's attorney, and may use the same in the court proceeding only if (X) the Executive ensures that any court filing that includes the trade secret or confidential information at issue is made under seal; and (Y) the Executive does not otherwise disclose the trade secret or confidential information except as required by court order.

(c) Non-Solicitation of Employees. The Executive recognizes that the Executive possesses and will possess confidential information about other employees of Sempra Energy and its Affiliates relating to their education, experience, skills, abilities, compensation and benefits, and inter-personal relationships with customers of Sempra Energy and its Affiliates. The Executive recognizes that the information the Executive possesses and will possess about these other employees is not generally known, is of substantial value to Sempra Energy and its Affiliates in developing their business and in securing and retaining customers, and has been and will be acquired by the Executive because of the Executive's business position with Sempra Energy and its Affiliates. The Executive agrees that at all times during the Executive's employment with the Company and for a period of one (1) year thereafter, the Executive will not use such information to directly or indirectly solicit or recruit any employee of the Company or its Affiliates for the purpose of being employed by the Executive or by any competitor of the Company or its Affiliates on whose behalf the Executive is acting as an agent, representative or employee and that the Executive will not convey any such confidential information or trade secrets about other employees of Sempra Energy and its Affiliates to any other Person; *provided, however*, that it shall not constitute a solicitation or recruitment of employment in violation of this Section 14(c) to discuss employment opportunities with any employee of the Company or its Affiliates who has either first contacted the Executive or regarding whose employment the Executive has discussed with and received the written approval of the Company's most senior officer of Human Resources (or, if such position is vacant, the Company's then Chief Executive Officer), prior to making such solicitation or recruitment. In view of the nature of the Executive's employment with the Company, the Executive likewise agrees that Sempra Energy and its Affiliates would be irreparably harmed by any solicitation or recruitment in violation of the terms of this Section 14(c) and that Sempra Energy and its Affiliates shall therefore be entitled to preliminary and/or permanent injunctive relief prohibiting the Executive from engaging in any activity or threatened activity in violation of the terms of this Section 14(c) and to any other relief available to them.

(d) Survival of Provisions. The obligations contained in Section 14(a), (b) and (c) above shall survive the termination of the Executive's employment within the Company and shall be fully enforceable thereafter to the same extent that it was enforceable prior to such termination. If it is determined by a court of competent jurisdiction in any state that any restriction in Section 14(a) or (c) above is excessive in duration or scope or is unreasonable or unenforceable under the laws of that state, it is the intention of the parties that such restriction may be modified or amended by the court to render it enforceable to the maximum extent permitted by the law of that state.

(e) Consulting Payment. In the event of the Executive's Involuntary Termination, if (i) the Executive reconfirms and agrees to abide by the covenants described in Section 14(a) and (c) above, (ii) the Release Requirements are satisfied by the Payment Date, and (iii) the Executive agrees to provide the consulting services described in Section 14(f) below, then in consideration for such covenants and consulting services, the Company shall pay the Executive, in one (1) cash lump sum, an amount (the "Consulting Payment") in cash equal to the sum of (X) the Executive's Annual Base Salary as in effect on the Date of Termination, plus (Y) the greater of the Executive's Average Annual Bonus or the Executive's Target Bonus on the Date of Termination. If the requirements of this Section 14(e) are satisfied, the Consulting Payment shall be paid during the thirty (30) day period commencing on the earlier of (i) the expiration of the six (6) month period measured from the date of the Executive's Separation from Service or (ii) the date of the Executive's death.

(f) Consulting. If the Executive agrees to the provisions of Section 14(e) above, then the Executive shall have the obligation to provide consulting services to the Company as an independent contractor, commencing on the Date of Termination and ending on the second (2<sup>nd</sup>) anniversary of the Date of Termination (the "Consulting Period"). The Executive shall hold himself available at reasonable times and on reasonable notice to render such consulting services as may be so assigned to the Executive by the Board or the Company's then Chief Executive Officer; *provided, however*, that unless the parties otherwise agree, the consulting services rendered by the Executive during the Consulting Period shall not exceed twenty (20) hours each month; and, *provided, further*, that the consulting services rendered by the Executive during the Consulting Period shall in no event exceed twenty percent (20%) of the average level of services performed by the Executive for the Company over the thirty-six (36) month period immediately preceding the Executive's Separation from Service (or the full period of services to the Company, if the Executive has been providing services to the Company for less than thirty-six (36) months). The Company agrees to use its best efforts during the Consulting Period to secure the benefit of the Executive's consulting services so as to minimize the interference with the Executive's other activities, including requiring the performance of consulting services at the Company's offices only when such services may not be reasonably performed off-site by the Executive.

#### **Section 15. Legal Fees.**

(a) Reimbursement of Legal Fees. Subject to Section 15(b), in the event of the Executive's Separation from Service either (i) prior to a Change in Control, or (ii) on or within two (2) years following a Change in Control, the Company shall reimburse the Executive for all legal fees and expenses (including but not limited to fees and expenses in connection with any legal proceeding) incurred by the Executive in disputing any issue arising under this Agreement relating to the Executive's Separation from Service or in seeking to obtain or enforce any benefit or right provided by this Agreement.

(b) Requirements for Reimbursement. The Company shall reimburse the Executive's legal fees and expenses pursuant to Section 15(a) above only to the extent the arbitrator or court determines (i) in the case of Section 15(a)(ii) that the Executive had a reasonable basis for such claim and (ii) in the case of Section 15(a)(i) that the Executive disputed such issue, or sought to obtain or enforce such benefit or right, in good faith, the Executive had a reasonable basis for such claim, and the Executive is the prevailing party. In addition, the Company shall reimburse such legal fees and expenses, in each case only if such legal fees and expenses are incurred during the twenty (20) year period beginning on the date of the Executive's Separation from Service. The legal fees and expenses paid to the Executive for any

taxable year of the Executive shall not affect the legal fees and expenses paid to the Executive for any other taxable year of the Executive. The legal fees and expenses shall be paid to the Executive as soon as practicable following the date on which documentation relating to the incurred expenses is provided by the Executive to the Company; provided, however, that any such reimbursement shall occur on or before the last day of the Executive's taxable year following the taxable year in which the fees or expenses are determined to be payable pursuant to this Agreement. The Executive's right to reimbursement of legal fees and expenses shall not be subject to liquidation or exchange for any other benefit. Such right to reimbursement of legal fees and expenses shall be provided in a manner that complies with Treasury Regulation Section 1.409A-3(i)(1)(iv).

**Section 16. Successors.**

(a) Assignment by the Executive. This Agreement is personal to the Executive and without the prior written consent of Sempra Energy shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives.

(b) Successors and Assigns of Sempra Energy. This Agreement shall inure to the benefit of and be binding upon Sempra Energy and its successors and assigns. Sempra Energy may not assign this Agreement to any Person (except for a successor described in Section 16(c), (d) or (e) below) without the Executive's written consent.

(c) Assumption. Sempra Energy shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of Sempra Energy to assume expressly and agree to perform the obligations and satisfy and discharge the liabilities of this Agreement in the same manner and to the same extent that Sempra Energy would have been required to perform the obligations and satisfy and discharge the liabilities under this Agreement if no such succession had taken place, and Sempra Energy shall have no further obligations and liabilities under this Agreement. Upon such assumption, references to Sempra Energy in this Agreement shall be replaced with references to such successor.

(d) Sale of Subsidiary. In the event that (i) the Executive is employed by a direct or indirect subsidiary of Sempra Energy that is a member of the Sempra Energy Control Group, (ii) Sempra Energy, directly or indirectly through one or more intermediaries, sells or otherwise disposes of such subsidiary, and (iii) such subsidiary ceases to be a member of the Sempra Energy Control Group, then if, on the date such subsidiary ceases to be a member of the Sempra Energy Control Group, the Executive continues in employment with such subsidiary and the Executive does not have a Separation from Service, Sempra Energy shall require such subsidiary or any successor (whether direct or indirect, by purchase merger, consolidation or otherwise) to such subsidiary, or the parent thereof, to assume expressly and agree to perform the obligations and satisfy and discharge the liabilities under this Agreement in the same manner and to the same extent that Sempra Energy would have been required to perform the obligations and satisfy and discharge the liabilities under this Agreement, if such subsidiary had not ceased to be part of the Sempra Energy Control Group, and, upon such assumption, Sempra Energy shall have no further obligations and liabilities under the Agreement. Upon such assumption, references to Sempra Energy in this Agreement shall be replaced with references to such subsidiary, or such successor or parent thereof, assuming this Agreement, and subsection (b) of the definition of "Cause" and subsection (b) of the definition of "Good Reason" shall apply thereafter, as if a Change in Control had occurred on the date of such cessation.

(e) Sale of Assets of Subsidiary. In the event that (i) the Executive is employed by a direct or indirect subsidiary of Sempra Energy, and (ii) such subsidiary sells or

otherwise disposes of substantial assets of such subsidiary to an unrelated service recipient, as determined under Treasury Regulation Section 1.409A-1(f)(2)(ii) (the “Asset Purchaser”), in a transaction described in Treasury Regulation Section 1.409A-1(h)(4) (an “Asset Sale”), then if, on the date of such Asset Sale, the Executive becomes employed by the Asset Purchaser, Sempra Energy and the Asset Purchaser may specify, in accordance with Treasury Regulation Section 1.409A-1(h)(4), that the Executive shall not be treated as having a Separation from Service, and in such event, Sempra Energy may require such Asset Purchaser, or the parent thereof, to assume expressly and agree to perform the obligations and satisfy and discharge the liabilities under this Agreement in the same manner and to the same extent that the Company would have been required to perform the obligations and satisfy and discharge the liabilities under this Agreement, if the Asset Sale had not taken place, and, upon such assumption, Sempra Energy shall have no further obligations and liabilities under the Agreement. Upon such assumption, references to Sempra Energy in this Agreement shall be replaced with references to the Asset Purchaser or the parent thereof, as applicable, and subsection (b) of the definition of “Cause” and subsection (b) of the definition of “Good Reason” shall apply thereafter, as if a Change in Control had occurred on the date of the Asset Sale.

**Section 17.** Administration Prior to Change in Control. Prior to a Change in Control, the Compensation Committee shall have full and complete authority to construe and interpret the provisions of this Agreement, to determine an individual’s entitlement to benefits under this Agreement, to make in its sole and absolute discretion all determinations contemplated under this Agreement, to investigate and make factual determinations necessary or advisable to administer or implement this Agreement, and to adopt such rules and procedures as it deems necessary or advisable for the administration or implementation of this Agreement. All determinations made under this Agreement by the Compensation Committee shall be final, conclusive and binding on all interested Persons. Prior to a Change in Control, the Compensation Committee may delegate responsibilities for the operation and administration of this Agreement to one or more officers or employees of the Company. The provisions of this Section 17 shall terminate and be of no further force and effect upon the occurrence of a Change in Control.

**Section 18.** Compliance with Section 409A of the Code. All payments and benefits payable under this Agreement (including, without limitation, the Section 409A Payments) are intended to comply with the requirements of Section 409A of the Code. Certain payments and benefits payable under this Agreement are intended to or may be exempt from the requirements of Section 409A of the Code. This Agreement shall be interpreted in accordance with the applicable requirements of, and exemptions from, Section 409A of the Code, the Treasury Regulations thereunder and other guidance of general applicability. If the Company determines that any compensation, benefits or other payments that are payable under this Agreement and intended to comply with Section 409A of the Code do not comply with Section 409A of the Code, the Treasury Regulations thereunder and other applicable authority issued by the Internal Revenue Service, to the extent permitted under Section 409A of the Code, the Treasury Regulations thereunder and any other applicable guidance, the Company and the Executive agree to amend this Agreement, or take such other actions as the Company and the Executive deem reasonably necessary or appropriate, to cause such compensation, benefits and other payments to comply with the requirements of Section 409A of the Code, the Treasury Regulations thereunder and other applicable guidance, while providing compensation, benefits and other payments that are, in the aggregate, no less favorable than the compensation, benefits and other payments provided under this Agreement. In the case of any compensation, benefits or other payments that are payable under this Agreement and intended to comply with Section 409A of the Code, if any provision of the Agreement would cause such compensation, benefits or other payments to fail to so comply, such provision shall not be effective and shall be null and void with respect to such compensation, benefits or other payments to the extent such

provision would cause a failure to comply, and such provision shall otherwise remain in full force and effect.

**Section 19. Miscellaneous.**

(a) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California, without reference to its principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. Except as provided herein, the Agreement may not be amended, modified, repealed, waived, extended or discharged except by an agreement in writing signed by the parties hereto. No Person, other than pursuant to a resolution of the Board or a committee thereof, shall have authority on behalf of Sempra Energy to agree to amend, modify, repeal, waive, extend or discharge any provision of this Agreement or anything in reference thereto.

(b) Notices. All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party, by a reputable overnight carrier or by registered or certified mail, return receipt requested, postage prepaid, addressed, in the case of the Company, to Sempra Energy's headquarters attention the most senior officer of Human Resources with a copy to the General Counsel or in the case of the Executive, the home address of the Executive on file with the Company, or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notices and communications shall be effective when actually received by the addressee.

(c) Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(d) Taxes. The Company may withhold from any amounts payable under this Agreement such federal, state or local taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(e) No Waiver. The Executive's or the Company's failure to insist upon strict compliance with any provision hereof or any other provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder, including, without limitation, the right of the Executive to terminate employment for Good Reason, or the right of the Company to terminate the Executive's employment for Cause shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(f) Entire Agreement; Exclusive Benefit; Supersession of Prior Agreement. This Agreement contains the entire agreement of the Executive, the Company or any predecessor or subsidiary thereof with respect to any severance or termination pay. The Pre-Change in Control Severance Payment, the Post-Change in Control Severance Payment and all other benefits provided hereunder shall be in lieu of any other severance payments to which the Executive is entitled under any other severance plan or program or arrangement sponsored by the Company, as well as pursuant to any individual employment or severance agreement that was entered into by the Executive and the Company, and, upon the Effective Date of this Agreement, all such plans, programs, arrangements and agreements other than agreements to arbitrate disputes with the Company, to the extent in conflict with this Agreement, are hereby automatically superseded and terminated. Any prior agreements/provisions agreeing to arbitrate disputes with the Company shall remain in full force and effect and shall not be affected by this Agreement.

(g) No Right of Employment. Nothing in this Agreement shall be construed as giving the Executive any right to be retained in the employ of the Company or shall interfere

in any way with the right of the Company to terminate the Executive's employment at any time, with or without Cause.

(h) Unfunded Obligation. The obligations under this Agreement shall be unfunded. Benefits payable under this Agreement shall be paid from the general assets of the Company. The Company shall have no obligation to establish any fund or to set aside any assets to provide benefits under this Agreement.

(i) Termination upon Sale of Assets of Subsidiary. Notwithstanding anything contained herein, this Agreement shall automatically terminate and be of no further force and effect and no benefits shall be payable hereunder in the event that (i) the Executive is employed by a direct or indirect subsidiary of Sempra Energy, (ii) an Asset Sale (as defined in Section 16(e)) occurs (other than such a sale or disposition which is part of a transaction or series of transactions which would result in a Change in Control), and (iii) as a result of such Asset Sale, the Executive is offered employment by the Asset Purchaser in an executive position with reasonably comparable status, compensation, benefits and severance agreement (including the assumption of this Agreement in accordance with Section 16(e)) and which is consistent with the Executive's experience and education, but the Executive declines to accept such offer and the Executive fails to become employed by the Asset Purchaser on the date of the Asset Sale.

(j) Term. The term of this Agreement shall commence on the Effective Date and shall continue until the third (3rd) anniversary of the Effective Date; *provided, however*, that commencing on the second (2nd) anniversary of the Effective Date (and each anniversary of the Effective Date thereafter), the term of this Agreement shall automatically be extended for one (1) additional year, unless at least ninety (90) days prior to such date, the Company or the Executive shall give written notice to the other party that it or he, as the case may be, does not wish to so extend this Agreement. Notwithstanding the foregoing, if the Company gives such written notice to the Executive (i) at a time when Sempra Energy is a party to an agreement that, if consummated, would constitute a Change in Control or (ii) less than two (2) years after a Change in Control, the term of this Agreement shall be automatically extended until the later of (X) the date that is one (1) year after the anniversary of the Effective Date that follows such written notice or (Y) the first day of the calendar month following the second (2nd) anniversary of the Change in Control Date.

(k) Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.



IN WITNESS WHEREOF, the Executive and, pursuant to due authorization from its Board of Directors, Sempra Energy have caused this Agreement to be executed as of the day and year first above written.

SEMPRA ENERGY

/s/ Karen L. Sedgwick

Karen L. Sedgwick  
Chief Administrative Officer and Chief Human Resources  
Officer

3/8/2023

Date

EXECUTIVE

/s/ Maryam S. Brown

Maryam S. Brown  
President – Southern California Gas Company

2/27/2023

Date

**SEPARATION AGREEMENT AND GENERAL RELEASE**

This SEPARATION AGREEMENT AND GENERAL RELEASE (the "Agreement"), is made by and between \_\_\_\_\_, a California corporation (the "Company") and \_\_\_\_\_ ("Employee") (jointly referred to as the "Parties" or individually referred to as a "Party") as of the Effective Date (as defined below).

WHEREAS, Employee was employed by the Company as an at-will employee;

WHEREAS, Employee and the Company previously entered into that certain Severance Pay Agreement dated \_\_\_\_\_, 20\_\_ (the "Severance Pay Agreement") in connection with Employee's employment with the Company;

WHEREAS, Employee's right to receive certain severance pay and benefits pursuant to the terms of the Severance Pay Agreement is subject to and conditioned upon Employee's execution [and non-revocation] of a general release of claims Employee has or may have against the Company Releasees (as defined below); and

WHEREAS, Employee's right to receive the Consulting Payment provided pursuant to Section 14(e) of the Severance Pay Agreement is subject to and conditioned upon Employee's execution [and non-revocation] of a general release of claims by Employee against the Company Releasees and Employee's adherence to the covenants described under Section 14 of the Severance Pay Agreement.

NOW, THEREFORE, in consideration of the promises and mutual covenants contained herein, the adequacy of which is hereby acknowledged, the Parties hereby agree as follows:

1. Separation Date. Employee's employment with the Company terminated at the close of business on [\_\_\_\_\_] (the "Separation Date"). Employee has received his/her final wages through the Separation Date, less deductions required by law, including any accrued but unused vacation, in accordance with applicable law. Employee has also been reimbursed for any outstanding employment-related expenses that were incurred and submitted consistent with Company policy. This Agreement is not a condition of employment or continued employment or a condition of receiving a raise or a bonus. On the Separation Date, Employee will be deemed to have resigned from all positions that he/she holds with the Company and its affiliates, and Employee will promptly execute any instrument reasonably requested by the Company or any of its affiliates to effectuate or commemorate such resignation. The term "affiliate" as used herein shall include, without limitation, such Person's parent companies, divisions and subsidiaries, whether or not specified.

2. Severance Benefits. In exchange for Employee entering into this Agreement and not revoking it, and for the covenants and releases contained herein, the Company will provide Employee with the severance benefits described below. Employee acknowledges that the amounts and benefits set forth in this Section 2 as well as any benefits and claims not released under Section 4(b), fully satisfy any entitlement Employee may have to any payments or benefits from the Company through the Separation Date, including under the Severance Pay Agreement. Employee further acknowledges that no part of the severance payments described in this Section 2 consist of wages owed to Employee for his/her employment through the Separation Date.

(a) [The Company will pay Employee a lump sum payment of [\_\_\_\_\_], less applicable withholdings, pursuant to Section [4/5] of the Severance Pay Agreement. Pursuant to Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”), payment will be made on the earlier of (i) the date that is six (6) months and one (1) day after the Separation Date; and (ii) the date of Employee’s death.

(b) The Company will pay Employee a lump sum payment of [\_\_\_\_\_], less applicable withholdings, which is equal to the Consulting Payment set forth in Section 14(e) of the Severance Pay Agreement. Such payment will be made during the thirty (30) day period commencing on the earlier of (i) a date that is six (6) months and one (1) day after the Separation Date; and (ii) the date of Employee’s death

(c) The Company will also provide Employee with the severance benefits set forth in Sections 4(c), (d) and (e) of the Severance Pay Agreement. For the avoidance of doubt, the value of the services set forth in Sections 4(c), (d) and (e) of the Severance Pay Agreement shall not be subject to liquidation or exchange for any other benefit.]

3. Tax Consequences. The Company makes no representations or warranties with respect to the tax consequences of the payments and any other consideration provided to Employee or made on Employee’s behalf under the terms of this Agreement. Employee agrees and understands that Employee is responsible for payment, if any, of local, state, and/or federal taxes on the payments and any other consideration provided hereunder by the Company and any penalties or assessments thereon. Employee further agrees to indemnify and hold the Company and its affiliates harmless from any claims, demands, deficiencies, penalties, interest, assessments, executions, judgments, or recoveries by any government agency against the Company or any of its affiliates for any amounts claimed due on account of (a) Employee’s failure to pay or delayed payment of federal or state taxes, or (b) damages sustained by the Company or any of its affiliates by reason of any such claims, including reasonable attorneys’ fees and costs

4. Release of Claims. As a material inducement for the payment of the severance and benefits of the Severance Pay Agreement, and except as otherwise provided in this Agreement, Employee, on behalf of him/herself and on behalf of his/her heirs, family members, executors, agents and assigns, hereby irrevocably and unconditionally releases, acquits and forever discharges the Company Releasees from any and all Claims he/she has or may have. For purposes of this Agreement and the preceding sentence, the words “Releasee” or “Releasees” and “Claim” or “Claims” shall have the meanings set forth below:

(a) “Company Releasees” shall refer to (i) the Company, (ii) each of the Company’s owners, stockholders, predecessors, successors, assigns, agents, directors, officers, employees, representatives, attorneys, advisors, and affiliates (including parent companies, divisions, and subsidiaries), (iii) agents, directors, officers, employees, representatives, attorneys and advisors of such affiliates (including parent companies, divisions, and subsidiaries), and (iv) all persons and entities acting by, through, under or in concert with any of them

(b) The words “Claim” or “Claims” shall refer to any charges, complaints, claims, liabilities, obligations, promises, agreements, controversies, damages, actions, causes of action, suits, rights, demands, costs, losses, debts and expenses (including attorneys’ fees and costs actually incurred) of any nature whatsoever, known or unknown, suspected or unsuspected, which Employee had or may have, own or hold against any of the Company Releasees through and including the Effective Date that in any way arise out of, relate to, or are in connection with Employee’s employment relationship with the Company and its affiliates and the termination of that relationship, including, without limitation, all rights arising out of alleged violations of any contracts, express or implied, including the Severance Pay Agreement; any tort claim; any legal

restrictions on the Company's right to terminate employment relationships; and any federal, state or other governmental statute, regulation, law or ordinance, including common law principles, governing the employment relationship including, without limitation, all laws and regulations prohibiting discrimination or harassment based on protected categories, and all laws and regulations prohibiting retaliation against employees, including retaliation for engaging in protected activity or legal off-duty conduct. This release does not extend to claims for workers' compensation or other claims which by law may not be waived or released by this Agreement, nor does it limit Employee's right to receive any vested payments or benefits to which he/she is entitled under any Company (including its affiliates) benefit plan (including, without limitation, any of the Company's (including its affiliates) qualified retirement plans or non-qualified deferred compensation plan), which payments or benefits will be paid or provided pursuant to the terms of the applicable governing documents.

5. Release of Unknown Claims. Employee expressly waives and relinquishes all rights and benefits afforded by any statute (including, but not limited to, Section 1542 of the Civil Code of the State of California and analogous laws of other states), which limits the effect of a release with respect to unknown claims. Employee does so understanding and acknowledging the significance of the release of unknown claims and the waiver of statutory protection against a release of unknown claims (including, but not limited to, Section 1542). Section 1542 of the Civil Code of the State of California states as follows:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.”

Thus, notwithstanding the provisions of Section 1542 or of any similar statute, and for the purpose of implementing a full and complete release and discharge of the Company Releasees, Employee expressly acknowledges that this Agreement is intended to include in its effect, without limitation, all Claims which are known and all Claims which Employee does not know or suspect to exist in Employee's favor at the time of execution of this Agreement and that this Agreement contemplates the extinguishment of all such Claims. Employee acknowledges that he/she might hereafter discover facts different from, or in addition to, those Employee now knows or believes to be true with respect to a Claim or Claims released herein, and they expressly agree to assume the risk of possible discovery of additional or different facts, and agree that this Agreement shall be and remain effective, in all respects, regardless of such additional or different discovered facts.

6. Covenant Not to Sue. Employee agrees that Employee will not file any suit, claim, proceeding or complaint against any Company Releasees arising out of or in connection with any Claims released herein, except as required to enforce the terms of this Agreement. Employee's right to file or participate in an administrative claim or investigation by the Equal Employment Opportunity Commission, or any other local, state, or federal administrative body or government agency against the Company, which is guaranteed by law, cannot be and is not waived. However, to the extent permitted by law, and except as to Securities and Exchange Commission whistleblower awards, Employee agrees that if such an administrative claim is made against any Company Releasee(s) on Employee's behalf, Employee shall not be entitled to recover any individual monetary relief or other individual remedies beyond the separation benefits identified in this Agreement.

7. No Pending Lawsuits. Employee represents and warrants that Employee does not have any lawsuits, charges, claims, grievances, or actions of any kind pending against any Company Releasees arising out of or in connection with any Claims released herein, by or on behalf of Employee or on behalf of any other person or entity, and that, to the best of Employee's knowledge, Employee possess no such claims (including, but not limited to, under the Family and Medical Leave Act, the Age Discrimination in Employment Act, the California Family Rights Act, the Fair Labor Standards Act, the California Labor Code and/or workers' compensation claims). Employee further acknowledges that he/she is not aware of, or has fully disclosed to the Company, any information that could reasonably give rise to such a claim, cause of action, lawsuit or proceeding against any Company Releasee(s).

8. No Cooperation. Employee agrees that he/she will not knowingly encourage, counsel, or assist any attorneys or their clients in the presentation or prosecution of any disputes, differences, grievances, claims, charges, or complaints by any third party against any Company Releasee(s) arising out of or in connection with any Claims released herein, unless under a subpoena or other court order to do so. Employee agrees to immediately notify the Company upon receipt of any such subpoena or court order, and to furnish to the Company, within three (3) business days of its receipt, a copy of such subpoena or other court order.

9. Payment of Salary and Receipt of All Benefits. Employee acknowledges and represents that, except as provided in this Agreement, the Company has fully paid or provided Employee all salary, wages, bonuses, accrued vacation/paid time off, premiums, leaves, housing allowances, relocation costs, interest, severance, outplacement costs, fees, reimbursable expenses, commissions or other incentive compensation, stock, stock options, vesting, and any and all other benefits and compensation due to Employee. Employee specifically represents that Employee is not owed any further sum by way of reimbursement from the Company or any of its affiliates. To the extent Employee claims that additional wages are or may become owed to Employee, there is a good faith dispute based in law and fact over whether any wages in excess of the wages already paid to Employee are or will be due, and thus California Labor Code Section 206.5 is inapplicable.

10. Indemnification.

(a) As a further material inducement to the Company to enter into this Agreement, Employee hereby agrees to indemnify and hold each of the Company Releasees harmless from all loss, costs, damages, or expenses, including without limitation, reasonable attorneys' fees incurred by the Company Releasees, arising out of any breach of this Agreement by Employee or the fact that any representation made in this Agreement by Employee was false when made. As a further material inducement to Employee to enter into this Agreement, the Company hereby agrees to indemnify and hold each of the Company Releasees harmless from all loss, costs, damages, or expenses, including without limitation, reasonable attorneys' fees incurred by the Company Releasees, arising out of any breach of this Agreement by the Company or the fact that any representation made in this Agreement by the Company was knowingly false when made.

(b) If Employee is a party or is threatened to be made a party to any proceeding by reason of the fact that Employee was an employee, officer or director of the Company or any of its affiliates, the Company shall indemnify and hold harmless Employee against any expenses (including reasonable attorneys' fees, *provided*, that counsel has been approved by the Company, which approval shall not be unreasonably withheld), judgments, fines, settlements and other amounts actually or reasonably incurred by Employee in connection with that proceeding, and *provided*, that Employee acted in good faith and in a manner Employee reasonably believed to be in the best interest of the Company. The limitations of Section 317 of the Corporations Code of the State of California shall apply to this assurance of indemnification.

Notwithstanding the foregoing or any other provision contained herein, this Agreement shall not supersede or in any way limit any (i) indemnification arrangements in favor of the Employee under the Company's or any of its affiliates charter documents or bylaws or pursuant to any agreement between the Employee and the Company or any of the Company's affiliates or (ii) the provision of insurance against insurable events which occurred while the Executive was a director or officer of the Company, in each as provided by and subject to the limitations set forth in Section 10 of the Severance Pay Agreement.

11. No Admission of Liability.

The Parties understand and acknowledge that no action taken by either Party in connection hereto, either previously or in connection with this Agreement, shall be deemed or construed to be (i) an admission of the truth or falsity of any actual or potential claims, or (ii) an acknowledgement or admission by either Party of any fault or liability whatsoever to the other Party or to any third party. This Agreement shall not in any way be construed as an admission by the Company that it has acted wrongfully with respect to Employee or any other person or entity, or that Employee has any rights whatsoever against the Company, and the Company specifically disclaims any liability to or wrongful acts against Employee or any other person or entity, on the part of itself, its employees or its agents. This Agreement shall not in any way be construed as an admission by Employee that Employee has acted wrongfully with respect to the Company, or that Employee failed to perform Employee's duties or negligently performed or breached Employee's duties, or that the Company had good cause to terminate Employee's employment.

12. Cooperation in Litigation. Employee agrees to cooperate with the Company and its affiliates and their respective designated attorneys, representatives and agents in connection with any actual or threatened judicial, administrative or other legal or equitable proceeding in which the Company or any of the Company's affiliates is or may become involved. Upon reasonable notice, Employee agrees to meet with and provide to the Company and its affiliates and their respective designated attorneys, representatives or agents all information and knowledge Employee has relating to the subject matter of any such proceeding. The Company agrees to reimburse Employee for any reasonable costs Employee incurs in providing such cooperation.

13. Governing Law. This Agreement is entered into in [state] and, except as provided in this section, shall be governed by substantive [state] law.

14. Arbitration of Disputes. If any dispute arises between Employee and the Company relating to this Agreement, including any dispute regarding the interpretation, enforceability, or validity of this Agreement ("Arbitrable Dispute"), the Parties agree to resolve that Arbitrable Dispute through **final and binding** arbitration under this section. Employee also agrees to arbitrate any Arbitrable Dispute which also involves any other Company Releasee who offers or agrees to arbitrate the dispute under this section.

(a) Any Arbitrable Dispute will be decided by an arbitrator through individual arbitration, and **Employee and the Company waive any right to a jury trial or a court bench trial.** Employee and the Company also waive the right for any dispute to be brought, maintained, decided or arbitrated as a class and/or collective action and the arbitrator shall have no authority to hear or preside over any such action ("Class Action Waiver"). Further, Arbitrable Disputes must be brought in the individual capacity of the party asserting the claim, Employee and the Company are waiving the right to pursue or have a dispute resolved as a plaintiff or class member in any purported class, collective or representative proceeding. To the extent the Class Action Waiver is determined to be invalid, unenforceable, or void, any class and/or collective action must proceed in a court of law and not in arbitration.

Notwithstanding any other provision of this Agreement, to the fullest extent permitted by law, Employee and the Company (1) agree not to bring a representative action on behalf of others under the Private Attorneys General Act of 2004 (“PAGA”), California Labor Code § 2698 et seq., in any court or in arbitration, and (2) agree that, for any claim brought on a private attorney general basis, including under the California PAGA, any such dispute shall be resolved in arbitration on an individual basis only (i.e., to resolve whether Employee has personally been aggrieved or subject to any violations of law), and that such an action may not be used to resolve the claims or rights of other individuals in a single or collective proceeding (collectively, “Representative PAGA Waiver”). Notwithstanding any other provision of this arbitration agreement or the JAMS Rules, the scope, applicability, enforceability, revocability or validity of this Representative PAGA Waiver may be resolved only by a court of competent jurisdiction and not by an arbitrator. If any provision of this representative PAGA Waiver is found to be unenforceable or unlawful for any reason, the unenforceable provision shall be severed from this Dispute Resolution provision, and any such representative PAGA claims or other representative private attorneys general act claims must be litigated in a court of competent jurisdiction and not in arbitration. To the extent that there are any Arbitrable Disputes to be litigated in a court of competent jurisdiction because a court determines that the representative PAGA Waiver is unenforceable with respect to those disputes, the Parties agree that litigation of those Arbitrable Disputes shall be stayed pending the outcome of any individual disputes in arbitration.

(b) The Arbitration shall take place at the office of JAMS that is nearest to the location where Employee last worked for the Company in accordance with the JAMS Employment Arbitration Rules & Procedures then in effect (“JAMS Rules”) (or, if Employee is employed outside of California at the time of the termination of Employee’s employment, at the nearest location of the American Arbitration Association (“AAA”) and in accordance with the AAA Employment Arbitration Rules and Mediation Procedures then in effect (“AAA Rules”), copies of which are available at [www.jamsadr.com](http://www.jamsadr.com); tel: 800.352.5267 and [www.adr.org](http://www.adr.org); tel: 800.778.7879, before a single experienced employment arbitrator selected in accordance with those rules.

(c) The Arbitrator may not modify or change this Agreement in any way. The Company will be responsible for paying any filing fee and the fees and costs of the Arbitrator; provided, however, that if Employee is the party initiating the claim, Employee will contribute an amount equal to the filing fee that would be paid to initiate a claim in the court of general jurisdiction in the state in which Employee is employed by the Company, unless a lower fee amount would be owed by Employee pursuant to the JAMS Rules (or AAA Rules, as applicable) or applicable law. Each Party shall pay for its own costs and attorneys’ fees and pay any costs that are not unique to arbitration (i.e., cost that each party would incur if the claim(s) were litigated in a court, such as costs to subpoena witnesses and/or documents, take depositions and purchase deposition transcripts, copy documents, etc.), if any. However if any party prevails on a statutory claim which affords the prevailing party attorneys’ fees and costs, or if there is a written agreement providing for attorneys’ fees and/or costs, the Arbitrator may award reasonable attorney’s fees and/or costs to the prevailing party, applying the same standards a court would apply under the law applicable to the claim.

(d) The Arbitrator shall apply the Federal Rules of Evidence and shall have the authority to entertain a motion to dismiss or a motion for summary judgment by any party and shall apply the standards governing such motions under the Federal Rules of Civil Procedure. The Arbitrator is required to issue a written award and opinion setting forth the essential findings and conclusions on which the award is based, and any judgment or award issued by the Arbitrator may be entered in any court of competent jurisdiction. The Arbitrator does not have the authority to consider, certify, or hear an arbitration as a class action, collective action, or any other type of representative action. In addition, unless all parties agree in writing otherwise, the Arbitrator shall not consolidate or join the arbitrations of one or more than one

individual. Neither party may seek, nor may the Arbitrator award, any relief that is not individualized to the claimant or that affects other individuals. The Arbitrator may award declaratory or injunctive relief only in favor of the individual party seeking relief and only to the extent necessary to provide relief warranted by that Party's individual claims.

(e) Employee and the Company recognize that this agreement to arbitrate arises out of or concerns interstate commerce and that the Federal Arbitration Act shall govern the arbitration and the interpretation or enforcement of this section or any arbitration award. If a court decides that applicable law does not permit the enforcement of any of this section's limitations as to a particular claim or any particular remedy for a claim, then that claim or particular remedy (and only that claim or particular remedy) must be severed from the arbitration and may be brought in court. To the extent that the Federal Arbitration Act is inapplicable, California law pertaining to arbitration agreements shall apply. Arbitration in this manner shall be the exclusive remedy for any Arbitrable Dispute. Except as prohibited by the Age Discrimination in Employment Act of 1967, as amended, should Employee or the Company attempt to resolve an Arbitrable Dispute by any method other than arbitration pursuant to this section, the responding party will be entitled to recover from the initiating party all damages, expenses, and attorneys' fees incurred as a result of this breach. This Section 13 supersedes any existing arbitration agreement between the Company and Employee as to any Arbitrable Dispute (as defined herein). Notwithstanding anything in this Section 13 to the contrary, a claim for benefits under an Employee Retirement Income Security Act of 1974, as amended, covered plan shall not be an Arbitrable Dispute.

15. Effective Date. The Parties understand and agree that this Agreement is final and binding eight (8) days after its execution and return (the "Effective Date"). Should Employee nevertheless attempt to challenge the enforceability of this Agreement as provided in Section 13 or, in violation of that section, through litigation, as a further limitation on any right to make such a challenge, Employee shall initially tender to the Company, by certified check delivered to the Company, all monies received pursuant to Section 4 or 5 of the Severance Pay Agreement, as applicable, plus interest, and invite the Company to retain such monies and agree with Employee to cancel this Agreement and void the Company's obligations under the Severance Pay Agreement. In the event the Company accepts this offer, the Company shall retain such monies and this Agreement shall be canceled and the Company shall have no obligation under Section 14(e) of the Severance Pay Agreement. In the event the Company does not accept such offer, the Company shall so notify Employee and shall place such monies in an interest-bearing escrow account pending resolution of the dispute between Employee and the Company as to whether or not this Agreement and the Company's obligations under the Severance Pay Agreement shall be set aside and/or otherwise rendered voidable or unenforceable. Additionally, any consulting agreement then in effect between Employee and the Company shall be immediately rescinded with no requirement of notice.

16. Notices. Any notices required to be given under this Agreement shall be delivered either personally or by first class United States mail, postage prepaid, addressed to the respective parties and shall be effective upon receipt as follows:

To Company: [TO COME]

Attn: [TO COME]

With a copy to:

Attn: [TO COME]

To Employee: \_\_\_\_\_



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17. Voluntary Waiver and Release of ADEA Claims. Employee understands and acknowledges that Employee is waiving any rights Employee may have under the Age Discrimination in Employment Act (“ADEA”), and that this waiver and release is knowing and voluntary. Employee acknowledges that the consideration given for this waiver and release is in addition to anything of value to which Employee was already entitled. Employee further understands and acknowledges that Employee has been given a period of twenty-one (21) days to review and consider this Agreement before signing it and may use as much of this twenty-one (21) period as Employee wishes prior to signing. In the event Employee signs this Agreement and returns it to the Company in less than the twenty-one (21)-day period identified above, Employee hereby acknowledges that Employee has freely and voluntarily chosen to waive the time period allotted for considering this Agreement, and that the Company has not promised Employee anything or made any representations not contained in this Agreement to induce Employee to sign this Agreement before the expiration of the twenty-one (21) day period. Employee is encouraged, at Employee’s personal expense, to consult with an attorney before signing this Agreement. Employee understands and acknowledges that whether or not Employee does so is Employee’s decision. Employee may revoke this Agreement within seven (7) days of signing it. If Employee wishes to revoke, the Company’s Vice President, Human Resources must receive written notice from Employee no later than the close of business on the seventh (7th) day after Employee has signed the Agreement. If revoked, this Agreement shall not be effective and enforceable, and Employee will not receive payments or benefits under Section 4 or 5 of the Severance Pay Agreement, as applicable. The Parties agree that changes, whether material or immaterial, do not restart the running of the twenty-one (21)-day period described above.

18. Section 409A. All payments and benefits payable under this Agreement are intended to comply with the requirements of Section 409A of the Code. Notwithstanding the foregoing, certain payments and benefits payable under this Agreement are intended to be exempt from the requirements of Section 409A of the Code. This Agreement shall be interpreted in accordance with the applicable requirements of, and exemptions from, Section 409A of the Code and the Treasury Regulations thereunder. To the extent the payments and benefits under this Agreement are subject to Section 409A of the Code, this Agreement shall be interpreted, construed and administered in a manner that satisfies the requirements of Section 409A(a)(2), (3) and (4) of the Code and the Treasury Regulations thereunder. To the extent that any payments under this Agreement are subject to Section 409A of the Code, the provisions of Section 9 of the Severance Pay Agreement shall apply.

19. Return of Company Property. Employee represents and warrants that he/she has returned all of the Company’s property, including all work in progress, files, photographs, notes, records, credit cards, keys, access cards, computers, and other Company or customer documents, products, or property that Employee has received in the course of his/her employment, or which reflect in any way any confidential or proprietary information of the Company. Employee also warrants that he has not downloaded or otherwise retained any information, whether in electronic or other form, belonging to the Company or derived from information belonging to the Company.

20. Confidential Information; Public Releases.

(a) Employee acknowledges and reaffirms Employee’s continuing obligations under the Confidentiality Agreement. The Parties understand and agree that nothing in this Agreement is intended to interfere with or discourage Employee’s good-faith disclosure to any

governmental entity related to a reasonably suspected violation of the law or to prevent Employee from discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that Employee has reason to believe is unlawful. The Parties further understand and agree that Employee cannot be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that (a) is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

(b) The Parties understand and agree that the Company and its affiliates shall take any and all necessary or appropriate action to timely satisfy their respective reporting and disclosure obligations in connection with Employee's separation and this Agreement, including filing any requisite forms with the Securities and Exchange Commission ("SEC") and Employee will promptly provide any information reasonably requested by the Company or any of its affiliates in fulfilling any such reporting or disclosure obligations.

21. Entire Agreement. This Agreement constitutes the entire agreement of the parties hereto and supersedes any and all other agreements (except the Severance Pay Agreement and the Confidentiality Agreement) with respect to the subject matter of this Agreement, whether written or oral, between the Parties. Any prior agreements/provisions agreeing to arbitrate disputes with the Company shall remain in full force and effect and shall not be affected by this Agreement. All modifications and amendments to this Agreement must be in writing and signed by all Parties.

22. No Representation. The Parties represent and acknowledge that in executing this Agreement, neither is relying upon any representation or statement not set forth in this Agreement or the Severance Pay Agreement.

23. Take All Necessary Further Action. Each party agrees, without further consideration, to sign or cause to be signed, and to deliver to the other party, any other documents and to take any other action as may be necessary to fulfill the obligations under this Agreement.

24. Severability. If any provision of this Agreement or the application thereof is held invalid, the invalidity shall not affect other provisions or applications of the Agreement which can be given effect without the invalid provisions or application; and to this end the provisions of this Agreement are declared to be severable.

25. Counterparts. This Agreement may be executed in counterparts.

With the benefit of representation and advice of counsel, the Parties have read the foregoing Severance Agreement and General Release, and accept and agree to the provisions it contains and hereby execute it voluntarily and with full understanding of its consequences. The Parties acknowledge that they are receiving valuable consideration in exchange for the execution of this Agreement, to which they would not otherwise be entitled.

DATED: \_\_\_\_\_

\_\_\_\_\_

DATED: \_\_\_\_\_

\_\_\_\_\_

Employee acknowledges that Employee first received this Agreement on [date].

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**SEMPRA ENERGY  
SEVERANCE PAY AGREEMENT**

**THIS AGREEMENT** (this “Agreement”), dated as of March 1, 2023 (the “Effective Date”), is made by and between SEMPra ENERGY, a California corporation (“Sempra Energy”), and Jimmie I. Cho (the “Executive”).

**WHEREAS**, the Executive is currently employed by Sempra Energy or another corporation or trade or business which is a member of a Controlled Group of Corporations (Sempra Energy and such other controlled group members, collectively, the “Company”);

**WHEREAS**, Sempra Energy and the Executive desire to enter into this Agreement as may be restated from time to time in order to provide reasonable assurances to the Executive and maintain a constructive relationship following the termination of Executive’s employment with Company; and

**WHEREAS**, the Board of Directors of Sempra Energy (the “Board”) or an authorized committee thereof has authorized the terms of this Agreement.

**NOW, THEREFORE**, in consideration of the premises and mutual covenants herein contained, Sempra Energy and the Executive hereby agree as follows:

**Section 1. Definitions.** For purposes of this Agreement, the following capitalized terms have the meanings set forth below:

“AAA” has the meaning assigned thereto in Section 13(c) hereof.

“Accounting Firm” has the meaning assigned thereto in Section 8(e) hereof.

“Accrued Obligations” means the sum of (a) the Executive’s Annual Base Salary through the Date of Termination to the extent not theretofore paid, (b) an amount equal to any annual Incentive Compensation Awards earned with respect to fiscal years ended prior to the year that includes the Date of Termination to the extent not theretofore paid, (c) any accrued and unpaid vacation, and (d) reimbursement for unreimbursed business expenses, if any, properly incurred by the Executive in the performance of the Executive’s duties in accordance with Company policies applicable to the Executive from time to time, in each case to the extent not theretofore paid.

“Affiliate” has the meaning set forth in Rule 12b-2 promulgated under the Exchange Act.

“Annual Base Salary” means the Executive’s annual base salary from the Company.

“Asset Purchaser” has the meaning assigned thereto in Section 16(e).

“Asset Sale” has the meaning assigned thereto in Section 16(e).

“Average Annual Bonus” means the average of the annual bonuses from the Company earned by the Executive with respect to the three (3) fiscal years of Sempra Energy ending immediately preceding the Date of Termination (the “Bonus Fiscal Years”); *provided, however*, that, if the Executive was employed by the Company for less than three (3) Bonus Fiscal Years, “Average Annual Bonus” means the average of the annual bonuses (if any) from

the Company earned by the Executive with respect to the Bonus Fiscal Years during which the Executive was employed by the Company; and, *provided, further*, that, if the Executive was not employed by the Company during any of the Bonus Fiscal Years, “Average Annual Bonus” means zero (\$0).

“Cause” means:

(a) Prior to a Change in Control, (i) the Executive’s willful failure to substantially perform the Executive’s job duties, (ii) Executive’s grossly negligent performance of the Executive’s duties, (iii) the Executive’s gross insubordination; (iv) the Executive’s commission of one or more acts of significant dishonesty or moral turpitude (including but not limited to criminal acts involving one or more acts of moral turpitude) which have or result in an adverse effect on the Company, monetarily or otherwise; and/or (v) the Executive’s serious violation of a material policy of Sempra Energy or its Affiliates that is applicable to the Executive. For purposes of clause (i) of this subsection (a), no act, or failure to act, on the Executive’s part shall be deemed “willful” if due to the Executive’s incapacity due to physical or mental illness, or if the Executive acted in good faith and with reasonable belief that the Executive’s act, or failure to act, was in the best interests of the Company.

(b) From and after a Change in Control (or in connection with a termination occurring pursuant to Section 5(f)), (i) the Executive’s willful and continued failure to substantially perform the Executive’s duties with the Company (other than any such failure resulting from the Executive’s incapacity due to physical or mental illness or other than any such actual or anticipated failure after the issuance by the Executive of a Notice of Termination for Good Reason pursuant to Section 2 hereof and after the Company’s cure period relating to the event on which Good Reason is based, if any and if applicable, has expired) and/or (ii) the Executive’s commission of one or more acts of moral turpitude that constitute a violation of applicable law (including but not limited to a felony involving one or more acts of moral turpitude) which have or result in an adverse effect on the Company, monetarily or otherwise, or one or more significant acts of dishonesty. For purposes of clause (i) of this subsection (b), no act, or failure to act, on the Executive’s part shall be deemed “willful” unless done, or omitted to be done, by the Executive not in good faith and without reasonable belief that the Executive’s act, or failure to act, was in the best interests of the Company. Notwithstanding the foregoing, the Executive shall not be deemed terminated for Cause pursuant to clause (i) of this subsection (b) unless and until the Executive shall have been provided with reasonable notice of and, if possible, a reasonable opportunity to cure the facts and circumstances claimed to provide a basis for termination of the Executive’s employment for Cause.

“Change in Control” shall be deemed to have occurred on the date that a change in the ownership of Sempra Energy, a change in the effective control of Sempra Energy, or a change in the ownership of a substantial portion of assets of Sempra Energy occurs (each, as defined in subsection (a) below), except as otherwise provided in subsections (b), (c) and (d) below:

(a) (i) a “change in the ownership of Sempra Energy” occurs on the date that any one Person, or more than one Person acting as a Group, acquires ownership of stock of Sempra Energy that, together with stock held by such Person or Group, constitutes more than fifty percent (50%) of the total fair market value or total voting power of the stock of Sempra Energy,

(ii) a “change in the effective control of Sempra Energy” occurs only on either of the following dates:

(1) the date any one Person, or more than one Person acting as a Group, acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such Person or Persons) ownership of stock of Sempra Energy possessing thirty percent (30%) or more of the total voting power of the stock of Sempra Energy, or

(2) the date a majority of the members of the Board is replaced during any twelve (12) month period by directors whose appointment or election is not endorsed by a majority of the members of the Board before the date of appointment or election, and

(iii) a “change in the ownership of a substantial portion of assets of Sempra Energy” occurs on the date any one Person, or more than one Person acting as a Group, acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such Person or Persons) assets from Sempra Energy that have a total gross fair market value equal to or more than eighty-five percent (85%) of the total gross fair market value of all of the assets of Sempra Energy immediately before such acquisition or acquisitions.

(b) A “change in the ownership of Sempra Energy” or “a change in the effective control of Sempra Energy” shall not occur under clause (a)(i) or (a)(ii) by reason of any of the following:

(i) an acquisition of ownership of stock of Sempra Energy directly from Sempra Energy or its Affiliates other than in connection with the acquisition by Sempra Energy or its Affiliates of a business,

(ii) a merger or consolidation which would result in the voting securities of Sempra Energy outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof), in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of the Company, at least sixty percent (60%) of the combined voting power of the securities of Sempra Energy or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, or

(iii) a merger or consolidation effected to implement a recapitalization of Sempra Energy (or similar transaction) in which no Person is or becomes the “beneficial owner” (within the meaning of Rule 13d-3 promulgated under the Exchange Act), directly or indirectly, of securities of Sempra Energy (not including the securities beneficially owned by such Person any securities acquired directly from Sempra Energy or its Affiliates other than in connection with the acquisition by Sempra Energy or its Affiliates of a business) representing twenty percent (20%) or more of the combined voting power of Sempra Energy’s then outstanding securities.

(c) A “change in the ownership of a substantial portion of assets of Sempra Energy” shall not occur under clause (a)(iii) by reason of a sale or disposition by Sempra Energy of the assets of Sempra Energy to an entity, at least sixty percent (60%) of the combined voting power of the voting securities of which are owned by shareholders of Sempra Energy in substantially the same proportions as their ownership of Sempra Energy immediately prior to such sale.

(d) This definition of “Change in Control” shall be limited to the definition of a “change in control event” with respect to the Executive and relating to Sempra Energy under Treasury Regulation Section 1.409A-3(i)(5). A Change in Control shall only occur if there is a

Change in Control (as determined by the definition of Change in Control of this Agreement without regard to this subsection (d)) and a “change in control event” relating to Sempra Energy under Treasury Regulation Section 1.409A-3(i)(5) with respect to the Executive.

“Change in Control Date” means the date on which a Change in Control occurs.

“COBRA” means coverage required by Section 4980B of the Code.

“COBRA Premium” means, with respect to the type and level of coverage provided to the Executive and his/her dependents pursuant to COBRA, the employer-paid portion of the monthly premium for such coverage as applicable for similarly-situated active employees.

“Code” means the Internal Revenue Code of 1986, as amended.

“Compensation Committee” means the compensation committee (however designated) of the Board.

“Consulting Payment” has the meaning assigned thereto in Section 14(e) hereof.

“Consulting Period” has the meaning assigned thereto in Section 14(f) hereof.

“Continued Benefits” has the meaning assigned thereto in Section 5(d) hereof.

“Controlled Group of Corporations” means a group of companies within the meaning of Section 414(b) or (c) of the Code) of which Sempra Energy is a component member, determined by applying an ownership threshold of 50%.

“Date of Termination” has the meaning assigned thereto in Section 2(b) hereof.

“Disability” has the meaning set forth in the long-term disability plan or its successor maintained by the Company entity that is the employer of the Executive; *provided, however*, that the Executive’s employment hereunder may not be terminated by reason of Disability unless (a) at the time of such termination there is no reasonable expectation that the Executive will return to work within the next ninety (90) day period and (b) such termination is permitted by all applicable disability laws.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and the applicable rulings and regulations thereunder.

“Excise Tax” has the meaning assigned thereto in Section 8(a) hereof.

“Good Reason” means:

(a) Prior to a Change in Control, the occurrence of any of the following without the prior written consent of the Executive, unless such act or failure to act is corrected by the Company prior to the Date of Termination specified in the Notice of Termination (as required under Section 2 hereof):

(i) the assignment to the Executive of any duties materially inconsistent with the range of duties and responsibilities appropriate to an executive of comparable rank within the Company (such range determined by reference to past, current and reasonable practices within the Company);

(ii) a material reduction in the Executive's overall standing and responsibilities within the Company, not including a mere change in title or a transfer within the Company, which change in title or transfer does not adversely affect the Executive's overall status within the Company in any material respect;

(iii) a material reduction by the Company in the Executive's aggregate annualized compensation and benefits opportunities, except for across-the-board reductions (or modifications of benefit plans) similarly affecting all similarly situated executives of the Company of comparable rank with the Executive;

(iv) the failure by the Company to pay to the Executive any portion of the Executive's current compensation and benefits or any portion of an installment of deferred compensation under any deferred compensation program of the Company within thirty (30) days of the date such compensation is due;

(v) any purported termination of the Executive's employment that is not effected pursuant to a Notice of Termination satisfying the requirements of Section 2 hereof;

(vi) the failure by Sempra Energy to perform its obligations under Section 16(c) or (d) hereof;

(vii) the failure by the Company to provide the indemnification and D&O insurance protection Section 10 of this Agreement requires it to provide; or

(viii) the failure by Sempra Energy (or any of the entities comprising the Company, as applicable) to comply with any material provision of this Agreement.

(b) From and after a Change in Control (or in connection with a termination occurring pursuant to Section 5(g)), the occurrence of any of the following without the prior written consent of the Executive, unless such act or failure to act is corrected by the Company prior to the Date of Termination specified in the Notice of Termination (as required under Section 2 hereof):

(i) an adverse change in the Executive's title, authority, duties, responsibilities or reporting lines as in effect immediately prior to the Change in Control;

(ii) a reduction by the Company in the Executive's aggregate annualized compensation opportunities, except for across-the-board reductions in base salaries, annual bonus opportunities or long-term incentive compensation opportunities of less than ten percent (10%) similarly affecting all similarly situated executives (including, if applicable, of the Person then in control of Sempra Energy) of comparable rank with the Executive; or the failure by the Company to continue in effect any material benefit plan in which the Executive participates immediately prior to the Change in Control, unless an equitable arrangement (embodied in an ongoing substitute or alternative plan) has been made with respect to such plan, or the failure by the Company to continue the Executive's participation therein (or in such substitute or alternative plan) on a basis not materially less favorable, both in terms of the amount of benefits provided and the level of the Executive's participation relative to other participants, as existed at the time of the Change in Control;

(iii) the relocation of the Executive's principal place of employment immediately prior to the Change in Control Date (the "Principal Location") to a location which is both further away from the Executive's residence and more than thirty (30) miles from such Principal Location, or the Company's requiring the Executive to be based anywhere other than such Principal Location (or permitted relocation thereof), or a substantial increase in the



Executive's business travel obligations outside of the Southern California area as of immediately prior to the Change in Control (without regard to any changes therein in anticipation of the Change in Control) other than any such increase that (A) arises in connection with extraordinary business activities of the Company of limited duration and (B) is understood not to be part of the Executive's regular duties with the Company;

(iv) the failure by the Company to pay to the Executive any portion of the Executive's current compensation and benefits or any portion of an installment of deferred compensation under any deferred compensation program of the Company within thirty (30) days of the date such compensation is due;

(v) any purported termination of the Executive's employment that is not effected pursuant to a Notice of Termination satisfying the requirements of Section 2 hereof;

(vi) the failure by Sempra Energy to perform its obligations under Section 16(c) or (d) hereof;

(vii) the failure by the Company to provide the indemnification and D&O insurance protection Section 10 of this Agreement requires it to provide; or

(viii) the failure by Sempra Energy (or any of the entities comprising the Company, as applicable) to comply with any material provision of this Agreement.

Following a Change in Control, the Executive's determination that an act or failure to act constitutes Good Reason shall be presumed to be valid unless such determination is deemed to be unreasonable by an arbitrator pursuant to the procedure described in Section 13 hereof. The Executive's right to terminate the Executive's employment for Good Reason shall not be affected by the Executive's incapacity due to physical or mental illness. The Executive's continued employment shall not constitute consent to, or a waiver of rights with respect to, any act or failure to act constituting Good Reason hereunder.

"Group" shall have the meaning of such term as used in Rule 13d-5(b)(1) promulgated under the Exchange Act.

"Incentive Compensation Awards" means awards granted under Incentive Compensation Plans providing the Executive with the opportunity to earn, on a year-by-year basis, annual and long-term incentive compensation.

"Incentive Compensation Plans" means annual incentive compensation plans and long-term incentive compensation plans of the Company, which long-term incentive compensation plans may include plans offering stock options, restricted stock, units and other long-term incentive compensation.

"Involuntary Termination" means (a) the Executive's Separation from Service by reason other than for Cause, death, Disability, or Mandatory Retirement, or (b) the Executive's Separation from Service by reason of resignation of employment for Good Reason.

"JAMS" has the meaning assigned thereto in Section 13(c) hereof.

"Mandatory Retirement" means termination of employment pursuant to the Company's mandatory retirement policy.

"Medical Continuation Benefits" has the meaning assigned thereto in Section 4(c) hereof.

“Notice of Termination” has the meaning assigned thereto in Section 2(a) hereof.

“Payment” has the meaning assigned thereto in Section 8(a) hereof.

“Payment in Lieu of Notice” has the meaning assigned thereto in Section 2(b) hereof.

“Person” means any individual, corporation, partnership limited liability company, estate, trust, or other entity, including a “Group”.

“Post-Change in Control Severance Payment” has the meaning assigned thereto in Section 5 hereof.

“Pre-Change in Control Severance Payment” has the meaning assigned thereto in Section 4 hereof.

“Principal Location” has the meaning assigned thereto in clause (b)(iii) of the definition of Good Reason, above.

“Proprietary Information” has the meaning assigned thereto in Section 14(a) hereof.

“Pro Rata Bonus” means a severance amount equal to the greater of (a) the Executive’s Target Bonus as in effect immediately prior to the Change in Control or on the Date of Termination, whichever is greater, or (b) the Executive’s Average Annual Bonus, multiplied by a fraction, (X) the numerator of which shall be the number of days from the beginning of such fiscal year to and including the Date of Termination and (Y) the denominator of which shall be three hundred sixty-five (365).

“Release” has the meaning assigned thereto in Section 4 hereof. The Release is not a condition of employment or continued employment or a condition of receiving a raise or a bonus.

“Release Requirements” has the meaning assigned thereto in Section 4 hereof.

“Section 409A Payments” means any payments under this Agreement which are subject to Section 409A of the Code.

“Sempra Energy Control Group” means Sempra Energy and all Persons with whom Sempra Energy would be considered a single employer under Section 414(b) or (c) of the Code, as determined from time to time.

“Separation from Service” has the meaning set forth in Treasury Regulation Section 1.409A-1(h).

“SERP” has the meaning assigned thereto in Section 5(b) hereof.

“Specified Employee” shall be determined in accordance with Section 409A(a)(2)(B)(i) of the Code and Treasury Regulation Section 1.409A-1(i).

“Target Bonus” means, for any year, the target annual bonus from the Company that may be earned by the Executive for such year (regardless of the actual annual bonus earned, if any); *provided, however*, that if, as of the Date of Termination, a target annual bonus has not

been established for the Executive for the year in which the Date of Termination occurs, the “Target Bonus” as of the Date of Termination shall be equal to the target annual bonus, if any, for the immediately preceding fiscal year of Sempra Energy.

For purposes of this Agreement, references to any “Treasury Regulation” shall mean such Treasury Regulation as in effect on the date hereof.

**Section 2.**     Notice and Date of Termination.

(a) Any termination of the Executive’s employment by the Company or by the Executive shall be communicated by a written notice of termination to the other party (the “Notice of Termination”). Where applicable, the Notice of Termination shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive’s employment under the provision so indicated. Unless the Board or a committee thereof, in writing, provides a longer notice period, a Notice of Termination by the Executive alleging a termination for Good Reason must be made within one hundred eighty (180) days of the act or failure to act that the Executive alleges to constitute Good Reason.

(b) The date of the Executive’s termination of employment with the Company (the “Date of Termination”) shall be determined as follows: (i) if the Executive’s Separation from Service is at the volition of the Company, then the Date of Termination shall be the date specified in the Notice of Termination (which, in the case of a termination by the Company other than for Cause, shall not be less than two (2) weeks from the date such Notice of Termination is given unless the Company elects to pay the Executive, in addition to any other amounts payable hereunder, an amount (the “Payment in Lieu of Notice”) equal to two (2) weeks of the Executive’s Annual Base Salary in effect on the Date of Termination), and (ii) if the Executive’s Separation from Service is by the Executive for Good Reason, the Date of Termination shall be determined by the Executive and specified in the Notice of Termination, but in no event be less than fifteen (15) days nor more than sixty (60) days after the date such Notice of Termination is given. The Payment in Lieu of Notice shall be paid on such date as is required by law, but no later than thirty (30) days after the date of the Executive’s Separation from Service.

**Section 3.**     Termination from the Board. Upon the termination of the Executive’s employment for any reason, the Executive’s membership on the Board, the board of directors of any Affiliates of Sempra Energy, any committees of the Board and any committees of the board of directors of any of the Affiliates of Sempra Energy, if applicable, shall be automatically terminated and the Executive agrees to promptly take any and all actions (including resigning) required by Sempra Energy or any of its Affiliates to evidence and effect such termination of membership.

**Section 4.**     Severance Benefits upon Involuntary Termination Prior to Change in Control. Except as provided in Sections 5(g) and 19(i) hereof, in the event of the Involuntary Termination of the Executive prior to a Change in Control, Sempra Energy shall, or shall cause one of its Affiliates that is the employer of the Executive to, pay the Executive, in one lump sum cash payment, an amount (the “Pre-Change in Control Severance Payment”) equal to one-half (0.5) times the sum of (X) the Executive’s Annual Base Salary as in effect on the Date of Termination plus (Y) an amount equal to the greater of (I) his/her Average Annual Bonus or (II) the Target Bonus in effect on the Date of Termination. In addition to the Pre-Change in Control Severance Payment, the Executive shall be entitled to the following additional benefits specified in Section 4(a) through (e). The Company’s obligation to pay the Pre-Change in Control Severance Payment or provide the benefits set forth in Section 4(c), (d) and (e) is subject to and conditioned upon the Executive’s satisfaction of the Release Requirements. The Pre-Change in Control Severance Payment shall be paid on the sixtieth (60<sup>th</sup>) day (or if the sixtieth (60<sup>th</sup>) day

falls on a weekend or banking holiday, the next succeeding business day) after the date of the Involuntary Termination (the “Payment Date”), *provided* that the Release Requirements are satisfied on or before the Payment Date and remain satisfied on the Payment Date. If the Release Requirements are not satisfied on the Payment Date, no Pre-Change in Control Severance Payment shall be paid hereunder and none of the benefits described in Section 4(c), (d) or (e) shall be provided, and the Executive shall have no right to the Pre-Change in Control Severance Payment or the applicable benefits. The “Release Requirements” will be satisfied if, on the Payment Date, the Executive has executed a release of all claims substantially in the form attached hereto as Exhibit A (the “Release”), the revocation period required by applicable law has expired, and the Executive has not revoked the Release and the Release is effective. If the Release Requirements are satisfied on a date prior to the Payment Date, any portion of the Pre-Change in Control Severance Payment or the applicable benefits that are not subject to Section 409A of the Code can be paid on a date prior to the Payment Date, as determined in the sole discretion of Sempra Energy (and in no event shall the Executive be able to elect the date of payment). If the period in which the Release Requirements could be satisfied spans more than one taxable year, then the Pre-Change in Control Severance Payment shall not be made until the later taxable year.

(a) Accrued Obligations. The Company shall pay the Executive a lump sum amount in cash equal to Accrued Obligations within the time prescribed by law.

(b) Equity-Based Compensation. The Executive shall retain all rights to any equity-based compensation awards to the extent set forth in the applicable plan and/or award agreement.

(c) Welfare Benefits. Subject to the terms and conditions of this Agreement, if the Executive (and, to the extent applicable, his/her eligible dependents) is eligible to and elects COBRA coverage in connection with the Executive’s Involuntary Termination, then the Executive (and the Executive’s dependents who have elected COBRA coverage) shall be provided with group medical benefits as required by COBRA (“Medical Continuation Benefits”) on substantially the same terms and conditions and at the same cost to the Executive as apply to similarly-situated active employees of the Company for the same type and level of coverage. The Medical Continuation Benefits shall be provided for a period of up to six (6) months following the date of the Involuntary Termination (and up to an additional twelve (12) months if the Executive provides consulting services under Section 14(f) hereof); *provided, however*, that (i) the Medical Continuation Benefits (including any Medical Continuation Benefits that are provided pursuant to this Section 4(c) for periods after the maximum COBRA coverage period) shall be provided on the same terms and conditions that apply to COBRA coverage (including termination thereof), (ii) if the Medical Continuation Benefits are to be provided pursuant to this Section 4(c) past the maximum COBRA coverage period, Sempra Energy may, in its sole discretion, provide or cause to be provided to the Executive, in lieu of the Medical Continuation Benefits for any period in excess of the maximum COBRA coverage period, a taxable monthly cash payment in an amount equal to the COBRA Premium, and (iii) the Medical Continuation Benefits shall be provided in a manner that complies with Treasury Regulation Section 1.409A-1(a)(5). Notwithstanding the foregoing, if Sempra Energy determines in its sole discretion that the Medical Continuation Benefits cannot be provided without potentially violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act) or that the provision of Medical Continuation Benefits under this Agreement would subject Sempra Energy or any of its Affiliates to a material tax or penalty, (A) the Executive shall be provided, in lieu thereof, with a taxable monthly payment in an amount equal to the COBRA Premium or (B) Sempra Energy shall have the authority to amend the Agreement to the limited extent reasonably necessary to avoid such violation of law or tax or penalty and shall use all reasonable efforts to provide the Executive with a comparable benefit that does not violate applicable law or subject Sempra Energy or any of its Affiliates to such tax or penalty. Any

Medical Continuation Benefits provided pursuant to this Section 4(c) shall be co-extensive with (and not in addition to) any benefits to which the Executive (and the Executive's covered dependents) may be entitled under COBRA or similar provisions of applicable state law.

(d) Outplacement Services. The Executive shall receive reasonable outplacement services, on an in-kind basis, suitable to the Executive's position and directly related to the Executive's Involuntary Termination, for a period of eighteen (18) months following the date of the Involuntary Termination, in an aggregate amount of cost to the Company not to exceed \$50,000. Notwithstanding the foregoing, the Executive shall cease to receive outplacement services on the date the Executive accepts employment with a subsequent employer. Such outplacement services shall be provided in a manner that complies with Treasury Regulation Section 1.409A-1(b)(9)(v)(A).

(e) Financial Planning Services. The Executive shall receive financial planning services, on an in-kind basis, for a period of eighteen (18) months following the Date of Termination. Such financial planning services shall include expert financial and legal resources to assist the Executive with financial planning needs and shall be limited to (i) current investment portfolio management, (ii) tax planning, (iii) tax return preparation, and (iv) estate planning advice and document preparation (including wills and trusts); *provided, however*, that the Company shall provide such financial planning services during any taxable year of the Executive only to the extent the cost to the Company for such taxable year does not exceed \$25,000. The Company shall provide such financial planning services through a financial planner selected by the Company, and shall pay the fees for such financial planning services. The financial planning services provided during any taxable year of the Executive shall not affect the financial planning services provided in any other taxable year of the Executive. The Executive's right to financial planning services shall not be subject to liquidation or exchange for any other benefit. Such financial planning services shall be provided in a manner that complies with Treasury Regulation Section 1.409A-3(i)(1)(iv).

**Section 5.** Severance Benefits upon Involuntary Termination in Connection with and after Change in Control. Notwithstanding the provisions of Section 4 above, and except as provided in Section 19(i) hereof, in the event of the Involuntary Termination of the Executive on or within two (2) years following a Change in Control, in lieu of the payments described in Section 4 above, Sempra Energy shall, or shall cause one of its Affiliates that is the employer of the Executive to, pay the Executive, in one lump sum cash payment, an amount (the "Post-Change in Control Severance Payment") equal to (a) the Pro Rata Bonus plus (b) the sum of (X) the Executive's Annual Base Salary as in effect immediately prior to the Change in Control or on the Date of Termination, whichever is greater, plus (Y) an amount equal to the greater of (I) the Executive's Target Bonus determined immediately prior to the Change in Control or the Date of Termination, whichever is greater and (II) the Executive's Average Annual Bonus. In addition to the Post-Change in Control Severance Payment, the Executive shall be entitled to the following additional benefits specified in Section 5(a) through (f). The Company's obligation to pay the Post-Change in Control Severance Payment or provide the benefits set forth in Section 5(b), (c), (d), (e), and (f) is subject to and conditioned upon the Executive's satisfaction of the Release Requirements. Except as provided in Section 5(g), the Post-Change in Control Severance Payment and the payments under Section 5(b) shall be paid on the Payment Date provided that the Release Requirements are satisfied on or before the Payment Date and remain satisfied on the Payment Date. If the Release Requirements are not satisfied on the Payment Date, no Post-Change in Control Severance Payment shall be paid hereunder and none of the benefits described in Section 5(b), (c), (d), (e) or (f) shall be provided, and the Executive shall have no right to the Pre-Change in Control Severance Payment or the applicable benefits. If the Release

Requirements are satisfied on a date prior to the Payment Date, any portion of the Post-Change in Control Severance Payment or the applicable benefits that are not subject to Section 409A of the Code can be paid on a date prior to the Payment Date, as determined in the sole discretion of Sempra Energy (and in no event shall the Executive be able to elect the date of payment). If the period in which Release Requirements could be satisfied spans more than one taxable year, then the Post-Change in Control Severance Payment and applicable benefits shall not be made until the later taxable year.

(a) Accrued Obligations. The Company shall pay the Executive a lump sum amount in cash equal to the Accrued Obligations within the time required by law and, to the extent applicable, in accordance with the applicable plan, policy or arrangement pursuant to which such payments are to be made.

(b) Pension Supplement. The Executive shall be entitled to receive a “Supplemental Retirement Benefit” under the Sempra Energy Supplemental Executive Retirement Plan, as in effect from time to time (“SERP”), determined in accordance with this Section 5(b), in the event that the Executive is a “Participant” (as defined in the SERP) as of the Date of Termination. Such Supplemental Retirement Benefit shall be determined by crediting the Executive with additional months of “Service” (as defined in the SERP) (if any) equal to the number of full calendar months from the Date of Termination to the date on which the Executive would have attained age sixty-two (62). The Executive shall be entitled to receive such Supplemental Retirement Benefit without regard to whether the Executive has attained age fifty-five (55) or completed five (5) years of Service as of the Date of Termination. The Executive shall be treated as qualified for “Retirement” (as defined in the SERP) as of the Date of Termination, and the Executive’s “Vesting Factor” with respect to the Supplemental Retirement Benefit shall be one hundred percent (100%). The Executive’s Supplemental Retirement Benefit shall be calculated based on the Executive’s actual age as of the date of commencement of payment of such Supplemental Retirement Benefit (the “SERP Distribution Date”), and by applying the applicable early retirement factors under the SERP, if the Executive has not attained age sixty-two (62) but has attained age fifty-five (55) as of the SERP Distribution Date. If the Executive has not attained age fifty-five (55) as of the SERP Distribution Date, the Executive’s Supplemental Retirement Benefit shall be calculated by applying the applicable early retirement factor under the SERP for age fifty-five (55), and the Supplemental Retirement Benefit otherwise payable at age fifty-five (55) shall be actuarially adjusted to the Executive’s actual age as of the SERP Distribution Date using the following actuarial assumptions: (i) the applicable mortality table promulgated by the Internal Revenue Service under Section 417(e)(3) of the Code, as in effect on the first (1st) day of the calendar year in which the SERP Distribution Date occurs, and (ii) the applicable interest rate promulgated by the Internal Revenue Service under Section 417(e)(3) of the Code for the November next preceding the first day of the calendar year in which the SERP Distribution Date occurs. The Executive’s Supplemental Retirement Benefit shall be determined in accordance with this Section 5(b), notwithstanding any contrary provisions of the SERP and, to the extent subject to Section 409A of the Code, shall be paid in accordance with Treasury Regulation Section 1.409A-3(c)(1). The Supplemental Retirement Benefit paid to or on behalf of the Executive in accordance with this Section 5(b) shall be in full satisfaction of any and all of the benefits payable to or on behalf of the Executive under the SERP.

(c) Equity-Based Compensation. Notwithstanding the provisions of any applicable equity-based compensation plan or award agreement to the contrary, all equity-based Incentive Compensation Awards (including, without limitation, stock options, stock appreciation rights, restricted stock awards, restricted stock units, performance share awards, and dividend equivalents) held by the Executive shall immediately vest and become exercisable or payable, as the case may be, as of the Date of Termination, to be exercised or paid, as the case may be, in accordance with the terms of the applicable Incentive Compensation Plan and Incentive Compensation Award agreement, and any restrictions on any such Incentive Compensation Awards shall automatically lapse; *provided, however*, that, in the case of any stock option or stock appreciation rights awards that remain outstanding on the Date of Termination, such stock options and stock appreciation rights shall remain exercisable until the earlier of (i) the later of eighteen (18) months following the Date of Termination or the period specified in the applicable Incentive Compensation Award agreement or (ii) the expiration of the original term of such Incentive Compensation Award (or, if earlier, the tenth (10th) anniversary of the original date of grant) (it being understood that all Incentive Compensation Awards shall remain outstanding and exercisable for a period that is no less than that provided for in the applicable agreement in effect as of the date of grant).

(d) Welfare Benefits. Subject to the terms and conditions of this Agreement, the Executive and the Executive's dependents shall be provided with life, disability, accident and Medical Continuation Benefits (which benefits are collectively referred to herein as "Continued Benefits") which are substantially similar to those provided to the Executive and the Executive's dependents immediately prior to the date of Involuntary Termination or the Change in Control Date, whichever is more favorable to the Executive; *provided, however*, that the Medical Continuation Benefits shall be provided pursuant to this Section 5(d) only if the Executive (and, to the extent applicable, his/her eligible dependents) is eligible to and elects COBRA coverage in connection with the Executive's Involuntary Termination, the Medical Continuation Benefits shall be provided in accordance with COBRA, and the Medical Continuation Benefits shall be provided on substantially the same terms and conditions and at the same cost to the Executive as apply to similarly-situated active employees of the Company for the same type and level of coverage. The Continued Benefits shall be provided for a period of up to twelve (12) months following the date of the Involuntary Termination (and up to an additional twelve (12) months if the Executive provides consulting services under Section 14(f) hereof); *provided, however*, that (i) the Medical Continuation Benefits (including any Medical Continuation Benefits that are provided pursuant to this Section 5(d) for periods after the maximum COBRA coverage period) shall be provided on the same terms and conditions that apply to COBRA coverage (including termination thereof), (ii) if the Medical Continuation Benefits are to be provided pursuant to this Section 5(d) past the maximum COBRA coverage period, Sempra Energy may, in its sole discretion, provide or cause to be provided to the Executive, in lieu of the Medical Continuation Benefits for any period in excess of the maximum COBRA coverage period, a taxable monthly cash payment in an amount equal to the COBRA Premium, and (iii) the Medical Continuation Benefits shall be provided in a manner that complies with Treasury Regulation Section 1.409A-1(a)(5) and the Continued Benefits will be provided in a manner that complies with Section 409A of the Code. Notwithstanding the foregoing, if Sempra Energy determines in its sole discretion that the Medical Continuation Benefits cannot be provided without potentially violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act) or that the provision of Medical Continuation Benefits under this Agreement would subject Sempra Energy or any of its Affiliates to a material tax or penalty, (A) the Executive shall be provided, in lieu thereof, with a taxable monthly payment in an amount equal to the COBRA Premium or (B) Sempra Energy shall have the authority to amend the Agreement to the limited extent reasonably necessary to avoid such violation of law or tax or penalty and shall use all reasonable efforts to provide the Executive with a comparable benefit that does not violate applicable law or subject Sempra Energy or any of its Affiliates to such tax or penalty. Any Medical Continuation Benefits provided pursuant to this Section 5(d) shall be co-extensive with

(and not in addition to) any benefits to which the Executive (and the Executive's covered dependents) may be entitled under COBRA or similar provisions of applicable state law.

(e) Outplacement Services. The Executive shall receive reasonable outplacement services, on an in-kind basis, suitable to the Executive's position and directly related to the Executive's Involuntary Termination, for a period of twenty-four (24) months following the date of Involuntary Termination (but in no event beyond the last day of the Executive's second (2nd) taxable year following the Executive's taxable year in which the Involuntary Termination occurs), in the aggregate amount of cost to the Company not to exceed \$50,000. Notwithstanding the foregoing, the Executive shall cease to receive outplacement services on the date the Executive accepts employment with a subsequent employer. Such outplacement services shall be provided in a manner that complies with Treasury Regulation Section 1.409A-1(b)(9)(v)(A).

(f) Financial Planning Services. The Executive shall receive financial planning services, on an in-kind basis, for a period of twenty-four (24) months following the date of Involuntary Termination. Such financial planning services shall include expert financial and legal resources to assist the Executive with financial planning needs and shall be limited to (i) current investment portfolio management, (ii) tax planning, (iii) tax return preparation, and (iv) estate planning advice and document preparation (including wills and trusts); *provided, however*, that the Company shall provide such financial services during any taxable year of the Executive only to the extent the cost to the Company for such taxable year does not exceed \$25,000. The Company shall provide such financial planning services through a financial planner selected by the Company, and shall pay the fees for such financial planning services. The financial planning services provided during any taxable year of the Executive shall not affect the financial planning services provided in any other taxable year of the Executive. The Executive's right to financial planning services shall not be subject to liquidation or exchange for any other benefit. Such financial planning services shall be provided in a manner that complies with Section 1.409A-3(i)(1)(iv).

(g) Involuntary Termination in Connection with a Change in Control. Notwithstanding anything contained herein, in the event of an Involuntary Termination prior to a Change in Control, if the Involuntary Termination (i) was at the request of a third party who has taken steps reasonably calculated to effect such Change in Control or (ii) otherwise arose in connection with or in anticipation of such Change in Control, then the Executive shall, in lieu of the payments described in Section 4 hereof, be entitled to the Post-Change in Control Severance Payment and the additional benefits described in this Section 5 as if such Involuntary Termination had occurred within two (2) years following the Change in Control. The amounts specified in Section 5 that are to be paid under this Section 5(g) shall be reduced by any amount previously paid under Section 4. The amounts to be paid under this Section 5(g) shall be paid within sixty (60) days after the Change in Control Date of such Change in Control unless otherwise required by Section 409A of the Code.

**Section 6.** Severance Benefits upon Termination by the Company for Cause or by the Executive Other than for Good Reason. If the Executive's employment shall be terminated for Cause, or if the Executive terminates employment other than for Good Reason, the Company shall have no further obligations to the Executive under this Agreement other than the pre-Change in Control Accrued Obligations and any amounts or benefits described in Section 10 hereof.



**Section 7.** Severance Benefits upon Termination due to Death or Disability. If the Executive has a Separation from Service by reason of death or Disability, the Company shall pay the Executive or the Executive's estate, as the case may be, the Accrued Obligations and a severance amount equal to the Pro Rata Bonus (without regard to whether a Change in Control has occurred) and any amounts or benefits described in Section 10 hereof. Such payments shall be in addition to those rights and benefits to which the Executive or the Executive's estate may be entitled under the relevant Company plans or programs. The Company's obligation to pay the severance amount pursuant to this Section 7 is conditioned upon satisfaction of the Release Requirements by the Executive, the Executive's representative or the Executive's estate, as the case may be. The Accrued Obligations shall be paid within the time required by law and the severance amount payable pursuant to this Section 7 shall be paid on the Payment Date *provided* that the Release Requirements are satisfied on or prior to the Payment Date. If the Release Requirements are not satisfied on or prior to the Payment Date, no severance payment shall be provided hereunder and neither the Executive nor the Executive's estate, as the case may be, will have any right to the severance payment. If the Release Requirements are satisfied on a date prior to the Payment Date, any portion of the severance benefit pursuant to this Section 7 that is not subject to Section 409A of the Code can be paid on a date prior to the Payment Date, as determined in the sole discretion of Sempra Energy (and in no event shall the Executive or the Executive's estate, as applicable, be able to elect the date of payment). If the period in which Release Requirements could be satisfied spans more than one taxable year, then the severance payment pursuant to this Section 7 shall not be made until the later taxable year.

**Section 8.** Limitation on Payments by the Company.

(a) Anything in this Agreement to the contrary notwithstanding and except as set forth in this Section 8 below, in the event it shall be determined that any payment or distribution "in the nature of compensation" (within the meaning of Section 280G(b)(2) of the Code) to or for the benefit of the Executive, whether paid or payable pursuant to this Agreement or otherwise (the "Payment") would be subject (in whole or in part) to the excise tax imposed by Section 4999 of the Code, (the "Excise Tax"), then, subject to Section 8(b), the Pre-Change in Control Severance Payment or the Post-Change in Control Severance Payment (whichever is applicable) payable under this Agreement shall be reduced under this Section 8(a) to the amount equal to the Reduced Payment. For such Payment payable under this Agreement, the "Reduced Payment" shall be the amount equal to the greatest portion of the Payment (which may be zero (\$0)) that, if paid, would result in no portion of any Payment being subject to the Excise Tax.

(b) The Pre-Change in Control Severance Payment or the Post-Change in Control Severance Payment (whichever is applicable) payable under this Agreement shall not be reduced under Section 8(a) if:

- (i) such reduction in such Payment is not sufficient to cause no portion of any Payment to be subject to the Excise Tax, or
- (ii) the Net After-Tax Unreduced Payments (as defined below) would equal or exceed one hundred five percent (105%) of the Net After-Tax Reduced Payments (as defined below).

For purposes of determining the amount of any Reduced Payment under Section 8(a), and the Net-After Tax Reduced Payments and the Net After-Tax Unreduced Payments, the Executive shall be considered to pay federal, state and local income and employment taxes at the Executive's applicable marginal rates taking into consideration any reduction in federal income taxes which could be obtained from the deduction of state and local income taxes, and any

reduction or disallowance of itemized deductions and personal exemptions under applicable tax law). The applicable federal, state and local income and employment taxes and the Excise Tax (to the extent applicable) are collectively referred to as the “Taxes.”

(c) For purposes of determining the amount of any Reduced Payment under this Section 8, the amount of any Payment shall be reduced in the following order:

(i) first, by reducing the amounts of parachute payments that would not constitute deferred compensation subject to Section 409A of the Code;

(ii) next, if after the reduction described in Section 8(c)(i), additional reductions are required, then by reducing the cash portion of the Payment that constitutes “deferred compensation” (within the meaning of Section 409A) subject to Section 409A, with the reductions to be applied first to the portion of the Payment scheduled for the latest distribution date, and then applied to distributions scheduled for progressively earlier distribution dates, to the extent necessary to decrease the Payment as required under this Section 8; and

(iii) next, if after the reduction described in Section 8(c)(ii), additional reductions are required, then, by reducing the non-cash portion of the Payment that constitutes deferred compensation (within the meaning of Section 409A) subject to Section 409A, with the reductions to be applied first to the portion of the Payment scheduled for the latest distribution date, and then applied to distributions scheduled for progressively earlier distribution dates, to the extent necessary to decrease the Payment as required under this Section 8.

(d) The following definitions shall apply for purposes of this Section 8:

(i) “Net After-Tax Reduced Payments” shall mean the total amount of all Payments that the Executive would retain, on a Net After-Tax Basis, in the event that the Payments payable under this Agreement are reduced pursuant to Section 8(a).

(ii) “Net After-Tax Unreduced Payments” shall mean the total amount of all Payments that the Executive would retain, on a Net After-Tax Basis, in the event that the Payments payable under this Agreement are not reduced pursuant to Section 8(a).

(iii) “Net After-Tax Basis” shall mean, with respect to the Payments, either with or without reduction under Section 8(a) (as applicable), the amount that would be retained by the Executive from such Payments after the payment of all Taxes.

(e) All determinations required to be made under this Section 8 and the assumptions to be utilized in arriving at such determinations, shall be made by a nationally recognized accounting firm as may be agreed by the Company and the Executive (the “Accounting Firm”); *provided*, that the Accounting Firm’s determination shall be made based upon “substantial authority” within the meaning of Section 6662 of the Code. The Accounting Firm shall provide detailed supporting calculations to both the Company and the Executive within fifteen (15) business days of the receipt of notice from the Executive that there has been a Payment or such earlier time as is requested by the Company. All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any determination by the Accounting Firm shall be binding upon the Company and the Executive. For purposes of determining whether and the extent to which the Payments will be subject to the Excise Tax, (i) no portion of the Payments the receipt or enjoyment of which the Executive shall have waived at such time and in such manner as not to constitute a “payment” within the meaning of Section 280G(b) of the Code shall be taken into account, (ii) no portion of the Payments shall be taken into account

which, in the written opinion of the Accounting Firm, does not constitute a “parachute payment” within the meaning of Section 280G(b)(2) of the Code (including by reason of Section 280G(b)(4)(A) of the Code) and, in calculating the Excise Tax, no portion of such Payments shall be taken into account which, in the opinion of the Accounting Firm, constitutes “reasonable compensation” for services actually rendered, within the meaning of Section 280G(b)(4)(B) of the Code, in excess of the “base amount” (as defined in Section 280G(b)(3) of the Code) allocable to such reasonable compensation, and (iii) the value of any non-cash benefit or any deferred payment or benefit included in the Payments shall be determined by the Accounting Firm in accordance with the principles of Section 280G(d)(3) and (4) of the Code.

**Section 9.** Delayed Distribution under Section 409A of the Code. Notwithstanding any other provision of this Agreement to the contrary, if the Executive is a Specified Employee on the date of the Executive’s Involuntary Termination (or on the date of the Executive’s Separation from Service by reason of Disability), the Section 409A Payments which are payable upon Separation from Service shall be delayed to the extent necessary in order to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code, and such delayed payments or benefits shall be paid or distributed to the Executive during the thirty (30) day period commencing on the earlier of (a) the expiration of the six (6) month period measured from the date of the Executive’s Separation from Service or (b) the date of the Executive’s death. Upon the expiration of the applicable six (6) month period, all payments deferred pursuant to this Section 9 (excluding in-kind benefits) shall be paid in a lump sum payment to the Executive, plus interest thereon from the date of the Executive’s Involuntary Termination through the payment date at an annual rate equal to Moody’s Rate. The “Moody’s Rate” shall mean the average of the daily Moody’s Corporate Bond Yield Average – Monthly Average Corporates as published by Moody’s Investors Service, Inc. (or any successor) for the month next preceding the Date of Termination. Any remaining payments due under the Agreement shall be paid as otherwise provided herein.

**Section 10.** Nonexclusivity of Rights. Nothing in this Agreement shall prevent or limit the Executive’s continuing or future participation in any benefit, plan, program, policy or practice provided by the Company and for which the Executive may qualify (except with respect to any benefit to which the Executive has waived the Executive’s rights in writing), including, without limitation, any and all indemnification arrangements in favor of the Executive (whether under agreements or under the Company’s charter documents, bylaws, or otherwise), and insurance policies covering the Executive, nor shall anything herein limit or otherwise affect such rights as the Executive may have under any other contract or agreement entered into after the Effective Date with the Company. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any benefit, plan, policy, practice or program of, or any contract or agreement entered into with, the Company shall be payable in accordance with such benefit, plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement. At all times during the Executive’s employment with the Company and thereafter, the Company shall provide (to the extent permissible under applicable law) the Executive with indemnification and D&O insurance insuring the Executive against insurable events which occur or have occurred while the Executive was a director or officer of the Company, that with respect to such insurance is on terms and conditions that, to the extent reasonably practical, are at least as generous as that then currently provided to any other similarly situated current or former director or officer of the Company or any Affiliate. Such indemnification and D&O insurance shall be provided in a manner that complies with Treasury Regulation Section 1.409A-1(b) (10).

**Section 11.** Clawbacks. Notwithstanding anything herein to the contrary, (a) if Sempra Energy determines prior to a Change in Control, in its good faith judgment, that the Executive is required to forfeit or to make any repayment of any compensation or benefit(s) to

the Company under the Sarbanes-Oxley Act of 2002 or pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act or any other law or listing standards of the national securities exchange that maintains the principal listing for any class of Sempra Energy's common equity or pursuant to any formal policy of Sempra Energy, or (b) if an arbitrator or court determines following a Change in Control that the Executive is required to forfeit or to make any repayment of any compensation or benefit(s) to the Company under the Sarbanes-Oxley Act of 2002 or pursuant to the Dodd Frank Wall Street Reform and Consumer Protection Act or any other law or listing standards of the national securities exchange that maintains the principal listing for any class of Sempra Energy's common equity, such forfeiture or repayment shall not constitute Good Reason.

**Section 12. Full Settlement; Mitigation.** The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Executive or others, provided that nothing herein shall preclude the Company from separately pursuing recovery from the Executive based on any such claim. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts (including amounts for damages for breach) payable to the Executive under any of the provisions of this Agreement, and such amounts shall not be reduced whether or not the Executive obtains other employment.

**Section 13. Dispute Resolution and Arbitration.**

(a) If any dispute arises between the Executive and Sempra Energy or any of its Affiliates, including, but not limited to, disputes relating to or arising out of this Agreement, disputes relating to or arising out of the Executive's employment and/or the termination thereof, and/or disputes regarding the interpretation, enforceability, or validity of this Agreement ("Arbitrable Dispute"), the Executive and Sempra Energy mutually agree to waive their respective rights to resolution of disputes through litigation in a judicial forum and agree to resolve any Arbitrable Dispute through **final and binding arbitration** as set forth below, except as prohibited by law. Arbitration shall be the exclusive remedy for any Arbitrable Dispute. Accordingly, this agreement to arbitrate applies with respect to all Arbitrable Disputes, whether initiated by Executive or Sempra Energy. Any Arbitrable Dispute will be decided by an arbitrator through individual arbitration and not by way of court or jury trial. **Sempra Energy and the Executive waive any right to a jury trial or a court bench trial.**

(b) Sempra Energy and the Executive agree to bring any dispute in arbitration in an individual capacity only:

Sempra Energy and the Executive hereby waive any right for any dispute to be brought, maintained, heard, decided or arbitrated as a class and/or collective action and the arbitrator will have no authority to hear or preside over any such action ("Class Action Waiver"). The Executive understands and agrees that the Executive and Sempra Energy are waiving the right to pursue or have a dispute resolved as a plaintiff or class member in any purported class, collective or representative proceeding. To the extent the Class Action Waiver is determined to be invalid, unenforceable, or void, any class and/or collective action must proceed in a court of law and not in arbitration.

Notwithstanding any other provision of this Agreement, to the fullest extent permitted by law, the Executive and Sempra Energy (1) agree not to bring a representative action on behalf of others under the Private Attorneys General Act of 2004 ("PAGA"), California Labor Code § 2698 *et seq.*, in any court or in arbitration, and (2) agree that, for any claim brought on a private attorney general basis, including under the California PAGA, any such dispute shall be resolved in arbitration on an individual basis only (*i.e.*, to resolve whether the Executive has personally

been aggrieved or subject to any violations of law), and that such an action may not be used to resolve the claims or rights of other individuals in a single or collective proceeding (collectively, "Representative PAGA Waiver"). Notwithstanding any other provision of this agreement to arbitrate or the JAMS Rules, the scope, applicability, enforceability, revocability or validity of this Representative PAGA Waiver may be resolved only by a court of competent jurisdiction and not by an arbitrator. If any provision of this representative PAGA Waiver is found to be unenforceable or unlawful for any reason, the unenforceable provision shall be severed from this Dispute Resolution provision, and any such representative PAGA claims or other representative private attorneys general act claims must be litigated in a court of competent jurisdiction and not in arbitration. To the extent that there are any Arbitrable Disputes to be litigated in a court of competent jurisdiction because a court determines that the Representative PAGA Waiver is unenforceable with respect to those disputes, the Parties agree that litigation of those Arbitrable Disputes shall be stayed pending the outcome of any individual disputes in arbitration.

(c) Arbitration shall take place at the office of JAMS (or, if the Executive is employed outside of California, the American Arbitration Association ("AAA")) nearest to the location where the Executive last worked for the Company. Except to the extent it conflicts with the rules and procedures set forth in this Agreement, arbitration shall be conducted in accordance with the JAMS Employment Arbitration Rules & Procedures then in effect ("JAMS Rules") (if the Executive is employed outside of California, the AAA Employment Arbitration Rules & Mediation Procedures ("AAA Rules")), copies of which are available at [www.jamsadr.com](http://www.jamsadr.com); tel: 800.352.5267 and [www.adr.org](http://www.adr.org); tel: 800.778.7879, before a single experienced, neutral employment arbitrator selected in accordance with those rules.

(d) Sempra Energy will be responsible for paying any filing fee and the fees and costs of the arbitrator. However, the Executive will be responsible for contributing up to any amount equal to the filing fee that would be paid to initiate the claim in a court of general jurisdiction in the state in which the Executive is employed, unless a lower fee amount would be owed by the Executive pursuant to the JAMS Rules (or AAA rules, as applicable) or applicable law. Subject to Section 15 of this Agreement, each party shall pay its own attorneys' fees and pay any costs that are not unique to arbitration (i.e., costs that each party would incur if the claim(s) were litigated in a court, such as costs to subpoena witnesses and/or documents, take depositions and purchase deposition transcripts, copy documents, etc.). However, subject to Section 15 of this Agreement, if any party prevails on a statutory claim that authorizes an award of attorneys' fees to the prevailing party, or if there is a written agreement providing for attorneys' fees, the arbitrator may award reasonable attorneys' fees to the prevailing party, applying the same standards a court would apply under the law applicable to the claim.

(e) The arbitrator shall apply the Federal Rules of Evidence, shall have the authority to entertain a motion to dismiss or a motion for summary judgment by any party, and shall apply the standards governing such motions under the Federal Rules of Civil Procedure. The arbitrator is required to issue a written award and opinion setting forth the essential findings and conclusions on which the award is based, and any judgment or award issued by an arbitrator may be entered in any court of competent jurisdiction. The arbitrator does not have the authority to consider, certify, or hear an arbitration as a class action, collective action, or any other type of representative action. In addition, unless all parties agree in writing otherwise, the arbitrator shall not consolidate or join the arbitrations of one or more than one individual. Neither party may seek, nor may the arbitrator award, any relief that is not individualized to the claimant or that affects other individuals. The arbitrator may award declaratory or injunctive relief only in favor of the individual party seeking relief and only to the extent necessary to provide relief warranted by that party's individual claims. Sempra Energy and the Executive recognize that this agreement to arbitrate arises out of or concerns interstate commerce and that the Federal Arbitration Act shall govern the arbitration and shall govern the interpretation or enforcement of this Agreement or any arbitration award.

(f) If a court decides that applicable law does not permit the enforcement of any of this section's limitations as to a particular claim or any particular remedy for a claim, then that claim or particular remedy (and only that claim or particular remedy) must be severed from the arbitration and may be brought in court.

#### **Section 14. Executive's Covenants.**

(a) Confidentiality. The Executive acknowledges that in the course of the Executive's employment with the Company, the Executive has acquired non-public privileged or confidential information and trade secrets concerning the operations, future plans and methods of doing business ("Proprietary Information") of Sempra Energy and its Affiliates; and the Executive agrees that it would be extremely damaging to Sempra Energy and its Affiliates if such Proprietary Information were disclosed to a competitor of Sempra Energy and its Affiliates or to any other Person. The Executive understands and agrees that all Proprietary Information has been divulged to the Executive in confidence and further understands and agrees to keep all Proprietary Information secret and confidential (except for such information which is or becomes publicly available other than as a result of a breach by the Executive of this provision or information the Executive is required by law or any governmental, administrative or court order to disclose) without limitation in time. In view of the nature of the Executive's employment and the Proprietary Information the Executive has acquired during the course of such employment, the Executive likewise agrees that Sempra Energy and its Affiliates would be irreparably harmed by any disclosure of Proprietary Information in violation of the terms of this Section 14(a) and that Sempra Energy and its Affiliates shall therefore be entitled to preliminary and/or permanent injunctive relief prohibiting the Executive from engaging in any activity or threatened activity in violation of the terms of this Section 14(a) and to any other relief available to them. Inquiries regarding whether specific information constitutes Proprietary Information shall be directed to the Company's most senior officer of Human Resources (or, if such position is vacant, the Company's then Chief Executive Officer); *provided*, that the Company shall not unreasonably classify information as Proprietary Information.

(b) Governmental Reporting. Nothing in this Agreement is intended to interfere with or discourage the Executive's good faith disclosure related to a suspected violation of federal or state law or regulation to any governmental agency or entity or making other disclosures that are protected under the whistleblower provisions of federal or state law or regulation. The Executive cannot and will not be held criminally or civilly liable under any federal or state trade secret law for disclosing otherwise protected trade secrets and/or confidential or proprietary information so long as the disclosure is made in (i) confidence to a federal, state, or local government official, directly or indirectly, or to an attorney and solely for the purpose of reporting or investigating a suspected violation of law; or (ii) a complaint or other document filed in a lawsuit or other proceeding, so long as such filing is made under seal. The Company will not retaliate against the Executive in any way for a disclosure made pursuant to this Section 14(b). Further, in the event the Executive makes such a disclosure, and files a lawsuit against the Company alleging that the Company retaliated against the Executive because of the disclosure, the Executive may disclose the relevant trade secret or confidential information to the Executive's attorney, and may use the same in the court proceeding only if (X) the Executive ensures that any court filing that includes the trade secret or confidential information at issue is made under seal; and (Y) the Executive does not otherwise disclose the trade secret or confidential information except as required by court order.

(c) Non-Solicitation of Employees. The Executive recognizes that the Executive possesses and will possess confidential information about other employees of Sempra Energy and its Affiliates relating to their education, experience, skills, abilities, compensation and benefits, and inter-personal relationships with customers of Sempra Energy and its Affiliates. The Executive recognizes that the information the Executive possesses and will possess about

these other employees is not generally known, is of substantial value to Sempra Energy and its Affiliates in developing their business and in securing and retaining customers, and has been and will be acquired by the Executive because of the Executive's business position with Sempra Energy and its Affiliates. The Executive agrees that at all times during the Executive's employment with the Company and for a period of one (1) year thereafter, the Executive will not use such information to directly or indirectly solicit or recruit any employee of the Company or its Affiliates for the purpose of being employed by the Executive or by any competitor of the Company or its Affiliates on whose behalf the Executive is acting as an agent, representative or employee and that the Executive will not convey any such confidential information or trade secrets about other employees of Sempra Energy and its Affiliates to any other Person; *provided, however*, that it shall not constitute a solicitation or recruitment of employment in violation of this Section 14(c) to discuss employment opportunities with any employee of the Company or its Affiliates who has either first contacted the Executive or regarding whose employment the Executive has discussed with and received the written approval of the Company's most senior officer of Human Resources (or, if such position is vacant, the Company's then Chief Executive Officer), prior to making such solicitation or recruitment. In view of the nature of the Executive's employment with the Company, the Executive likewise agrees that Sempra Energy and its Affiliates would be irreparably harmed by any solicitation or recruitment in violation of the terms of this Section 14(c) and that Sempra Energy and its Affiliates shall therefore be entitled to preliminary and/or permanent injunctive relief prohibiting the Executive from engaging in any activity or threatened activity in violation of the terms of this Section 14(c) and to any other relief available to them.

(d) Survival of Provisions. The obligations contained in Section 14(a), (b) and (c) above shall survive the termination of the Executive's employment within the Company and shall be fully enforceable thereafter to the same extent that it was enforceable prior to such termination. If it is determined by a court of competent jurisdiction in any state that any restriction in Section 14(a) or (c) above is excessive in duration or scope or is unreasonable or unenforceable under the laws of that state, it is the intention of the parties that such restriction may be modified or amended by the court to render it enforceable to the maximum extent permitted by the law of that state.

(e) Consulting Payment. In the event of the Executive's Involuntary Termination, if (i) the Executive reconfirms and agrees to abide by the covenants described in Section 14(a) and (c) above, (ii) the Release Requirements are satisfied by the Payment Date, and (iii) the Executive agrees to provide the consulting services described in Section 14(f) below, then in consideration for such covenants and consulting services, the Company shall pay the Executive, in one (1) cash lump sum, an amount (the "Consulting Payment") in cash equal to the sum of (X) the Executive's Annual Base Salary as in effect on the Date of Termination, plus (Y) the greater of the Executive's Average Annual Bonus or the Executive's Target Bonus on the Date of Termination. If the requirements of this Section 14(e) are satisfied, the Consulting Payment shall be paid during the thirty (30) day period commencing on the earlier of (i) the expiration of the six (6) month period measured from the date of the Executive's Separation from Service or (ii) the date of the Executive's death.

(f) Consulting. If the Executive agrees to the provisions of Section 14(e) above, then the Executive shall have the obligation to provide consulting services to the Company as an independent contractor, commencing on the Date of Termination and ending on the second (2<sup>nd</sup>) anniversary of the Date of Termination (the "Consulting Period"). The Executive shall hold himself available at reasonable times and on reasonable notice to render such consulting services as may be so assigned to the Executive by the Board or the Company's then Chief Executive Officer; *provided, however*, that unless the parties otherwise agree, the consulting services rendered by the Executive during the Consulting Period shall not exceed twenty (20) hours each month; and, *provided, further*, that the consulting services rendered by

the Executive during the Consulting Period shall in no event exceed twenty percent (20%) of the average level of services performed by the Executive for the Company over the thirty-six (36) month period immediately preceding the Executive's Separation from Service (or the full period of services to the Company, if the Executive has been providing services to the Company for less than thirty-six (36) months). The Company agrees to use its best efforts during the Consulting Period to secure the benefit of the Executive's consulting services so as to minimize the interference with the Executive's other activities, including requiring the performance of consulting services at the Company's offices only when such services may not be reasonably performed off-site by the Executive.

**Section 15. Legal Fees.**

(a) Reimbursement of Legal Fees. Subject to Section 15(b), in the event of the Executive's Separation from Service either (i) prior to a Change in Control, or (ii) on or within two (2) years following a Change in Control, the Company shall reimburse the Executive for all legal fees and expenses (including but not limited to fees and expenses in connection with any legal proceeding) incurred by the Executive in disputing any issue arising under this Agreement relating to the Executive's Separation from Service or in seeking to obtain or enforce any benefit or right provided by this Agreement.

(b) Requirements for Reimbursement. The Company shall reimburse the Executive's legal fees and expenses pursuant to Section 15(a) above only to the extent the arbitrator or court determines (i) in the case of Section 15(a)(ii) that the Executive had a reasonable basis for such claim and (ii) in the case of Section 15(a)(i) that the Executive disputed such issue, or sought to obtain or enforce such benefit or right, in good faith, the Executive had a reasonable basis for such claim, and the Executive is the prevailing party. In addition, the Company shall reimburse such legal fees and expenses, in each case only if such legal fees and expenses are incurred during the twenty (20) year period beginning on the date of the Executive's Separation from Service. The legal fees and expenses paid to the Executive for any taxable year of the Executive shall not affect the legal fees and expenses paid to the Executive for any other taxable year of the Executive. The legal fees and expenses shall be paid to the Executive as soon as practicable following the date on which documentation relating to the incurred expenses is provided by the Executive to the Company; provided, however, that any such reimbursement shall occur on or before the last day of the Executive's taxable year following the taxable year in which the fees or expenses are determined to be payable pursuant to this Agreement. The Executive's right to reimbursement of legal fees and expenses shall not be subject to liquidation or exchange for any other benefit. Such right to reimbursement of legal fees and expenses shall be provided in a manner that complies with Treasury Regulation Section 1.409A-3(i)(1)(iv).

**Section 16. Successors.**

(a) Assignment by the Executive. This Agreement is personal to the Executive and without the prior written consent of Sempra Energy shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives.

(b) Successors and Assigns of Sempra Energy. This Agreement shall inure to the benefit of and be binding upon Sempra Energy and its successors and assigns. Sempra Energy may not assign this Agreement to any Person (except for a successor described in Section 16(c), (d) or (e) below) without the Executive's written consent.

(c) Assumption. Sempra Energy shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the



business and/or assets of Sempra Energy to assume expressly and agree to perform the obligations and satisfy and discharge the liabilities of this Agreement in the same manner and to the same extent that Sempra Energy would have been required to perform the obligations and satisfy and discharge the liabilities under this Agreement if no such succession had taken place, and Sempra Energy shall have no further obligations and liabilities under this Agreement. Upon such assumption, references to Sempra Energy in this Agreement shall be replaced with references to such successor.

(d) Sale of Subsidiary. In the event that (i) the Executive is employed by a direct or indirect subsidiary of Sempra Energy that is a member of the Sempra Energy Control Group, (ii) Sempra Energy, directly or indirectly through one or more intermediaries, sells or otherwise disposes of such subsidiary, and (iii) such subsidiary ceases to be a member of the Sempra Energy Control Group, then if, on the date such subsidiary ceases to be a member of the Sempra Energy Control Group, the Executive continues in employment with such subsidiary and the Executive does not have a Separation from Service, Sempra Energy shall require such subsidiary or any successor (whether direct or indirect, by purchase merger, consolidation or otherwise) to such subsidiary, or the parent thereof, to assume expressly and agree to perform the obligations and satisfy and discharge the liabilities under this Agreement in the same manner and to the same extent that Sempra Energy would have been required to perform the obligations and satisfy and discharge the liabilities under this Agreement, if such subsidiary had not ceased to be part of the Sempra Energy Control Group, and, upon such assumption, Sempra Energy shall have no further obligations and liabilities under the Agreement. Upon such assumption, references to Sempra Energy in this Agreement shall be replaced with references to such subsidiary, or such successor or parent thereof, assuming this Agreement, and subsection (b) of the definition of “Cause” and subsection (b) of the definition of “Good Reason” shall apply thereafter, as if a Change in Control had occurred on the date of such cessation.

(e) Sale of Assets of Subsidiary. In the event that (i) the Executive is employed by a direct or indirect subsidiary of Sempra Energy, and (ii) such subsidiary sells or otherwise disposes of substantial assets of such subsidiary to an unrelated service recipient, as determined under Treasury Regulation Section 1.409A-1(f)(2)(ii) (the “Asset Purchaser”), in a transaction described in Treasury Regulation Section 1.409A-1(h)(4) (an “Asset Sale”), then if, on the date of such Asset Sale, the Executive becomes employed by the Asset Purchaser, Sempra Energy and the Asset Purchaser may specify, in accordance with Treasury Regulation Section 1.409A-1(h)(4), that the Executive shall not be treated as having a Separation from Service, and in such event, Sempra Energy may require such Asset Purchaser, or the parent thereof, to assume expressly and agree to perform the obligations and satisfy and discharge the liabilities under this Agreement in the same manner and to the same extent that the Company would have been required to perform the obligations and satisfy and discharge the liabilities under this Agreement, if the Asset Sale had not taken place, and, upon such assumption, Sempra Energy shall have no further obligations and liabilities under the Agreement. Upon such assumption, references to Sempra Energy in this Agreement shall be replaced with references to the Asset Purchaser or the parent thereof, as applicable, and subsection (b) of the definition of “Cause” and subsection (b) of the definition of “Good Reason” shall apply thereafter, as if a Change in Control had occurred on the date of the Asset Sale.

**Section 17. Administration Prior to Change in Control.** Prior to a Change in Control, the Compensation Committee shall have full and complete authority to construe and interpret the provisions of this Agreement, to determine an individual’s entitlement to benefits under this Agreement, to make in its sole and absolute discretion all determinations contemplated under this Agreement, to investigate and make factual determinations necessary or advisable to administer or implement this Agreement, and to adopt such rules and procedures as it deems necessary or advisable for the administration or implementation of this Agreement. All determinations made under this Agreement by the Compensation Committee shall be final,

conclusive and binding on all interested Persons. Prior to a Change in Control, the Compensation Committee may delegate responsibilities for the operation and administration of this Agreement to one or more officers or employees of the Company. The provisions of this Section 17 shall terminate and be of no further force and effect upon the occurrence of a Change in Control.

**Section 18.** Compliance with Section 409A of the Code. All payments and benefits payable under this Agreement (including, without limitation, the Section 409A Payments) are intended to comply with the requirements of Section 409A of the Code. Certain payments and benefits payable under this Agreement are intended to or may be exempt from the requirements of Section 409A of the Code. This Agreement shall be interpreted in accordance with the applicable requirements of, and exemptions from, Section 409A of the Code, the Treasury Regulations thereunder and other guidance of general applicability. If the Company determines that any compensation, benefits or other payments that are payable under this Agreement and intended to comply with Section 409A of the Code do not comply with Section 409A of the Code, the Treasury Regulations thereunder and other applicable authority issued by the Internal Revenue Service, to the extent permitted under Section 409A of the Code, the Treasury Regulations thereunder and any other applicable guidance, the Company and the Executive agree to amend this Agreement, or take such other actions as the Company and the Executive deem reasonably necessary or appropriate, to cause such compensation, benefits and other payments to comply with the requirements of Section 409A of the Code, the Treasury Regulations thereunder and other applicable guidance, while providing compensation, benefits and other payments that are, in the aggregate, no less favorable than the compensation, benefits and other payments provided under this Agreement. In the case of any compensation, benefits or other payments that are payable under this Agreement and intended to comply with Section 409A of the Code, if any provision of the Agreement would cause such compensation, benefits or other payments to fail to so comply, such provision shall not be effective and shall be null and void with respect to such compensation, benefits or other payments to the extent such provision would cause a failure to comply, and such provision shall otherwise remain in full force and effect.

**Section 19.** Miscellaneous.

(a) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California, without reference to its principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. Except as provided herein, the Agreement may not be amended, modified, repealed, waived, extended or discharged except by an agreement in writing signed by the parties hereto. No Person, other than pursuant to a resolution of the Board or a committee thereof, shall have authority on behalf of Sempra Energy to agree to amend, modify, repeal, waive, extend or discharge any provision of this Agreement or anything in reference thereto.

(b) Notices. All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party, by a reputable overnight carrier or by registered or certified mail, return receipt requested, postage prepaid, addressed, in the case of the Company, to Sempra Energy's headquarters attention the most senior officer of Human Resources with a copy to the General Counsel or in the case of the Executive, the home address of the Executive on file with the Company, or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notices and communications shall be effective when actually received by the addressee.

(c) Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(d) Taxes. The Company may withhold from any amounts payable under this Agreement such federal, state or local taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(e) No Waiver. The Executive's or the Company's failure to insist upon strict compliance with any provision hereof or any other provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder, including, without limitation, the right of the Executive to terminate employment for Good Reason, or the right of the Company to terminate the Executive's employment for Cause shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(f) Entire Agreement; Exclusive Benefit; Supersession of Prior Agreement. This Agreement contains the entire agreement of the Executive, the Company or any predecessor or subsidiary thereof with respect to any severance or termination pay. The Pre-Change in Control Severance Payment, the Post-Change in Control Severance Payment and all other benefits provided hereunder shall be in lieu of any other severance payments to which the Executive is entitled under any other severance plan or program or arrangement sponsored by the Company, as well as pursuant to any individual employment or severance agreement that was entered into by the Executive and the Company, and, upon the Effective Date of this Agreement, all such plans, programs, arrangements and agreements other than agreements to arbitrate disputes with the Company, to the extent in conflict with this Agreement, are hereby automatically superseded and terminated. Any prior agreements/provisions agreeing to arbitrate disputes with the Company shall remain in full force and effect and shall not be affected by this Agreement.

(g) No Right of Employment. Nothing in this Agreement shall be construed as giving the Executive any right to be retained in the employ of the Company or shall interfere in any way with the right of the Company to terminate the Executive's employment at any time, with or without Cause.

(h) Unfunded Obligation. The obligations under this Agreement shall be unfunded. Benefits payable under this Agreement shall be paid from the general assets of the Company. The Company shall have no obligation to establish any fund or to set aside any assets to provide benefits under this Agreement.

(i) Termination upon Sale of Assets of Subsidiary. Notwithstanding anything contained herein, this Agreement shall automatically terminate and be of no further force and effect and no benefits shall be payable hereunder in the event that (i) the Executive is employed by a direct or indirect subsidiary of Sempra Energy, (ii) an Asset Sale (as defined in Section 16(e)) occurs (other than such a sale or disposition which is part of a transaction or series of transactions which would result in a Change in Control), and (iii) as a result of such Asset Sale, the Executive is offered employment by the Asset Purchaser in an executive position with reasonably comparable status, compensation, benefits and severance agreement (including the assumption of this Agreement in accordance with Section 16(e)) and which is consistent with the Executive's experience and education, but the Executive declines to accept such offer and the Executive fails to become employed by the Asset Purchaser on the date of the Asset Sale.

(j) Term. The term of this Agreement shall commence on the Effective Date and shall continue until the third (3rd) anniversary of the Effective Date; *provided, however*, that commencing on the second (2nd) anniversary of the Effective Date (and each anniversary of the Effective Date thereafter), the term of this Agreement shall automatically be extended for one (1) additional year, unless at least ninety (90) days prior to such date, the Company or the Executive shall give written notice to the other party that it or he, as the case may be, does not wish to so extend this Agreement. Notwithstanding the foregoing, if the Company gives such written notice

to the Executive (i) at a time when Sempra Energy is a party to an agreement that, if consummated, would constitute a Change in Control or (ii) less than two (2) years after a Change in Control, the term of this Agreement shall be automatically extended until the later of (X) the date that is one (1) year after the anniversary of the Effective Date that follows such written notice or (Y) the first day of the calendar month following the second (2nd) anniversary of the Change in Control Date.

(k) Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

*[remainder of page intentionally left blank]*

IN WITNESS WHEREOF, the Executive and, pursuant to due authorization from its Board of Directors, Sempra Energy have caused this Agreement to be executed as of the day and year first above written.

SEMPRA ENERGY

/s/ Karen L. Sedgwick

Karen L. Sedgwick  
Chief Administrative Officer and Chief Human Resources  
Officer

3/8/2023

Date

EXECUTIVE

/s/ Jimmie I. Cho

Jimmie I. Cho  
Chief Operating Officer – Southern California Gas  
Company

2/28/2023

Date

**SEPARATION AGREEMENT AND GENERAL RELEASE**

This SEPARATION AGREEMENT AND GENERAL RELEASE (the "Agreement"), is made by and between \_\_\_\_\_, a California corporation (the "Company") and \_\_\_\_\_ ("Employee") (jointly referred to as the "Parties" or individually referred to as a "Party") as of the Effective Date (as defined below).

WHEREAS, Employee was employed by the Company as an at-will employee;

WHEREAS, Employee and the Company previously entered into that certain Severance Pay Agreement dated \_\_\_\_\_, 20\_\_ (the "Severance Pay Agreement") in connection with Employee's employment with the Company;

WHEREAS, Employee's right to receive certain severance pay and benefits pursuant to the terms of the Severance Pay Agreement is subject to and conditioned upon Employee's execution [and non-revocation] of a general release of claims Employee has or may have against the Company Releasees (as defined below); and

WHEREAS, Employee's right to receive the Consulting Payment provided pursuant to Section 14(e) of the Severance Pay Agreement is subject to and conditioned upon Employee's execution [and non-revocation] of a general release of claims by Employee against the Company Releasees and Employee's adherence to the covenants described under Section 14 of the Severance Pay Agreement.

NOW, THEREFORE, in consideration of the promises and mutual covenants contained herein, the adequacy of which is hereby acknowledged, the Parties hereby agree as follows:

1. Separation Date. Employee's employment with the Company terminated at the close of business on [\_\_\_\_\_] (the "Separation Date"). Employee has received his/her final wages through the Separation Date, less deductions required by law, including any accrued but unused vacation, in accordance with applicable law. Employee has also been reimbursed for any outstanding employment-related expenses that were incurred and submitted consistent with Company policy. This Agreement is not a condition of employment or continued employment or a condition of receiving a raise or a bonus. On the Separation Date, Employee will be deemed to have resigned from all positions that he/she holds with the Company and its affiliates, and Employee will promptly execute any instrument reasonably requested by the Company or any of its affiliates to effectuate or commemorate such resignation. The term "affiliate" as used herein shall include, without limitation, such Person's parent companies, divisions and subsidiaries, whether or not specified.

2. Severance Benefits. In exchange for Employee entering into this Agreement and not revoking it, and for the covenants and releases contained herein, the Company will provide Employee with the severance benefits described below. Employee acknowledges that the amounts and benefits set forth in this Section 2 as well as any benefits and claims not released under Section 4(b), fully satisfy any entitlement Employee may have to any payments or benefits from the Company through the Separation Date, including under the Severance Pay Agreement. Employee further acknowledges that no part of the severance payments described in this Section 2 consist of wages owed to Employee for his/her employment through the Separation Date.

(a) [The Company will pay Employee a lump sum payment of \_\_\_\_\_], less applicable withholdings, pursuant to Section [4/5] of the Severance Pay Agreement. Pursuant to Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”), payment will be made on the earlier of (i) the date that is six (6) months and one (1) day after the Separation Date; and (ii) the date of Employee’s death.

(b) The Company will pay Employee a lump sum payment of \_\_\_\_\_], less applicable withholdings, which is equal to the Consulting Payment set forth in Section 14(e) of the Severance Pay Agreement. Such payment will be made during the thirty (30) day period commencing on the earlier of (i) a date that is six (6) months and one (1) day after the Separation Date; and (ii) the date of Employee’s death

(c) The Company will also provide Employee with the severance benefits set forth in Sections 4(c), (d) and (e) of the Severance Pay Agreement. For the avoidance of doubt, the value of the services set forth in Sections 4(c), (d) and (e) of the Severance Pay Agreement shall not be subject to liquidation or exchange for any other benefit.]

3. Tax Consequences. The Company makes no representations or warranties with respect to the tax consequences of the payments and any other consideration provided to Employee or made on Employee’s behalf under the terms of this Agreement. Employee agrees and understands that Employee is responsible for payment, if any, of local, state, and/or federal taxes on the payments and any other consideration provided hereunder by the Company and any penalties or assessments thereon. Employee further agrees to indemnify and hold the Company and its affiliates harmless from any claims, demands, deficiencies, penalties, interest, assessments, executions, judgments, or recoveries by any government agency against the Company or any of its affiliates for any amounts claimed due on account of (a) Employee’s failure to pay or delayed payment of federal or state taxes, or (b) damages sustained by the Company or any of its affiliates by reason of any such claims, including reasonable attorneys’ fees and costs

4. Release of Claims. As a material inducement for the payment of the severance and benefits of the Severance Pay Agreement, and except as otherwise provided in this Agreement, Employee, on behalf of him/herself and on behalf of his/her heirs, family members, executors, agents and assigns, hereby irrevocably and unconditionally releases, acquits and forever discharges the Company Releasees from any and all Claims he/she has or may have. For purposes of this Agreement and the preceding sentence, the words “Releasee” or “Releasees” and “Claim” or “Claims” shall have the meanings set forth below:

(a) “Company Releasees” shall refer to (i) the Company, (ii) each of the Company’s owners, stockholders, predecessors, successors, assigns, agents, directors, officers, employees, representatives, attorneys, advisors, and affiliates (including parent companies, divisions, and subsidiaries), (iii) agents, directors, officers, employees, representatives, attorneys and advisors of such affiliates (including parent companies, divisions, and subsidiaries), and (iv) all persons and entities acting by, through, under or in concert with any of them

(b) The words “Claim” or “Claims” shall refer to any charges, complaints, claims, liabilities, obligations, promises, agreements, controversies, damages, actions, causes of action, suits, rights, demands, costs, losses, debts and expenses (including attorneys’ fees and costs actually incurred) of any nature whatsoever, known or unknown, suspected or unsuspected, which Employee had or may have, own or hold against any of the Company Releasees through and including the Effective Date that in any way arise out of, relate to, or are in connection with Employee’s employment relationship with the Company and its affiliates and the termination of that relationship, including, without limitation, all rights arising out of alleged violations of any contracts, express or implied, including the Severance Pay Agreement; any tort claim; any legal

restrictions on the Company's right to terminate employment relationships; and any federal, state or other governmental statute, regulation, law or ordinance, including common law principles, governing the employment relationship including, without limitation, all laws and regulations prohibiting discrimination or harassment based on protected categories, and all laws and regulations prohibiting retaliation against employees, including retaliation for engaging in protected activity or legal off-duty conduct. This release does not extend to claims for workers' compensation or other claims which by law may not be waived or released by this Agreement, nor does it limit Employee's right to receive any vested payments or benefits to which he/she is entitled under any Company (including its affiliates) benefit plan (including, without limitation, any of the Company's (including its affiliates) qualified retirement plans or non-qualified deferred compensation plan), which payments or benefits will be paid or provided pursuant to the terms of the applicable governing documents.

5. Release of Unknown Claims. Employee expressly waives and relinquishes all rights and benefits afforded by any statute (including, but not limited to, Section 1542 of the Civil Code of the State of California and analogous laws of other states), which limits the effect of a release with respect to unknown claims. Employee does so understanding and acknowledging the significance of the release of unknown claims and the waiver of statutory protection against a release of unknown claims (including, but not limited to, Section 1542). Section 1542 of the Civil Code of the State of California states as follows:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.”

Thus, notwithstanding the provisions of Section 1542 or of any similar statute, and for the purpose of implementing a full and complete release and discharge of the Company Releasees, Employee expressly acknowledges that this Agreement is intended to include in its effect, without limitation, all Claims which are known and all Claims which Employee does not know or suspect to exist in Employee's favor at the time of execution of this Agreement and that this Agreement contemplates the extinguishment of all such Claims. Employee acknowledges that he/she might hereafter discover facts different from, or in addition to, those Employee now knows or believes to be true with respect to a Claim or Claims released herein, and they expressly agree to assume the risk of possible discovery of additional or different facts, and agree that this Agreement shall be and remain effective, in all respects, regardless of such additional or different discovered facts.

6. Covenant Not to Sue. Employee agrees that Employee will not file any suit, claim, proceeding or complaint against any Company Releasees arising out of or in connection with any Claims released herein, except as required to enforce the terms of this Agreement. Employee's right to file or participate in an administrative claim or investigation by the Equal Employment Opportunity Commission, or any other local, state, or federal administrative body or government agency against the Company, which is guaranteed by law, cannot be and is not waived. However, to the extent permitted by law, and except as to Securities and Exchange Commission whistleblower awards, Employee agrees that if such an administrative claim is made against any Company Releasee(s) on Employee's behalf, Employee shall not be entitled to recover any individual monetary relief or other individual remedies beyond the separation benefits identified in this Agreement.



7. No Pending Lawsuits. Employee represents and warrants that Employee does not have any lawsuits, charges, claims, grievances, or actions of any kind pending against any Company Releasees arising out of or in connection with any Claims released herein, by or on behalf of Employee or on behalf of any other person or entity, and that, to the best of Employee's knowledge, Employee possess no such claims (including, but not limited to, under the Family and Medical Leave Act, the Age Discrimination in Employment Act, the California Family Rights Act, the Fair Labor Standards Act, the California Labor Code and/or workers' compensation claims). Employee further acknowledges that he/she is not aware of, or has fully disclosed to the Company, any information that could reasonably give rise to such a claim, cause of action, lawsuit or proceeding against any Company Releasee(s).

8. No Cooperation. Employee agrees that he/she will not knowingly encourage, counsel, or assist any attorneys or their clients in the presentation or prosecution of any disputes, differences, grievances, claims, charges, or complaints by any third party against any Company Releasee(s) arising out or in connection with any Claims released herein, unless under a subpoena or other court order to do so. Employee agrees to immediately notify the Company upon receipt of any such subpoena or court order, and to furnish to the Company, within three (3) business days of its receipt, a copy of such subpoena or other court order.

9. Payment of Salary and Receipt of All Benefits. Employee acknowledges and represents that, except as provided in this Agreement, the Company has fully paid or provided Employee all salary, wages, bonuses, accrued vacation/paid time off, premiums, leaves, housing allowances, relocation costs, interest, severance, outplacement costs, fees, reimbursable expenses, commissions or other incentive compensation, stock, stock options, vesting, and any and all other benefits and compensation due to Employee. Employee specifically represents that Employee is not owed any further sum by way of reimbursement from the Company or any of its affiliates. To the extent Employee claims that additional wages are or may become owed to Employee, there is a good faith dispute based in law and fact over whether any wages in excess of the wages already paid to Employee are or will be due, and thus California Labor Code Section 206.5 is inapplicable.

10. Indemnification.

(a) As a further material inducement to the Company to enter into this Agreement, Employee hereby agrees to indemnify and hold each of the Company Releasees harmless from all loss, costs, damages, or expenses, including without limitation, reasonable attorneys' fees incurred by the Company Releasees, arising out of any breach of this Agreement by Employee or the fact that any representation made in this Agreement by Employee was false when made. As a further material inducement to Employee to enter into this Agreement, the Company hereby agrees to indemnify and hold each of the Company Releasees harmless from all loss, costs, damages, or expenses, including without limitation, reasonable attorneys' fees incurred by the Company Releasees, arising out of any breach of this Agreement by the Company or the fact that any representation made in this Agreement by the Company was knowingly false when made.

(b) If Employee is a party or is threatened to be made a party to any proceeding by reason of the fact that Employee was an employee, officer or director of the Company or any of its affiliates, the Company shall indemnify and hold harmless Employee against any expenses (including reasonable attorneys' fees, *provided*, that counsel has been approved by the Company, which approval shall not be unreasonably withheld), judgments, fines, settlements and other amounts actually or reasonably incurred by Employee in connection with that proceeding, and *provided*, that Employee acted in good faith and in a manner Employee reasonably believed to be in the best interest of the Company. The limitations of Section 317 of the Corporations Code of the State of California shall apply to this assurance of indemnification.

Notwithstanding the foregoing or any other provision contained herein, this Agreement shall not supersede or in any way limit any (i) indemnification arrangements in favor of the Employee under the Company's or any of its affiliates charter documents or bylaws or pursuant to any agreement between the Employee and the Company or any of the Company's affiliates or (ii) the provision of insurance against insurable events which occurred while the Executive was a director or officer of the Company, in each as provided by and subject to the limitations set forth in Section 10 of the Severance Pay Agreement.

11. No Admission of Liability.

The Parties understand and acknowledge that no action taken by either Party in connection hereto, either previously or in connection with this Agreement, shall be deemed or construed to be (i) an admission of the truth or falsity of any actual or potential claims, or (ii) an acknowledgement or admission by either Party of any fault or liability whatsoever to the other Party or to any third party. This Agreement shall not in any way be construed as an admission by the Company that it has acted wrongfully with respect to Employee or any other person or entity, or that Employee has any rights whatsoever against the Company, and the Company specifically disclaims any liability to or wrongful acts against Employee or any other person or entity, on the part of itself, its employees or its agents. This Agreement shall not in any way be construed as an admission by Employee that Employee has acted wrongfully with respect to the Company, or that Employee failed to perform Employee's duties or negligently performed or breached Employee's duties, or that the Company had good cause to terminate Employee's employment.

12. Cooperation in Litigation. Employee agrees to cooperate with the Company and its affiliates and their respective designated attorneys, representatives and agents in connection with any actual or threatened judicial, administrative or other legal or equitable proceeding in which the Company or any of the Company's affiliates is or may become involved. Upon reasonable notice, Employee agrees to meet with and provide to the Company and its affiliates and their respective designated attorneys, representatives or agents all information and knowledge Employee has relating to the subject matter of any such proceeding. The Company agrees to reimburse Employee for any reasonable costs Employee incurs in providing such cooperation.

13. Governing Law. This Agreement is entered into in [state] and, except as provided in this section, shall be governed by substantive [state] law.

14. Arbitration of Disputes. If any dispute arises between Employee and the Company relating to this Agreement, including any dispute regarding the interpretation, enforceability, or validity of this Agreement ("Arbitrable Dispute"), the Parties agree to resolve that Arbitrable Dispute through **final and binding** arbitration under this section. Employee also agrees to arbitrate any Arbitrable Dispute which also involves any other Company Releasee who offers or agrees to arbitrate the dispute under this section.

(a) Any Arbitrable Dispute will be decided by an arbitrator through individual arbitration, and **Employee and the Company waive any right to a jury trial or a court bench trial.** Employee and the Company also waive the right for any dispute to be brought, maintained, decided or arbitrated as a class and/or collective action and the arbitrator shall have no authority to hear or preside over any such action ("Class Action Waiver"). Further, Arbitrable Disputes must be brought in the individual capacity of the party asserting the claim, Employee and the Company are waiving the right to pursue or have a dispute resolved as a plaintiff or class member in any purported class, collective or representative proceeding. To the extent the Class Action Waiver is determined to be invalid, unenforceable, or void, any class and/or collective action must proceed in a court of law and not in arbitration.

Notwithstanding any other provision of this Agreement, to the fullest extent permitted by law, Employee and the Company (1) agree not to bring a representative action on behalf of others under the Private Attorneys General Act of 2004 (“PAGA”), California Labor Code § 2698 *et seq.*, in any court or in arbitration, and (2) agree that, for any claim brought on a private attorney general basis, including under the California PAGA, any such dispute shall be resolved in arbitration on an individual basis only (*i.e.*, to resolve whether Employee has personally been aggrieved or subject to any violations of law), and that such an action may not be used to resolve the claims or rights of other individuals in a single or collective proceeding (collectively, “Representative PAGA Waiver”). Notwithstanding any other provision of this arbitration agreement or the JAMS Rules, the scope, applicability, enforceability, revocability or validity of this Representative PAGA Waiver may be resolved only by a court of competent jurisdiction and not by an arbitrator. If any provision of this representative PAGA Waiver is found to be unenforceable or unlawful for any reason, the unenforceable provision shall be severed from this Dispute Resolution provision, and any such representative PAGA claims or other representative private attorneys general act claims must be litigated in a court of competent jurisdiction and not in arbitration. To the extent that there are any Arbitrable Disputes to be litigated in a court of competent jurisdiction because a court determines that the representative PAGA Waiver is unenforceable with respect to those disputes, the Parties agree that litigation of those Arbitrable Disputes shall be stayed pending the outcome of any individual disputes in arbitration.

(b) The Arbitration shall take place at the office of JAMS that is nearest to the location where Employee last worked for the Company in accordance with the JAMS Employment Arbitration Rules & Procedures then in effect (“JAMS Rules”) (or, if Employee is employed outside of California at the time of the termination of Employee’s employment, at the nearest location of the American Arbitration Association (“AAA”) and in accordance with the AAA Employment Arbitration Rules and Mediation Procedures then in effect (“AAA Rules”), copies of which are available at [www.jamsadr.com](http://www.jamsadr.com); tel: 800.352.5267 and [www.adr.org](http://www.adr.org); tel: 800.778.7879, before a single experienced employment arbitrator selected in accordance with those rules.

(c) The Arbitrator may not modify or change this Agreement in any way. The Company will be responsible for paying any filing fee and the fees and costs of the Arbitrator; provided, however, that if Employee is the party initiating the claim, Employee will contribute an amount equal to the filing fee that would be paid to initiate a claim in the court of general jurisdiction in the state in which Employee is employed by the Company, unless a lower fee amount would be owed by Employee pursuant to the JAMS Rules (or AAA Rules, as applicable) or applicable law. Each Party shall pay for its own costs and attorneys’ fees and pay any costs that are not unique to arbitration (*i.e.*, cost that each party would incur if the claim(s) were litigated in a court, such as costs to subpoena witnesses and/or documents, take depositions and purchase deposition transcripts, copy documents, etc.), if any. However if any party prevails on a statutory claim which affords the prevailing party attorneys’ fees and costs, or if there is a written agreement providing for attorneys’ fees and/or costs, the Arbitrator may award reasonable attorney’s fees and/or costs to the prevailing party, applying the same standards a court would apply under the law applicable to the claim.

(d) The Arbitrator shall apply the Federal Rules of Evidence and shall have the authority to entertain a motion to dismiss or a motion for summary judgment by any party and shall apply the standards governing such motions under the Federal Rules of Civil Procedure. The Arbitrator is required to issue a written award and opinion setting forth the essential findings and conclusions on which the award is based, and any judgment or award issued by the Arbitrator may be entered in any court of competent jurisdiction. The Arbitrator does not have the authority to consider, certify, or hear an arbitration as a class action, collective action, or any other type of representative action. In addition, unless all parties agree in writing otherwise, the Arbitrator shall not consolidate or join the arbitrations of one or more than one

individual. Neither party may seek, nor may the Arbitrator award, any relief that is not individualized to the claimant or that affects other individuals. The Arbitrator may award declaratory or injunctive relief only in favor of the individual party seeking relief and only to the extent necessary to provide relief warranted by that Party's individual claims.

(e) Employee and the Company recognize that this agreement to arbitrate arises out of or concerns interstate commerce and that the Federal Arbitration Act shall govern the arbitration and the interpretation or enforcement of this section or any arbitration award. If a court decides that applicable law does not permit the enforcement of any of this section's limitations as to a particular claim or any particular remedy for a claim, then that claim or particular remedy (and only that claim or particular remedy) must be severed from the arbitration and may be brought in court. To the extent that the Federal Arbitration Act is inapplicable, California law pertaining to arbitration agreements shall apply. Arbitration in this manner shall be the exclusive remedy for any Arbitrable Dispute. Except as prohibited by the Age Discrimination in Employment Act of 1967, as amended, should Employee or the Company attempt to resolve an Arbitrable Dispute by any method other than arbitration pursuant to this section, the responding party will be entitled to recover from the initiating party all damages, expenses, and attorneys' fees incurred as a result of this breach. This Section 13 supersedes any existing arbitration agreement between the Company and Employee as to any Arbitrable Dispute (as defined herein). Notwithstanding anything in this Section 13 to the contrary, a claim for benefits under an Employee Retirement Income Security Act of 1974, as amended, covered plan shall not be an Arbitrable Dispute.

15. Effective Date. The Parties understand and agree that this Agreement is final and binding eight (8) days after its execution and return (the "Effective Date"). Should Employee nevertheless attempt to challenge the enforceability of this Agreement as provided in Section 13 or, in violation of that section, through litigation, as a further limitation on any right to make such a challenge, Employee shall initially tender to the Company, by certified check delivered to the Company, all monies received pursuant to Section 4 or 5 of the Severance Pay Agreement, as applicable, plus interest, and invite the Company to retain such monies and agree with Employee to cancel this Agreement and void the Company's obligations under the Severance Pay Agreement. In the event the Company accepts this offer, the Company shall retain such monies and this Agreement shall be canceled and the Company shall have no obligation under Section 14(e) of the Severance Pay Agreement. In the event the Company does not accept such offer, the Company shall so notify Employee and shall place such monies in an interest-bearing escrow account pending resolution of the dispute between Employee and the Company as to whether or not this Agreement and the Company's obligations under the Severance Pay Agreement shall be set aside and/or otherwise rendered voidable or unenforceable. Additionally, any consulting agreement then in effect between Employee and the Company shall be immediately rescinded with no requirement of notice.

16. Notices. Any notices required to be given under this Agreement shall be delivered either personally or by first class United States mail, postage prepaid, addressed to the respective parties and shall be effective upon receipt as follows:

To Company: [TO COME]

Attn: [TO COME]

With a copy to:

Attn: [TO COME]

To Employee: \_\_\_\_\_

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17. Voluntary Waiver and Release of ADEA Claims. Employee understands and acknowledges that Employee is waiving any rights Employee may have under the Age Discrimination in Employment Act (“ADEA”), and that this waiver and release is knowing and voluntary. Employee acknowledges that the consideration given for this waiver and release is in addition to anything of value to which Employee was already entitled. Employee further understands and acknowledges that Employee has been given a period of twenty-one (21) days to review and consider this Agreement before signing it and may use as much of this twenty-one (21) period as Employee wishes prior to signing. In the event Employee signs this Agreement and returns it to the Company in less than the twenty-one (21)-day period identified above, Employee hereby acknowledges that Employee has freely and voluntarily chosen to waive the time period allotted for considering this Agreement, and that the Company has not promised Employee anything or made any representations not contained in this Agreement to induce Employee to sign this Agreement before the expiration of the twenty-one (21) day period. Employee is encouraged, at Employee’s personal expense, to consult with an attorney before signing this Agreement. Employee understands and acknowledges that whether or not Employee does so is Employee’s decision. Employee may revoke this Agreement within seven (7) days of signing it. If Employee wishes to revoke, the Company’s Vice President, Human Resources must receive written notice from Employee no later than the close of business on the seventh (7th) day after Employee has signed the Agreement. If revoked, this Agreement shall not be effective and enforceable, and Employee will not receive payments or benefits under Section 4 or 5 of the Severance Pay Agreement, as applicable. The Parties agree that changes, whether material or immaterial, do not restart the running of the twenty-one (21)-day period described above.

18. Section 409A. All payments and benefits payable under this Agreement are intended to comply with the requirements of Section 409A of the Code. Notwithstanding the foregoing, certain payments and benefits payable under this Agreement are intended to be exempt from the requirements of Section 409A of the Code. This Agreement shall be interpreted in accordance with the applicable requirements of, and exemptions from, Section 409A of the Code and the Treasury Regulations thereunder. To the extent the payments and benefits under this Agreement are subject to Section 409A of the Code, this Agreement shall be interpreted, construed and administered in a manner that satisfies the requirements of Section 409A(a)(2), (3) and (4) of the Code and the Treasury Regulations thereunder. To the extent that any payments under this Agreement are subject to Section 409A of the Code, the provisions of Section 9 of the Severance Pay Agreement shall apply.

19. Return of Company Property. Employee represents and warrants that he/she has returned all of the Company’s property, including all work in progress, files, photographs, notes, records, credit cards, keys, access cards, computers, and other Company or customer documents, products, or property that Employee has received in the course of his/her employment, or which reflect in any way any confidential or proprietary information of the Company. Employee also warrants that he has not downloaded or otherwise retained any information, whether in electronic or other form, belonging to the Company or derived from information belonging to the Company.

20. Confidential Information; Public Releases.

(a) Employee acknowledges and reaffirms Employee’s continuing obligations under the Confidentiality Agreement. The Parties understand and agree that nothing in this Agreement is intended to interfere with or discourage Employee’s good-faith disclosure to any

governmental entity related to a reasonably suspected violation of the law or to prevent Employee from discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that Employee has reason to believe is unlawful. The Parties further understand and agree that Employee cannot be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that (a) is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

(b) The Parties understand and agree that the Company and its affiliates shall take any and all necessary or appropriate action to timely satisfy their respective reporting and disclosure obligations in connection with Employee's separation and this Agreement, including filing any requisite forms with the Securities and Exchange Commission ("SEC") and Employee will promptly provide any information reasonably requested by the Company or any of its affiliates in fulfilling any such reporting or disclosure obligations.

21. Entire Agreement. This Agreement constitutes the entire agreement of the parties hereto and supersedes any and all other agreements (except the Severance Pay Agreement and the Confidentiality Agreement) with respect to the subject matter of this Agreement, whether written or oral, between the Parties. Any prior agreements/provisions agreeing to arbitrate disputes with the Company shall remain in full force and effect and shall not be affected by this Agreement. All modifications and amendments to this Agreement must be in writing and signed by all Parties.

22. No Representation. The Parties represent and acknowledge that in executing this Agreement, neither is relying upon any representation or statement not set forth in this Agreement or the Severance Pay Agreement.

23. Take All Necessary Further Action. Each party agrees, without further consideration, to sign or cause to be signed, and to deliver to the other party, any other documents and to take any other action as may be necessary to fulfill the obligations under this Agreement.

24. Severability. If any provision of this Agreement or the application thereof is held invalid, the invalidity shall not affect other provisions or applications of the Agreement which can be given effect without the invalid provisions or application; and to this end the provisions of this Agreement are declared to be severable.

25. Counterparts. This Agreement may be executed in counterparts.

With the benefit of representation and advice of counsel, the Parties have read the foregoing Severance Agreement and General Release, and accept and agree to the provisions it contains and hereby execute it voluntarily and with full understanding of its consequences. The Parties acknowledge that they are receiving valuable consideration in exchange for the execution of this Agreement, to which they would not otherwise be entitled.

DATED: \_\_\_\_\_

\_\_\_\_\_

DATED: \_\_\_\_\_

\_\_\_\_\_

Employee acknowledges that Employee first received this Agreement on [date].

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**SEMPRA ENERGY  
SEVERANCE PAY AGREEMENT**

**THIS AGREEMENT** (this “Agreement”), dated as of March 1, 2023 (the “Effective Date”), is made by and between SEMPra ENERGY, a California corporation (“Sempra Energy”), and Mia L. DeMontigny (the “Executive”).

**WHEREAS**, the Executive is currently employed by Sempra Energy or another corporation or trade or business which is a member of a Controlled Group of Corporations (Sempra Energy and such other controlled group members, collectively, the “Company”);

**WHEREAS**, Sempra Energy and the Executive desire to enter into this Agreement as may be restated from time to time in order to provide reasonable assurances to the Executive and maintain a constructive relationship following the termination of Executive’s employment with Company; and

**WHEREAS**, the Board of Directors of Sempra Energy (the “Board”) or an authorized committee thereof has authorized the terms of this Agreement.

**NOW, THEREFORE**, in consideration of the premises and mutual covenants herein contained, Sempra Energy and the Executive hereby agree as follows:

**Section 1. Definitions.** For purposes of this Agreement, the following capitalized terms have the meanings set forth below:

“AAA” has the meaning assigned thereto in Section 13(c) hereof.

“Accounting Firm” has the meaning assigned thereto in Section 8(e) hereof.

“Accrued Obligations” means the sum of (a) the Executive’s Annual Base Salary through the Date of Termination to the extent not theretofore paid, (b) an amount equal to any annual Incentive Compensation Awards earned with respect to fiscal years ended prior to the year that includes the Date of Termination to the extent not theretofore paid, (c) any accrued and unpaid vacation, and (d) reimbursement for unreimbursed business expenses, if any, properly incurred by the Executive in the performance of the Executive’s duties in accordance with Company policies applicable to the Executive from time to time, in each case to the extent not theretofore paid.

“Affiliate” has the meaning set forth in Rule 12b-2 promulgated under the Exchange Act.

“Annual Base Salary” means the Executive’s annual base salary from the Company.

“Asset Purchaser” has the meaning assigned thereto in Section 16(e).

“Asset Sale” has the meaning assigned thereto in Section 16(e).

“Average Annual Bonus” means the average of the annual bonuses from the Company earned by the Executive with respect to the three (3) fiscal years of Sempra Energy ending immediately preceding the Date of Termination (the “Bonus Fiscal Years”); *provided, however*, that, if the Executive was employed by the Company for less than three (3) Bonus Fiscal Years, “Average Annual Bonus” means the average of the annual bonuses (if any) from the Company earned by the Executive with respect to the Bonus Fiscal Years during which the



Executive was employed by the Company; and, *provided, further*, that, if the Executive was not employed by the Company during any of the Bonus Fiscal Years, "Average Annual Bonus" means zero (\$0).

"Cause" means:

(a) Prior to a Change in Control, (i) the Executive's willful failure to substantially perform the Executive's job duties, (ii) Executive's grossly negligent performance of the Executive's duties, (iii) the Executive's gross insubordination; (iv) the Executive's commission of one or more acts of significant dishonesty or moral turpitude (including but not limited to criminal acts involving one or more acts of moral turpitude) which have or result in an adverse effect on the Company, monetarily or otherwise; and/or (v) the Executive's serious violation of a material policy of Sempra Energy or its Affiliates that is applicable to the Executive. For purposes of clause (i) of this subsection (a), no act, or failure to act, on the Executive's part shall be deemed "willful" if due to the Executive's incapacity due to physical or mental illness, or if the Executive acted in good faith and with reasonable belief that the Executive's act, or failure to act, was in the best interests of the Company.

(b) From and after a Change in Control (or in connection with a termination occurring pursuant to Section 5(f)), (i) the Executive's willful and continued failure to substantially perform the Executive's duties with the Company (other than any such failure resulting from the Executive's incapacity due to physical or mental illness or other than any such actual or anticipated failure after the issuance by the Executive of a Notice of Termination for Good Reason pursuant to Section 2 hereof and after the Company's cure period relating to the event on which Good Reason is based, if any and if applicable, has expired) and/or (ii) the Executive's commission of one or more acts of moral turpitude that constitute a violation of applicable law (including but not limited to a felony involving one or more acts of moral turpitude) which have or result in an adverse effect on the Company, monetarily or otherwise, or one or more significant acts of dishonesty. For purposes of clause (i) of this subsection (b), no act, or failure to act, on the Executive's part shall be deemed "willful" unless done, or omitted to be done, by the Executive not in good faith and without reasonable belief that the Executive's act, or failure to act, was in the best interests of the Company. Notwithstanding the foregoing, the Executive shall not be deemed terminated for Cause pursuant to clause (i) of this subsection (b) unless and until the Executive shall have been provided with reasonable notice of and, if possible, a reasonable opportunity to cure the facts and circumstances claimed to provide a basis for termination of the Executive's employment for Cause.

"Change in Control" shall be deemed to have occurred on the date that a change in the ownership of Sempra Energy, a change in the effective control of Sempra Energy, or a change in the ownership of a substantial portion of assets of Sempra Energy occurs (each, as defined in subsection (a) below), except as otherwise provided in subsections (b), (c) and (d) below:

(a) (i) a "change in the ownership of Sempra Energy" occurs on the date that any one Person, or more than one Person acting as a Group, acquires ownership of stock of Sempra Energy that, together with stock held by such Person or Group, constitutes more than fifty percent (50%) of the total fair market value or total voting power of the stock of Sempra Energy,

(ii) a "change in the effective control of Sempra Energy" occurs only on either of the following dates:

(1) the date any one Person, or more than one Person acting as a Group, acquires (or has acquired during the twelve (12) month period ending on

the date of the most recent acquisition by such Person or Persons) ownership of stock of Sempra Energy possessing thirty percent (30%) or more of the total voting power of the stock of Sempra Energy, or

(2) the date a majority of the members of the Board is replaced during any twelve (12) month period by directors whose appointment or election is not endorsed by a majority of the members of the Board before the date of appointment or election, and

(iii) a “change in the ownership of a substantial portion of assets of Sempra Energy” occurs on the date any one Person, or more than one Person acting as a Group, acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such Person or Persons) assets from Sempra Energy that have a total gross fair market value equal to or more than eighty-five percent (85%) of the total gross fair market value of all of the assets of Sempra Energy immediately before such acquisition or acquisitions.

(b) A “change in the ownership of Sempra Energy” or “a change in the effective control of Sempra Energy” shall not occur under clause (a)(i) or (a)(ii) by reason of any of the following:

(i) an acquisition of ownership of stock of Sempra Energy directly from Sempra Energy or its Affiliates other than in connection with the acquisition by Sempra Energy or its Affiliates of a business,

(ii) a merger or consolidation which would result in the voting securities of Sempra Energy outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof), in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of the Company, at least sixty percent (60%) of the combined voting power of the securities of Sempra Energy or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, or

(iii) a merger or consolidation effected to implement a recapitalization of Sempra Energy (or similar transaction) in which no Person is or becomes the “beneficial owner” (within the meaning of Rule 13d-3 promulgated under the Exchange Act), directly or indirectly, of securities of Sempra Energy (not including the securities beneficially owned by such Person any securities acquired directly from Sempra Energy or its Affiliates other than in connection with the acquisition by Sempra Energy or its Affiliates of a business) representing twenty percent (20%) or more of the combined voting power of Sempra Energy’s then outstanding securities.

(c) A “change in the ownership of a substantial portion of assets of Sempra Energy” shall not occur under clause (a)(iii) by reason of a sale or disposition by Sempra Energy of the assets of Sempra Energy to an entity, at least sixty percent (60%) of the combined voting power of the voting securities of which are owned by shareholders of Sempra Energy in substantially the same proportions as their ownership of Sempra Energy immediately prior to such sale.

(d) This definition of “Change in Control” shall be limited to the definition of a “change in control event” with respect to the Executive and relating to Sempra Energy under Treasury Regulation Section 1.409A-3(i)(5). A Change in Control shall only occur if there is a Change in Control (as determined by the definition of Change in Control of this Agreement

without regard to this subsection (d)) and a “change in control event” relating to Sempra Energy under Treasury Regulation Section 1.409A-3(i)(5) with respect to the Executive.

“Change in Control Date” means the date on which a Change in Control occurs.

“COBRA” means coverage required by Section 4980B of the Code.

“COBRA Premium” means, with respect to the type and level of coverage provided to the Executive and his/her dependents pursuant to COBRA, the employer-paid portion of the monthly premium for such coverage as applicable for similarly-situated active employees.

“Code” means the Internal Revenue Code of 1986, as amended.

“Compensation Committee” means the compensation committee (however designated) of the Board.

“Consulting Payment” has the meaning assigned thereto in Section 14(e) hereof.

“Consulting Period” has the meaning assigned thereto in Section 14(f) hereof.

“Continued Benefits” has the meaning assigned thereto in Section 5(c) hereof.

“Controlled Group of Corporations” means a group of companies within the meaning of Section 414(b) or (c) of the Code) of which Sempra Energy is a component member, determined by applying an ownership threshold of 50%.

“Date of Termination” has the meaning assigned thereto in Section 2(b) hereof.

“Disability” has the meaning set forth in the long-term disability plan or its successor maintained by the Company entity that is the employer of the Executive; *provided, however*, that the Executive’s employment hereunder may not be terminated by reason of Disability unless (a) at the time of such termination there is no reasonable expectation that the Executive will return to work within the next ninety (90) day period and (b) such termination is permitted by all applicable disability laws.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and the applicable rulings and regulations thereunder.

“Excise Tax” has the meaning assigned thereto in Section 8(a) hereof.

“Good Reason” means:

(a) Prior to a Change in Control, the occurrence of any of the following without the prior written consent of the Executive, unless such act or failure to act is corrected by the Company prior to the Date of Termination specified in the Notice of Termination (as required under Section 2 hereof):

(i) the assignment to the Executive of any duties materially inconsistent with the range of duties and responsibilities appropriate to an executive of comparable rank within the Company (such range determined by reference to past, current and reasonable practices within the Company);

(ii) a material reduction in the Executive's overall standing and responsibilities within the Company, not including a mere change in title or a transfer within the Company, which change in title or transfer does not adversely affect the Executive's overall status within the Company in any material respect;

(iii) a material reduction by the Company in the Executive's aggregate annualized compensation and benefits opportunities, except for across-the-board reductions (or modifications of benefit plans) similarly affecting all similarly situated executives of the Company of comparable rank with the Executive;

(iv) the failure by the Company to pay to the Executive any portion of the Executive's current compensation and benefits or any portion of an installment of deferred compensation under any deferred compensation program of the Company within thirty (30) days of the date such compensation is due;

(v) any purported termination of the Executive's employment that is not effected pursuant to a Notice of Termination satisfying the requirements of Section 2 hereof;

(vi) the failure by Sempra Energy to perform its obligations under Section 16(c) or (d) hereof;

(vii) the failure by the Company to provide the indemnification and D&O insurance protection Section 10 of this Agreement requires it to provide; or

(viii) the failure by Sempra Energy (or any of the entities comprising the Company, as applicable) to comply with any material provision of this Agreement.

(b) From and after a Change in Control (or in connection with a termination occurring pursuant to Section 5(f)), the occurrence of any of the following without the prior written consent of the Executive, unless such act or failure to act is corrected by the Company prior to the Date of Termination specified in the Notice of Termination (as required under Section 2 hereof):

(i) an adverse change in the Executive's title, authority, duties, responsibilities or reporting lines as in effect immediately prior to the Change in Control;

(ii) a reduction by the Company in the Executive's aggregate annualized compensation opportunities, except for across-the-board reductions in base salaries, annual bonus opportunities or long-term incentive compensation opportunities of less than ten percent (10%) similarly affecting all similarly situated executives (including, if applicable, of the Person then in control of Sempra Energy) of comparable rank with the Executive; or the failure by the Company to continue in effect any material benefit plan in which the Executive participates immediately prior to the Change in Control, unless an equitable arrangement (embodied in an ongoing substitute or alternative plan) has been made with respect to such plan, or the failure by the Company to continue the Executive's participation therein (or in such substitute or alternative plan) on a basis not materially less favorable, both in terms of the amount of benefits provided and the level of the Executive's participation relative to other participants, as existed at the time of the Change in Control;

(iii) the relocation of the Executive's principal place of employment immediately prior to the Change in Control Date (the "Principal Location") to a location which is both further away from the Executive's residence and more than thirty (30) miles from such Principal Location, or the Company's requiring the Executive to be based anywhere other than such Principal Location (or permitted relocation thereof), or a substantial increase in the

Executive's business travel obligations outside of the Southern California area as of immediately prior to the Change in Control (without regard to any changes therein in anticipation of the Change in Control) other than any such increase that (A) arises in connection with extraordinary business activities of the Company of limited duration and (B) is understood not to be part of the Executive's regular duties with the Company;

(iv) the failure by the Company to pay to the Executive any portion of the Executive's current compensation and benefits or any portion of an installment of deferred compensation under any deferred compensation program of the Company within thirty (30) days of the date such compensation is due;

(v) any purported termination of the Executive's employment that is not effected pursuant to a Notice of Termination satisfying the requirements of Section 2 hereof;

(vi) the failure by Sempra Energy to perform its obligations under Section 16(c) or (d) hereof;

(vii) the failure by the Company to provide the indemnification and D&O insurance protection Section 10 of this Agreement requires it to provide; or

(viii) the failure by Sempra Energy (or any of the entities comprising the Company, as applicable) to comply with any material provision of this Agreement.

Following a Change in Control, the Executive's determination that an act or failure to act constitutes Good Reason shall be presumed to be valid unless such determination is deemed to be unreasonable by an arbitrator pursuant to the procedure described in Section 13 hereof. The Executive's right to terminate the Executive's employment for Good Reason shall not be affected by the Executive's incapacity due to physical or mental illness. The Executive's continued employment shall not constitute consent to, or a waiver of rights with respect to, any act or failure to act constituting Good Reason hereunder.

"Group" shall have the meaning of such term as used in Rule 13d-5(b)(1) promulgated under the Exchange Act.

"Incentive Compensation Awards" means awards granted under Incentive Compensation Plans providing the Executive with the opportunity to earn, on a year-by-year basis, annual and long-term incentive compensation.

"Incentive Compensation Plans" means annual incentive compensation plans and long-term incentive compensation plans of the Company, which long-term incentive compensation plans may include plans offering stock options, restricted stock, units and other long-term incentive compensation.

"Involuntary Termination" means (a) the Executive's Separation from Service by reason other than for Cause, death, Disability, or Mandatory Retirement, or (b) the Executive's Separation from Service by reason of resignation of employment for Good Reason.

"JAMS" has the meaning assigned thereto in Section 13(c) hereof.

"Mandatory Retirement" means termination of employment pursuant to the Company's mandatory retirement policy.

"Medical Continuation Benefits" has the meaning assigned thereto in Section 4(c) hereof.

“Notice of Termination” has the meaning assigned thereto in Section 2(a) hereof.

“Payment” has the meaning assigned thereto in Section 8(a) hereof.

“Payment in Lieu of Notice” has the meaning assigned thereto in Section 2(b) hereof.

“Person” means any individual, corporation, partnership limited liability company, estate, trust, or other entity, including a “Group”.

“Post-Change in Control Severance Payment” has the meaning assigned thereto in Section 5 hereof.

“Pre-Change in Control Severance Payment” has the meaning assigned thereto in Section 4 hereof.

“Principal Location” has the meaning assigned thereto in clause (b)(iii) of the definition of Good Reason, above.

“Proprietary Information” has the meaning assigned thereto in Section 14(a) hereof.

“Pro Rata Bonus” means a severance amount equal to the greater of (a) the Executive’s Target Bonus as in effect immediately prior to the Change in Control or on the Date of Termination, whichever is greater, or (b) the Executive’s Average Annual Bonus, multiplied by a fraction, (X) the numerator of which shall be the number of days from the beginning of such fiscal year to and including the Date of Termination and (Y) the denominator of which shall be three hundred sixty-five (365).

“Release” has the meaning assigned thereto in Section 4 hereof. The Release is not a condition of employment or continued employment or a condition of receiving a raise or a bonus.

“Release Requirements” has the meaning assigned thereto in Section 4 hereof.

“Section 409A Payments” means any payments under this Agreement which are subject to Section 409A of the Code.

“Sempra Energy Control Group” means Sempra Energy and all Persons with whom Sempra Energy would be considered a single employer under Section 414(b) or (c) of the Code, as determined from time to time.

“Separation from Service” has the meaning set forth in Treasury Regulation Section 1.409A-1(h).

“Specified Employee” shall be determined in accordance with Section 409A(a)(2)(B)(i) of the Code and Treasury Regulation Section 1.409A-1(i).

“Target Bonus” means, for any year, the target annual bonus from the Company that may be earned by the Executive for such year (regardless of the actual annual bonus earned, if any); *provided, however*, that if, as of the Date of Termination, a target annual bonus has not been established for the Executive for the year in which the Date of Termination occurs, the “Target Bonus” as of the Date of Termination shall be equal to the target annual bonus, if any, for the immediately preceding fiscal year of Sempra Energy.

For purposes of this Agreement, references to any “Treasury Regulation” shall mean such Treasury Regulation as in effect on the date hereof.

**Section 2. Notice and Date of Termination.**

(a) Any termination of the Executive’s employment by the Company or by the Executive shall be communicated by a written notice of termination to the other party (the “Notice of Termination”). Where applicable, the Notice of Termination shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive’s employment under the provision so indicated. Unless the Board or a committee thereof, in writing, provides a longer notice period, a Notice of Termination by the Executive alleging a termination for Good Reason must be made within one hundred eighty (180) days of the act or failure to act that the Executive alleges to constitute Good Reason.

(b) The date of the Executive’s termination of employment with the Company (the “Date of Termination”) shall be determined as follows: (i) if the Executive’s Separation from Service is at the volition of the Company, then the Date of Termination shall be the date specified in the Notice of Termination (which, in the case of a termination by the Company other than for Cause, shall not be less than two (2) weeks from the date such Notice of Termination is given unless the Company elects to pay the Executive, in addition to any other amounts payable hereunder, an amount (the “Payment in Lieu of Notice”) equal to two (2) weeks of the Executive’s Annual Base Salary in effect on the Date of Termination), and (ii) if the Executive’s Separation from Service is by the Executive for Good Reason, the Date of Termination shall be determined by the Executive and specified in the Notice of Termination, but in no event be less than fifteen (15) days nor more than sixty (60) days after the date such Notice of Termination is given. The Payment in Lieu of Notice shall be paid on such date as is required by law, but no later than thirty (30) days after the date of the Executive’s Separation from Service.

**Section 3. Termination from the Board.** Upon the termination of the Executive’s employment for any reason, the Executive’s membership on the Board, the board of directors of any Affiliates of Sempra Energy, any committees of the Board and any committees of the board of directors of any of the Affiliates of Sempra Energy, if applicable, shall be automatically terminated and the Executive agrees to promptly take any and all actions (including resigning) required by Sempra Energy or any of its Affiliates to evidence and effect such termination of membership.

**Section 4. Severance Benefits upon Involuntary Termination Prior to Change in Control.** Except as provided in Sections 5(f) and 19(i) hereof, in the event of the Involuntary Termination of the Executive prior to a Change in Control, Sempra Energy shall, or shall cause one of its Affiliates that is the employer of the Executive to, pay the Executive, in one lump sum cash payment, an amount (the “Pre-Change in Control Severance Payment”) equal to one-half (0.5) times the sum of (X) the Executive’s Annual Base Salary as in effect on the Date of Termination plus (Y) an amount equal to the greater of (I) his/her Average Annual Bonus or (II) the Target Bonus in effect on the Date of Termination. In addition to the Pre-Change in Control Severance Payment, the Executive shall be entitled to the following additional benefits specified in Section 4(a) through (e). The Company’s obligation to pay the Pre-Change in Control Severance Payment or provide the benefits set forth in Section 4(c), (d) and (e) is subject to and conditioned upon the Executive’s satisfaction of the Release Requirements. The Pre-Change in Control Severance Payment shall be paid on the sixtieth (60<sup>th</sup>) day (or if the sixtieth (60<sup>th</sup>) day falls on a weekend or banking holiday, the next succeeding business day) after the date of the Involuntary Termination (the “Payment Date”), *provided* that the Release Requirements are satisfied on or before the Payment Date and remain satisfied on the Payment Date. If the Release Requirements are not satisfied on the Payment Date, no Pre-Change in Control Severance

Payment shall be paid hereunder and none of the benefits described in Section 4(c), (d) or (e) shall be provided, and the Executive shall have no right to the Pre-Change in Control Severance Payment or the applicable benefits. The “Release Requirements” will be satisfied if, on the Payment Date, the Executive has executed a release of all claims substantially in the form attached hereto as Exhibit A (the “Release”), the revocation period required by applicable law has expired, and the Executive has not revoked the Release and the Release is effective. If the Release Requirements are satisfied on a date prior to the Payment Date, any portion of the Pre-Change in Control Severance Payment or the applicable benefits that are not subject to Section 409A of the Code can be paid on a date prior to the Payment Date, as determined in the sole discretion of Sempra Energy (and in no event shall the Executive be able to elect the date of payment). If the period in which the Release Requirements could be satisfied spans more than one taxable year, then the Pre-Change in Control Severance Payment shall not be made until the later taxable year.

(a) Accrued Obligations. The Company shall pay the Executive a lump sum amount in cash equal to Accrued Obligations within the time prescribed by law.

(b) Equity-Based Compensation. The Executive shall retain all rights to any equity-based compensation awards to the extent set forth in the applicable plan and/or award agreement.

(c) Welfare Benefits. Subject to the terms and conditions of this Agreement, if the Executive (and, to the extent applicable, his/her eligible dependents) is eligible to and elects COBRA coverage in connection with the Executive’s Involuntary Termination, then the Executive (and the Executive’s dependents who have elected COBRA coverage) shall be provided with group medical benefits as required by COBRA (“Medical Continuation Benefits”) on substantially the same terms and conditions and at the same cost to the Executive as apply to similarly-situated active employees of the Company for the same type and level of coverage. The Medical Continuation Benefits shall be provided for a period of up to six (6) months following the date of the Involuntary Termination (and up to an additional twelve (12) months if the Executive provides consulting services under Section 14(f) hereof); *provided, however*, that (i) the Medical Continuation Benefits (including any Medical Continuation Benefits that are provided pursuant to this Section 4(c) for periods after the maximum COBRA coverage period) shall be provided on the same terms and conditions that apply to COBRA coverage (including termination thereof), (ii) if the Medical Continuation Benefits are to be provided pursuant to this Section 4(c) past the maximum COBRA coverage period, Sempra Energy may, in its sole discretion, provide or cause to be provided to the Executive, in lieu of the Medical Continuation Benefits for any period in excess of the maximum COBRA coverage period, a taxable monthly cash payment in an amount equal to the COBRA Premium, and (iii) the Medical Continuation Benefits shall be provided in a manner that complies with Treasury Regulation Section 1.409A-1(a)(5). Notwithstanding the foregoing, if Sempra Energy determines in its sole discretion that the Medical Continuation Benefits cannot be provided without potentially violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act) or that the provision of Medical Continuation Benefits under this Agreement would subject Sempra Energy or any of its Affiliates to a material tax or penalty, (A) the Executive shall be provided, in lieu thereof, with a taxable monthly payment in an amount equal to the COBRA Premium or (B) Sempra Energy shall have the authority to amend the Agreement to the limited extent reasonably necessary to avoid such violation of law or tax or penalty and shall use all reasonable efforts to provide the Executive with a comparable benefit that does not violate applicable law or subject Sempra Energy or any of its Affiliates to such tax or penalty. Any Medical Continuation Benefits provided pursuant to this Section 4(c) shall be co-extensive with (and not in addition to) any benefits to which the Executive (and the Executive’s covered dependents) may be entitled under COBRA or similar provisions of applicable state law.



(d) Outplacement Services. The Executive shall receive reasonable outplacement services, on an in-kind basis, suitable to the Executive's position and directly related to the Executive's Involuntary Termination, for a period of eighteen (18) months following the date of the Involuntary Termination, in an aggregate amount of cost to the Company not to exceed \$50,000. Notwithstanding the foregoing, the Executive shall cease to receive outplacement services on the date the Executive accepts employment with a subsequent employer. Such outplacement services shall be provided in a manner that complies with Treasury Regulation Section 1.409A-1(b)(9)(v)(A).

(e) Financial Planning Services. The Executive shall receive financial planning services, on an in-kind basis, for a period of eighteen (18) months following the Date of Termination. Such financial planning services shall include expert financial and legal resources to assist the Executive with financial planning needs and shall be limited to (i) current investment portfolio management, (ii) tax planning, (iii) tax return preparation, and (iv) estate planning advice and document preparation (including wills and trusts); *provided, however*, that the Company shall provide such financial planning services during any taxable year of the Executive only to the extent the cost to the Company for such taxable year does not exceed \$25,000. The Company shall provide such financial planning services through a financial planner selected by the Company, and shall pay the fees for such financial planning services. The financial planning services provided during any taxable year of the Executive shall not affect the financial planning services provided in any other taxable year of the Executive. The Executive's right to financial planning services shall not be subject to liquidation or exchange for any other benefit. Such financial planning services shall be provided in a manner that complies with Treasury Regulation Section 1.409A-3(i)(1)(iv).

**Section 5.** Severance Benefits upon Involuntary Termination in Connection with and after Change in Control. Notwithstanding the provisions of Section 4 above, and except as provided in Section 19(i) hereof, in the event of the Involuntary Termination of the Executive on or within two (2) years following a Change in Control, in lieu of the payments described in Section 4 above, Sempra Energy shall, or shall cause one of its Affiliates that is the employer of the Executive to, pay the Executive, in one lump sum cash payment, an amount (the "Post-Change in Control Severance Payment") equal to (a) the Pro Rata Bonus plus (b) the sum of (X) the Executive's Annual Base Salary as in effect immediately prior to the Change in Control or on the Date of Termination, whichever is greater, plus (Y) an amount equal to the greater of (I) the Executive's Target Bonus determined immediately prior to the Change in Control or the Date of Termination, whichever is greater and (II) the Executive's Average Annual Bonus; *provided, however*; that, in the event that the Involuntary Termination occurs prior to June 15, 2024, the Post-Change in Control Severance Payment shall be increased by twenty-five percent (25%). In addition to the Post-Change in Control Severance Payment, the Executive shall be entitled to the following additional benefits specified in Section 5(a) through (e). The Company's obligation to pay the Post-Change in Control Severance Payment or provide the benefits set forth in Section 5(b), (c), (d) and (e) is subject to and conditioned upon the Executive's satisfaction of the Release Requirements. Except as provided in Section 5(f), the Post-Change in Control Severance Payment shall be paid on the Payment Date provided that the Release Requirements are satisfied on or before the Payment Date and remain satisfied on the Payment Date. If the Release Requirements are not satisfied on the Payment Date, no Post-Change in Control Severance Payment shall be paid hereunder and none of the benefits described in Section 5(b), (c), (d) or (e) shall be provided, and the Executive shall have no right to the Pre-Change in Control Severance Payment or the applicable benefits. If the Release Requirements are satisfied on a date prior to the Payment Date, any portion of the Post-Change in Control Severance Payment or the applicable benefits that are not subject to Section 409A of the Code can be paid on a date prior to the Payment Date, as determined in the sole discretion of Sempra Energy (and in no event shall the Executive be able to elect the date of payment). If the period in which Release Requirements could be satisfied spans more than one taxable year, then the Post-Change

in Control Severance Payment and applicable benefits shall not be made until the later taxable year.

(a) Accrued Obligations. The Company shall pay the Executive a lump sum amount in cash equal to the Accrued Obligations within the time required by law and, to the extent applicable, in accordance with the applicable plan, policy or arrangement pursuant to which such payments are to be made.

(b) Equity-Based Compensation. Notwithstanding the provisions of any applicable equity-based compensation plan or award agreement to the contrary, all equity-based Incentive Compensation Awards (including, without limitation, stock options, stock appreciation rights, restricted stock awards, restricted stock units, performance share awards, and dividend equivalents) held by the Executive shall immediately vest and become exercisable or payable, as the case may be, as of the Date of Termination, to be exercised or paid, as the case may be, in accordance with the terms of the applicable Incentive Compensation Plan and Incentive Compensation Award agreement, and any restrictions on any such Incentive Compensation Awards shall automatically lapse; *provided, however*, that, in the case of any stock option or stock appreciation rights awards that remain outstanding on the Date of Termination, such stock options and stock appreciation rights shall remain exercisable until the earlier of (i) the later of eighteen (18) months following the Date of Termination or the period specified in the applicable Incentive Compensation Award agreement or (ii) the expiration of the original term of such Incentive Compensation Award (or, if earlier, the tenth (10th) anniversary of the original date of grant) (it being understood that all Incentive Compensation Awards shall remain outstanding and exercisable for a period that is no less than that provided for in the applicable agreement in effect as of the date of grant).

(c) Welfare Benefits. Subject to the terms and conditions of this Agreement, the Executive and the Executive's dependents shall be provided with life, disability, accident and Medical Continuation Benefits (which benefits are collectively referred to herein as "Continued Benefits") which are substantially similar to those provided to the Executive and the Executive's dependents immediately prior to the date of Involuntary Termination or the Change in Control Date, whichever is more favorable to the Executive; *provided, however*, that the Medical Continuation Benefits shall be provided pursuant to this Section 5(c) only if the Executive (and, to the extent applicable, his/her eligible dependents) is eligible to and elects COBRA coverage in connection with the Executive's Involuntary Termination, the Medical Continuation Benefits shall be provided in accordance with COBRA, and the Medical Continuation Benefits shall be provided on substantially the same terms and conditions and at the same cost to the Executive as apply to similarly-situated active employees of the Company for the same type and level of coverage. The Continued Benefits shall be provided for a period of up to twelve (12) months following the date of the Involuntary Termination (and up to an additional twelve (12) months if the Executive provides consulting services under Section 14(f) hereof); *provided, however*, that (i) the Medical Continuation Benefits (including any Medical Continuation Benefits that are provided pursuant to this Section 5(c) for periods after the maximum COBRA coverage period) shall be provided on the same terms and conditions that apply to COBRA coverage (including termination thereof), (ii) if the Medical Continuation Benefits are to be provided pursuant to this Section 5(c) past the maximum COBRA coverage period, Sempra Energy may, in its sole discretion, provide or cause to be provided to the Executive, in lieu of the Medical Continuation Benefits for any period in excess of the maximum COBRA coverage period, a taxable monthly cash payment in an amount equal to the COBRA Premium, and (iii) the Medical Continuation Benefits shall be provided in a manner that complies with Treasury Regulation Section 1.409A-1(a)(5) and the Continued Benefits will be provided in a manner that complies with Section 409A of the Code. Notwithstanding the foregoing, if Sempra Energy determines in its sole discretion that the Medical Continuation Benefits cannot be provided without potentially violating applicable law (including, without limitation, Section 2716 of the Public Health Service

Act) or that the provision of Medical Continuation Benefits under this Agreement would subject Sempra Energy or any of its Affiliates to a material tax or penalty, (A) the Executive shall be provided, in lieu thereof, with a taxable monthly payment in an amount equal to the COBRA Premium or (B) Sempra Energy shall have the authority to amend the Agreement to the limited extent reasonably necessary to avoid such violation of law or tax or penalty and shall use all reasonable efforts to provide the Executive with a comparable benefit that does not violate applicable law or subject Sempra Energy or any of its Affiliates to such tax or penalty. Any Medical Continuation Benefits provided pursuant to this Section 5(c) shall be co-extensive with (and not in addition to) any benefits to which the Executive (and the Executive's covered dependents) may be entitled under COBRA or similar provisions of applicable state law.

(d) Outplacement Services. The Executive shall receive reasonable outplacement services, on an in-kind basis, suitable to the Executive's position and directly related to the Executive's Involuntary Termination, for a period of twenty-four (24) months following the date of Involuntary Termination (but in no event beyond the last day of the Executive's second (2nd) taxable year following the Executive's taxable year in which the Involuntary Termination occurs), in the aggregate amount of cost to the Company not to exceed \$50,000. Notwithstanding the foregoing, the Executive shall cease to receive outplacement services on the date the Executive accepts employment with a subsequent employer. Such outplacement services shall be provided in a manner that complies with Treasury Regulation Section 1.409A-1(b)(9)(v)(A).

(e) Financial Planning Services. The Executive shall receive financial planning services, on an in-kind basis, for a period of twenty-four (24) months following the date of Involuntary Termination. Such financial planning services shall include expert financial and legal resources to assist the Executive with financial planning needs and shall be limited to (i) current investment portfolio management, (ii) tax planning, (iii) tax return preparation, and (iv) estate planning advice and document preparation (including wills and trusts); *provided, however*, that the Company shall provide such financial services during any taxable year of the Executive only to the extent the cost to the Company for such taxable year does not exceed \$25,000. The Company shall provide such financial planning services through a financial planner selected by the Company, and shall pay the fees for such financial planning services. The financial planning services provided during any taxable year of the Executive shall not affect the financial planning services provided in any other taxable year of the Executive. The Executive's right to financial planning services shall not be subject to liquidation or exchange for any other benefit. Such financial planning services shall be provided in a manner that complies with Section 1.409A-3(i)(1)(iv).

(f) Involuntary Termination in Connection with a Change in Control. Notwithstanding anything contained herein, in the event of an Involuntary Termination prior to a Change in Control, if the Involuntary Termination (i) was at the request of a third party who has taken steps reasonably calculated to effect such Change in Control or (ii) otherwise arose in connection with or in anticipation of such Change in Control, then the Executive shall, in lieu of the payments described in Section 4 hereof, be entitled to the Post-Change in Control Severance Payment and the additional benefits described in this Section 5 as if such Involuntary Termination had occurred within two (2) years following the Change in Control. The amounts specified in Section 5 that are to be paid under this Section 5(f) shall be reduced by any amount previously paid under Section 4. The amounts to be paid under this Section 5(f) shall be paid within sixty (60) days after the Change in Control Date of such Change in Control unless otherwise required by Section 409A of the Code.

**Section 6.** Severance Benefits upon Termination by the Company for Cause or by the Executive Other than for Good Reason. If the Executive's employment shall be terminated for Cause, or if the Executive terminates employment other than for Good Reason,

the Company shall have no further obligations to the Executive under this Agreement other than the pre-Change in Control Accrued Obligations and any amounts or benefits described in Section 10 hereof.

**Section 7.** Severance Benefits upon Termination due to Death or Disability. If the Executive has a Separation from Service by reason of death or Disability, the Company shall pay the Executive or the Executive's estate, as the case may be, the Accrued Obligations and a severance amount equal to the Pro Rata Bonus (without regard to whether a Change in Control has occurred) and any amounts or benefits described in Section 10 hereof. Such payments shall be in addition to those rights and benefits to which the Executive or the Executive's estate may be entitled under the relevant Company plans or programs. The Company's obligation to pay the severance amount pursuant to this Section 7 is conditioned upon satisfaction of the Release Requirements by the Executive, the Executive's representative or the Executive's estate, as the case may be. The Accrued Obligations shall be paid within the time required by law and the severance amount payable pursuant to this Section 7 shall be paid on the Payment Date *provided* that the Release Requirements are satisfied on or prior to the Payment Date. If the Release Requirements are not satisfied on or prior to the Payment Date, no severance payment shall be provided hereunder and neither the Executive nor the Executive's estate, as the case may be, will have any right to the severance payment. If the Release Requirements are satisfied on a date prior to the Payment Date, any portion of the severance benefit pursuant to this Section 7 that is not subject to Section 409A of the Code can be paid on a date prior to the Payment Date, as determined in the sole discretion of Sempra Energy (and in no event shall the Executive or the Executive's estate, as applicable, be able to elect the date of payment). If the period in which Release Requirements could be satisfied spans more than one taxable year, then the severance payment pursuant to this Section 7 shall not be made until the later taxable year.

**Section 8.** Limitation on Payments by the Company.

(a) Anything in this Agreement to the contrary notwithstanding and except as set forth in this Section 8 below, in the event it shall be determined that any payment or distribution "in the nature of compensation" (within the meaning of Section 280G(b)(2) of the Code) to or for the benefit of the Executive, whether paid or payable pursuant to this Agreement or otherwise (the "Payment") would be subject (in whole or in part) to the excise tax imposed by Section 4999 of the Code, (the "Excise Tax"), then, subject to Section 8(b), the Pre-Change in Control Severance Payment or the Post-Change in Control Severance Payment (whichever is applicable) payable under this Agreement shall be reduced under this Section 8(a) to the amount equal to the Reduced Payment. For such Payment payable under this Agreement, the "Reduced Payment" shall be the amount equal to the greatest portion of the Payment (which may be zero (\$0)) that, if paid, would result in no portion of any Payment being subject to the Excise Tax.

(b) The Pre-Change in Control Severance Payment or the Post-Change in Control Severance Payment (whichever is applicable) payable under this Agreement shall not be reduced under Section 8(a) if:

(i) such reduction in such Payment is not sufficient to cause no portion of any Payment to be subject to the Excise Tax, or

(ii) the Net After-Tax Unreduced Payments (as defined below) would equal or exceed one hundred five percent (105%) of the Net After-Tax Reduced Payments (as defined below).

For purposes of determining the amount of any Reduced Payment under Section 8(a), and the Net-After Tax Reduced Payments and the Net After-Tax Unreduced Payments, the Executive shall be considered to pay federal, state and local income and employment taxes at the Executive's applicable marginal rates taking into consideration any reduction in federal income taxes which could be obtained from the deduction of state and local income taxes, and any reduction or disallowance of itemized deductions and personal exemptions under applicable tax law). The applicable federal, state and local income and employment taxes and the Excise Tax (to the extent applicable) are collectively referred to as the "Taxes."

(c) For purposes of determining the amount of any Reduced Payment under this Section 8, the amount of any Payment shall be reduced in the following order:

(i) first, by reducing the amounts of parachute payments that would not constitute deferred compensation subject to Section 409A of the Code;

(ii) next, if after the reduction described in Section 8(c)(i), additional reductions are required, then by reducing the cash portion of the Payment that constitutes "deferred compensation" (within the meaning of Section 409A) subject to Section 409A, with the reductions to be applied first to the portion of the Payment scheduled for the latest distribution date, and then applied to distributions scheduled for progressively earlier distribution dates, to the extent necessary to decrease the Payment as required under this Section 8; and

(iii) next, if after the reduction described in Section 8(c)(ii), additional reductions are required, then, by reducing the non-cash portion of the Payment that constitutes deferred compensation (within the meaning of Section 409A) subject to Section 409A, with the reductions to be applied first to the portion of the Payment scheduled for the latest distribution date, and then applied to distributions scheduled for progressively earlier distribution dates, to the extent necessary to decrease the Payment as required under this Section 8.

(d) The following definitions shall apply for purposes of this Section 8:

(i) "Net After-Tax Reduced Payments" shall mean the total amount of all Payments that the Executive would retain, on a Net After-Tax Basis, in the event that the Payments payable under this Agreement are reduced pursuant to Section 8(a).

(ii) "Net After-Tax Unreduced Payments" shall mean the total amount of all Payments that the Executive would retain, on a Net After-Tax Basis, in the event that the Payments payable under this Agreement are not reduced pursuant to Section 8(a).

(iii) "Net After-Tax Basis" shall mean, with respect to the Payments, either with or without reduction under Section 8(a) (as applicable), the amount that would be retained by the Executive from such Payments after the payment of all Taxes.

(e) All determinations required to be made under this Section 8 and the assumptions to be utilized in arriving at such determinations, shall be made by a nationally recognized accounting firm as may be agreed by the Company and the Executive (the "Accounting Firm"); *provided*, that the Accounting Firm's determination shall be made based upon "substantial authority" within the meaning of Section 6662 of the Code. The Accounting Firm shall provide detailed supporting calculations to both the Company and the Executive within fifteen (15) business days of the receipt of notice from the Executive that there has been a Payment or such earlier time as is requested by the Company. All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any determination by the Accounting

Firm shall be binding upon the Company and the Executive. For purposes of determining whether and the extent to which the Payments will be subject to the Excise Tax, (i) no portion of the Payments the receipt or enjoyment of which the Executive shall have waived at such time and in such manner as not to constitute a “payment” within the meaning of Section 280G(b) of the Code shall be taken into account, (ii) no portion of the Payments shall be taken into account which, in the written opinion of the Accounting Firm, does not constitute a “parachute payment” within the meaning of Section 280G(b)(2) of the Code (including by reason of Section 280G(b)(4)(A) of the Code) and, in calculating the Excise Tax, no portion of such Payments shall be taken into account which, in the opinion of the Accounting Firm, constitutes “reasonable compensation” for services actually rendered, within the meaning of Section 280G(b)(4)(B) of the Code, in excess of the “base amount” (as defined in Section 280G(b)(3) of the Code) allocable to such reasonable compensation, and (iii) the value of any non-cash benefit or any deferred payment or benefit included in the Payments shall be determined by the Accounting Firm in accordance with the principles of Section 280G(d)(3) and (4) of the Code.

**Section 9.** Delayed Distribution under Section 409A of the Code. Notwithstanding any other provision of this Agreement to the contrary, if the Executive is a Specified Employee on the date of the Executive’s Involuntary Termination (or on the date of the Executive’s Separation from Service by reason of Disability), the Section 409A Payments which are payable upon Separation from Service shall be delayed to the extent necessary in order to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code, and such delayed payments or benefits shall be paid or distributed to the Executive during the thirty (30) day period commencing on the earlier of (a) the expiration of the six (6) month period measured from the date of the Executive’s Separation from Service or (b) the date of the Executive’s death. Upon the expiration of the applicable six (6) month period, all payments deferred pursuant to this Section 9 (excluding in-kind benefits) shall be paid in a lump sum payment to the Executive, plus interest thereon from the date of the Executive’s Involuntary Termination through the payment date at an annual rate equal to Moody’s Rate. The “Moody’s Rate” shall mean the average of the daily Moody’s Corporate Bond Yield Average – Monthly Average Corporates as published by Moody’s Investors Service, Inc. (or any successor) for the month next preceding the Date of Termination. Any remaining payments due under the Agreement shall be paid as otherwise provided herein.

**Section 10.** Nonexclusivity of Rights. Nothing in this Agreement shall prevent or limit the Executive’s continuing or future participation in any benefit, plan, program, policy or practice provided by the Company and for which the Executive may qualify (except with respect to any benefit to which the Executive has waived the Executive’s rights in writing), including, without limitation, any and all indemnification arrangements in favor of the Executive (whether under agreements or under the Company’s charter documents, bylaws, or otherwise), and insurance policies covering the Executive, nor shall anything herein limit or otherwise affect such rights as the Executive may have under any other contract or agreement entered into after the Effective Date with the Company. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any benefit, plan, policy, practice or program of, or any contract or agreement entered into with, the Company shall be payable in accordance with such benefit, plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement. At all times during the Executive’s employment with the Company and thereafter, the Company shall provide (to the extent permissible under applicable law) the Executive with indemnification and D&O insurance insuring the Executive against insurable events which occur or have occurred while the Executive was a director or officer of the Company, that with respect to such insurance is on terms and conditions that, to the extent reasonably practical, are at least as generous as that then currently provided to any other similarly situated current or former director or officer of the Company or any Affiliate. Such

indemnification and D&O insurance shall be provided in a manner that complies with Treasury Regulation Section 1.409A-1(b) (10).

**Section 11. Clawbacks.** Notwithstanding anything herein to the contrary, (a) if Sempra Energy determines prior to a Change in Control, in its good faith judgment, that the Executive is required to forfeit or to make any repayment of any compensation or benefit(s) to the Company under the Sarbanes-Oxley Act of 2002 or pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act or any other law or listing standards of the national securities exchange that maintains the principal listing for any class of Sempra Energy's common equity or pursuant to any formal policy of Sempra Energy, or (b) if an arbitrator or court determines following a Change in Control that the Executive is required to forfeit or to make any repayment of any compensation or benefit(s) to the Company under the Sarbanes-Oxley Act of 2002 or pursuant to the Dodd Frank Wall Street Reform and Consumer Protection Act or any other law or listing standards of the national securities exchange that maintains the principal listing for any class of Sempra Energy's common equity, such forfeiture or repayment shall not constitute Good Reason.

**Section 12. Full Settlement; Mitigation.** The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Executive or others, provided that nothing herein shall preclude the Company from separately pursuing recovery from the Executive based on any such claim. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts (including amounts for damages for breach) payable to the Executive under any of the provisions of this Agreement, and such amounts shall not be reduced whether or not the Executive obtains other employment.

**Section 13. Dispute Resolution and Arbitration.**

(a) If any dispute arises between the Executive and Sempra Energy or any of its Affiliates, including, but not limited to, disputes relating to or arising out of this Agreement, disputes relating to or arising out of the Executive's employment and/or the termination thereof, and/or disputes regarding the interpretation, enforceability, or validity of this Agreement ("Arbitrable Dispute"), the Executive and Sempra Energy mutually agree to waive their respective rights to resolution of disputes through litigation in a judicial forum and agree to resolve any Arbitrable Dispute through **final and binding arbitration** as set forth below, except as prohibited by law. Arbitration shall be the exclusive remedy for any Arbitrable Dispute. Accordingly, this agreement to arbitrate applies with respect to all Arbitrable Disputes, whether initiated by Executive or Sempra Energy. Any Arbitrable Dispute will be decided by an arbitrator through individual arbitration and not by way of court or jury trial. **Sempra Energy and the Executive waive any right to a jury trial or a court bench trial.**

(b) Sempra Energy and the Executive agree to bring any dispute in arbitration in an individual capacity only:

Sempra Energy and the Executive hereby waive any right for any dispute to be brought, maintained, heard, decided or arbitrated as a class and/or collective action and the arbitrator will have no authority to hear or preside over any such action ("Class Action Waiver"). The Executive understands and agrees that the Executive and Sempra Energy are waiving the right to pursue or have a dispute resolved as a plaintiff or class member in any purported class, collective or representative proceeding. To the extent the Class Action Waiver is determined to be invalid, unenforceable, or void, any class and/or collective action must proceed in a court of law and not in arbitration.

Notwithstanding any other provision of this Agreement, to the fullest extent permitted by law, the Executive and Sempra Energy (1) agree not to bring a representative action on behalf of others under the Private Attorneys General Act of 2004 (“PAGA”), California Labor Code § 2698 *et seq.*, in any court or in arbitration, and (2) agree that, for any claim brought on a private attorney general basis, including under the California PAGA, any such dispute shall be resolved in arbitration on an individual basis only (*i.e.*, to resolve whether the Executive has personally been aggrieved or subject to any violations of law), and that such an action may not be used to resolve the claims or rights of other individuals in a single or collective proceeding (collectively, “Representative PAGA Waiver”). Notwithstanding any other provision of this agreement to arbitrate or the JAMS Rules, the scope, applicability, enforceability, revocability or validity of this Representative PAGA Waiver may be resolved only by a court of competent jurisdiction and not by an arbitrator. If any provision of this representative PAGA Waiver is found to be unenforceable or unlawful for any reason, the unenforceable provision shall be severed from this Dispute Resolution provision, and any such representative PAGA claims or other representative private attorneys general act claims must be litigated in a court of competent jurisdiction and not in arbitration. To the extent that there are any Arbitrable Disputes to be litigated in a court of competent jurisdiction because a court determines that the Representative PAGA Waiver is unenforceable with respect to those disputes, the Parties agree that litigation of those Arbitrable Disputes shall be stayed pending the outcome of any individual disputes in arbitration.

(c) Arbitration shall take place at the office of JAMS (or, if the Executive is employed outside of California, the American Arbitration Association (“AAA”)) nearest to the location where the Executive last worked for the Company. Except to the extent it conflicts with the rules and procedures set forth in this Agreement, arbitration shall be conducted in accordance with the JAMS Employment Arbitration Rules & Procedures then in effect (“JAMS Rules”) (if the Executive is employed outside of California, the AAA Employment Arbitration Rules & Mediation Procedures (“AAA Rules”)), copies of which are available at [www.jamsadr.com](http://www.jamsadr.com); tel: 800.352.5267 and [www.adr.org](http://www.adr.org); tel: 800.778.7879, before a single experienced, neutral employment arbitrator selected in accordance with those rules.

(d) Sempra Energy will be responsible for paying any filing fee and the fees and costs of the arbitrator. However, the Executive will be responsible for contributing up to any amount equal to the filing fee that would be paid to initiate the claim in a court of general jurisdiction in the state in which the Executive is employed, unless a lower fee amount would be owed by the Executive pursuant to the JAMS Rules (or AAA rules, as applicable) or applicable law. Subject to Section 15 of this Agreement, each party shall pay its own attorneys’ fees and pay any costs that are not unique to arbitration (*i.e.*, costs that each party would incur if the claim(s) were litigated in a court, such as costs to subpoena witnesses and/or documents, take depositions and purchase deposition transcripts, copy documents, etc.). However, subject to Section 15 of this Agreement, if any party prevails on a statutory claim that authorizes an award of attorneys’ fees to the prevailing party, or if there is a written agreement providing for attorneys’ fees, the arbitrator may award reasonable attorneys’ fees to the prevailing party, applying the same standards a court would apply under the law applicable to the claim.

(e) The arbitrator shall apply the Federal Rules of Evidence, shall have the authority to entertain a motion to dismiss or a motion for summary judgment by any party, and shall apply the standards governing such motions under the Federal Rules of Civil Procedure. The arbitrator is required to issue a written award and opinion setting forth the essential findings and conclusions on which the award is based, and any judgment or award issued by an arbitrator may be entered in any court of competent jurisdiction. The arbitrator does not have the authority to consider, certify, or hear an arbitration as a class action, collective action, or any other type of representative action. In addition, unless all parties agree in writing otherwise, the arbitrator shall not consolidate or join the arbitrations of one or more than one individual. Neither party may seek, nor may the arbitrator award, any relief that is not individualized to the claimant or



that affects other individuals. The arbitrator may award declaratory or injunctive relief only in favor of the individual party seeking relief and only to the extent necessary to provide relief warranted by that party's individual claims. Sempra Energy and the Executive recognize that this agreement to arbitrate arises out of or concerns interstate commerce and that the Federal Arbitration Act shall govern the arbitration and shall govern the interpretation or enforcement of this Agreement or any arbitration award.

(f) If a court decides that applicable law does not permit the enforcement of any of this section's limitations as to a particular claim or any particular remedy for a claim, then that claim or particular remedy (and only that claim or particular remedy) must be severed from the arbitration and may be brought in court.

#### **Section 14. Executive's Covenants.**

(a) Confidentiality. The Executive acknowledges that in the course of the Executive's employment with the Company, the Executive has acquired non-public privileged or confidential information and trade secrets concerning the operations, future plans and methods of doing business ("Proprietary Information") of Sempra Energy and its Affiliates; and the Executive agrees that it would be extremely damaging to Sempra Energy and its Affiliates if such Proprietary Information were disclosed to a competitor of Sempra Energy and its Affiliates or to any other Person. The Executive understands and agrees that all Proprietary Information has been divulged to the Executive in confidence and further understands and agrees to keep all Proprietary Information secret and confidential (except for such information which is or becomes publicly available other than as a result of a breach by the Executive of this provision or information the Executive is required by law or any governmental, administrative or court order to disclose) without limitation in time. In view of the nature of the Executive's employment and the Proprietary Information the Executive has acquired during the course of such employment, the Executive likewise agrees that Sempra Energy and its Affiliates would be irreparably harmed by any disclosure of Proprietary Information in violation of the terms of this Section 14(a) and that Sempra Energy and its Affiliates shall therefore be entitled to preliminary and/or permanent injunctive relief prohibiting the Executive from engaging in any activity or threatened activity in violation of the terms of this Section 14(a) and to any other relief available to them. Inquiries regarding whether specific information constitutes Proprietary Information shall be directed to the Company's most senior officer of Human Resources (or, if such position is vacant, the Company's then Chief Executive Officer); *provided*, that the Company shall not unreasonably classify information as Proprietary Information.

(b) Governmental Reporting. Nothing in this Agreement is intended to interfere with or discourage the Executive's good faith disclosure related to a suspected violation of federal or state law or regulation to any governmental agency or entity or making other disclosures that are protected under the whistleblower provisions of federal or state law or regulation. The Executive cannot and will not be held criminally or civilly liable under any federal or state trade secret law for disclosing otherwise protected trade secrets and/or confidential or proprietary information so long as the disclosure is made in (i) confidence to a federal, state, or local government official, directly or indirectly, or to an attorney and solely for the purpose of reporting or investigating a suspected violation of law; or (ii) a complaint or other document filed in a lawsuit or other proceeding, so long as such filing is made under seal. The Company will not retaliate against the Executive in any way for a disclosure made pursuant to this Section 14(b). Further, in the event the Executive makes such a disclosure, and files a lawsuit against the Company alleging that the Company retaliated against the Executive because of the disclosure, the Executive may disclose the relevant trade secret or confidential information to the Executive's attorney, and may use the same in the court proceeding only if (X) the Executive ensures that any court filing that includes the trade secret or confidential information

at issue is made under seal; and (Y) the Executive does not otherwise disclose the trade secret or confidential information except as required by court order.

(c) Non-Solicitation of Employees. The Executive recognizes that the Executive possesses and will possess confidential information about other employees of Sempra Energy and its Affiliates relating to their education, experience, skills, abilities, compensation and benefits, and inter-personal relationships with customers of Sempra Energy and its Affiliates. The Executive recognizes that the information the Executive possesses and will possess about these other employees is not generally known, is of substantial value to Sempra Energy and its Affiliates in developing their business and in securing and retaining customers, and has been and will be acquired by the Executive because of the Executive's business position with Sempra Energy and its Affiliates. The Executive agrees that at all times during the Executive's employment with the Company and for a period of one (1) year thereafter, the Executive will not use such information to directly or indirectly solicit or recruit any employee of the Company or its Affiliates for the purpose of being employed by the Executive or by any competitor of the Company or its Affiliates on whose behalf the Executive is acting as an agent, representative or employee and that the Executive will not convey any such confidential information or trade secrets about other employees of Sempra Energy and its Affiliates to any other Person; *provided, however*, that it shall not constitute a solicitation or recruitment of employment in violation of this Section 14(c) to discuss employment opportunities with any employee of the Company or its Affiliates who has either first contacted the Executive or regarding whose employment the Executive has discussed with and received the written approval of the Company's most senior officer of Human Resources (or, if such position is vacant, the Company's then Chief Executive Officer), prior to making such solicitation or recruitment. In view of the nature of the Executive's employment with the Company, the Executive likewise agrees that Sempra Energy and its Affiliates would be irreparably harmed by any solicitation or recruitment in violation of the terms of this Section 14(c) and that Sempra Energy and its Affiliates shall therefore be entitled to preliminary and/or permanent injunctive relief prohibiting the Executive from engaging in any activity or threatened activity in violation of the terms of this Section 14(c) and to any other relief available to them.

(d) Survival of Provisions. The obligations contained in Section 14(a), (b) and (c) above shall survive the termination of the Executive's employment within the Company and shall be fully enforceable thereafter to the same extent that it was enforceable prior to such termination. If it is determined by a court of competent jurisdiction in any state that any restriction in Section 14(a) or (c) above is excessive in duration or scope or is unreasonable or unenforceable under the laws of that state, it is the intention of the parties that such restriction may be modified or amended by the court to render it enforceable to the maximum extent permitted by the law of that state.

(e) Consulting Payment. In the event of the Executive's Involuntary Termination, if (i) the Executive reconfirms and agrees to abide by the covenants described in Section 14(a) and (c) above, (ii) the Release Requirements are satisfied by the Payment Date, and (iii) the Executive agrees to provide the consulting services described in Section 14(f) below, then in consideration for such covenants and consulting services, the Company shall pay the Executive, in one (1) cash lump sum, an amount (the "Consulting Payment") in cash equal to the sum of (X) the Executive's Annual Base Salary as in effect on the Date of Termination, plus (Y) the greater of the Executive's Average Annual Bonus or the Executive's Target Bonus on the Date of Termination. If the requirements of this Section 14(e) are satisfied, the Consulting Payment shall be paid during the thirty (30) day period commencing on the earlier of (i) the expiration of the six (6) month period measured from the date of the Executive's Separation from Service or (ii) the date of the Executive's death.

(f) Consulting. If the Executive agrees to the provisions of Section 14(e) above, then the Executive shall have the obligation to provide consulting services to the Company as an independent contractor, commencing on the Date of Termination and ending on the second (2<sup>nd</sup>) anniversary of the Date of Termination (the “Consulting Period”). The Executive shall hold himself available at reasonable times and on reasonable notice to render such consulting services as may be so assigned to the Executive by the Board or the Company’s then Chief Executive Officer; *provided, however*, that unless the parties otherwise agree, the consulting services rendered by the Executive during the Consulting Period shall not exceed twenty (20) hours each month; and, *provided, further*, that the consulting services rendered by the Executive during the Consulting Period shall in no event exceed twenty percent (20%) of the average level of services performed by the Executive for the Company over the thirty-six (36) month period immediately preceding the Executive’s Separation from Service (or the full period of services to the Company, if the Executive has been providing services to the Company for less than thirty-six (36) months). The Company agrees to use its best efforts during the Consulting Period to secure the benefit of the Executive’s consulting services so as to minimize the interference with the Executive’s other activities, including requiring the performance of consulting services at the Company’s offices only when such services may not be reasonably performed off-site by the Executive.

#### **Section 15. Legal Fees.**

(a) Reimbursement of Legal Fees. Subject to Section 15(b), in the event of the Executive’s Separation from Service either (i) prior to a Change in Control, or (ii) on or within two (2) years following a Change in Control, the Company shall reimburse the Executive for all legal fees and expenses (including but not limited to fees and expenses in connection with any legal proceeding) incurred by the Executive in disputing any issue arising under this Agreement relating to the Executive’s Separation from Service or in seeking to obtain or enforce any benefit or right provided by this Agreement.

(b) Requirements for Reimbursement. The Company shall reimburse the Executive’s legal fees and expenses pursuant to Section 15(a) above only to the extent the arbitrator or court determines (i) in the case of Section 15(a)(ii) that the Executive had a reasonable basis for such claim and (ii) in the case of Section 15(a)(i) that the Executive disputed such issue, or sought to obtain or enforce such benefit or right, in good faith, the Executive had a reasonable basis for such claim, and the Executive is the prevailing party. In addition, the Company shall reimburse such legal fees and expenses, in each case only if such legal fees and expenses are incurred during the twenty (20) year period beginning on the date of the Executive’s Separation from Service. The legal fees and expenses paid to the Executive for any taxable year of the Executive shall not affect the legal fees and expenses paid to the Executive for any other taxable year of the Executive. The legal fees and expenses shall be paid to the Executive as soon as practicable following the date on which documentation relating to the incurred expenses is provided by the Executive to the Company; provided, however, that any such reimbursement shall occur on or before the last day of the Executive’s taxable year following the taxable year in which the fees or expenses are determined to be payable pursuant to this Agreement. The Executive’s right to reimbursement of legal fees and expenses shall not be subject to liquidation or exchange for any other benefit. Such right to reimbursement of legal fees and expenses shall be provided in a manner that complies with Treasury Regulation Section 1.409A-3(i)(1)(iv).

#### **Section 16. Successors.**

(a) Assignment by the Executive. This Agreement is personal to the Executive and without the prior written consent of Sempra Energy shall not be assignable by the

Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives.

(b) Successors and Assigns of Sempra Energy. This Agreement shall inure to the benefit of and be binding upon Sempra Energy and its successors and assigns. Sempra Energy may not assign this Agreement to any Person (except for a successor described in Section 16(c), (d) or (e) below) without the Executive's written consent.

(c) Assumption. Sempra Energy shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of Sempra Energy to assume expressly and agree to perform the obligations and satisfy and discharge the liabilities of this Agreement in the same manner and to the same extent that Sempra Energy would have been required to perform the obligations and satisfy and discharge the liabilities under this Agreement if no such succession had taken place, and Sempra Energy shall have no further obligations and liabilities under this Agreement. Upon such assumption, references to Sempra Energy in this Agreement shall be replaced with references to such successor.

(d) Sale of Subsidiary. In the event that (i) the Executive is employed by a direct or indirect subsidiary of Sempra Energy that is a member of the Sempra Energy Control Group, (ii) Sempra Energy, directly or indirectly through one or more intermediaries, sells or otherwise disposes of such subsidiary, and (iii) such subsidiary ceases to be a member of the Sempra Energy Control Group, then if, on the date such subsidiary ceases to be a member of the Sempra Energy Control Group, the Executive continues in employment with such subsidiary and the Executive does not have a Separation from Service, Sempra Energy shall require such subsidiary or any successor (whether direct or indirect, by purchase merger, consolidation or otherwise) to such subsidiary, or the parent thereof, to assume expressly and agree to perform the obligations and satisfy and discharge the liabilities under this Agreement in the same manner and to the same extent that Sempra Energy would have been required to perform the obligations and satisfy and discharge the liabilities under this Agreement, if such subsidiary had not ceased to be part of the Sempra Energy Control Group, and, upon such assumption, Sempra Energy shall have no further obligations and liabilities under the Agreement. Upon such assumption, references to Sempra Energy in this Agreement shall be replaced with references to such subsidiary, or such successor or parent thereof, assuming this Agreement, and subsection (b) of the definition of "Cause" and subsection (b) of the definition of "Good Reason" shall apply thereafter, as if a Change in Control had occurred on the date of such cessation.

(e) Sale of Assets of Subsidiary. In the event that (i) the Executive is employed by a direct or indirect subsidiary of Sempra Energy, and (ii) such subsidiary sells or otherwise disposes of substantial assets of such subsidiary to an unrelated service recipient, as determined under Treasury Regulation Section 1.409A-1(f)(2)(ii) (the "Asset Purchaser"), in a transaction described in Treasury Regulation Section 1.409A-1(h)(4) (an "Asset Sale"), then if, on the date of such Asset Sale, the Executive becomes employed by the Asset Purchaser, Sempra Energy and the Asset Purchaser may specify, in accordance with Treasury Regulation Section 1.409A-1(h)(4), that the Executive shall not be treated as having a Separation from Service, and in such event, Sempra Energy may require such Asset Purchaser, or the parent thereof, to assume expressly and agree to perform the obligations and satisfy and discharge the liabilities under this Agreement in the same manner and to the same extent that the Company would have been required to perform the obligations and satisfy and discharge the liabilities under this Agreement, if the Asset Sale had not taken place, and, upon such assumption, Sempra Energy shall have no further obligations and liabilities under the Agreement. Upon such assumption, references to Sempra Energy in this Agreement shall be replaced with references to the Asset Purchaser or the parent thereof, as applicable, and subsection (b) of the definition of

“Cause” and subsection (b) of the definition of “Good Reason” shall apply thereafter, as if a Change in Control had occurred on the date of the Asset Sale.

**Section 17.** Administration Prior to Change in Control. Prior to a Change in Control, the Compensation Committee shall have full and complete authority to construe and interpret the provisions of this Agreement, to determine an individual’s entitlement to benefits under this Agreement, to make in its sole and absolute discretion all determinations contemplated under this Agreement, to investigate and make factual determinations necessary or advisable to administer or implement this Agreement, and to adopt such rules and procedures as it deems necessary or advisable for the administration or implementation of this Agreement. All determinations made under this Agreement by the Compensation Committee shall be final, conclusive and binding on all interested Persons. Prior to a Change in Control, the Compensation Committee may delegate responsibilities for the operation and administration of this Agreement to one or more officers or employees of the Company. The provisions of this Section 17 shall terminate and be of no further force and effect upon the occurrence of a Change in Control.

**Section 18.** Compliance with Section 409A of the Code. All payments and benefits payable under this Agreement (including, without limitation, the Section 409A Payments) are intended to comply with the requirements of Section 409A of the Code. Certain payments and benefits payable under this Agreement are intended to or may be exempt from the requirements of Section 409A of the Code. This Agreement shall be interpreted in accordance with the applicable requirements of, and exemptions from, Section 409A of the Code, the Treasury Regulations thereunder and other guidance of general applicability. If the Company determines that any compensation, benefits or other payments that are payable under this Agreement and intended to comply with Section 409A of the Code do not comply with Section 409A of the Code, the Treasury Regulations thereunder and other applicable authority issued by the Internal Revenue Service, to the extent permitted under Section 409A of the Code, the Treasury Regulations thereunder and any other applicable guidance, the Company and the Executive agree to amend this Agreement, or take such other actions as the Company and the Executive deem reasonably necessary or appropriate, to cause such compensation, benefits and other payments to comply with the requirements of Section 409A of the Code, the Treasury Regulations thereunder and other applicable guidance, while providing compensation, benefits and other payments that are, in the aggregate, no less favorable than the compensation, benefits and other payments provided under this Agreement. In the case of any compensation, benefits or other payments that are payable under this Agreement and intended to comply with Section 409A of the Code, if any provision of the Agreement would cause such compensation, benefits or other payments to fail to so comply, such provision shall not be effective and shall be null and void with respect to such compensation, benefits or other payments to the extent such provision would cause a failure to comply, and such provision shall otherwise remain in full force and effect.

**Section 19.** Miscellaneous.

(a) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California, without reference to its principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. Except as provided herein, the Agreement may not be amended, modified, repealed, waived, extended or discharged except by an agreement in writing signed by the parties hereto. No Person, other than pursuant to a resolution of the Board or a committee thereof, shall have authority on behalf of Sempra Energy to agree to amend, modify, repeal, waive, extend or discharge any provision of this Agreement or anything in reference thereto.

(b) Notices. All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party, by a reputable overnight carrier or by registered or certified mail, return receipt requested, postage prepaid, addressed, in the case of the Company, to Sempra Energy's headquarters attention the most senior officer of Human Resources with a copy to the General Counsel or in the case of the Executive, the home address of the Executive on file with the Company, or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notices and communications shall be effective when actually received by the addressee.

(c) Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(d) Taxes. The Company may withhold from any amounts payable under this Agreement such federal, state or local taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(e) No Waiver. The Executive's or the Company's failure to insist upon strict compliance with any provision hereof or any other provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder, including, without limitation, the right of the Executive to terminate employment for Good Reason, or the right of the Company to terminate the Executive's employment for Cause shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(f) Entire Agreement; Exclusive Benefit; Supersession of Prior Agreement. This Agreement contains the entire agreement of the Executive, the Company or any predecessor or subsidiary thereof with respect to any severance or termination pay. The Pre-Change in Control Severance Payment, the Post-Change in Control Severance Payment and all other benefits provided hereunder shall be in lieu of any other severance payments to which the Executive is entitled under any other severance plan or program or arrangement sponsored by the Company, as well as pursuant to any individual employment or severance agreement that was entered into by the Executive and the Company, and, upon the Effective Date of this Agreement, all such plans, programs, arrangements and agreements other than agreements to arbitrate disputes with the Company, to the extent in conflict with this Agreement, are hereby automatically superseded and terminated. Any prior agreements/provisions agreeing to arbitrate disputes with the Company shall remain in full force and effect and shall not be affected by this Agreement.

(g) No Right of Employment. Nothing in this Agreement shall be construed as giving the Executive any right to be retained in the employ of the Company or shall interfere in any way with the right of the Company to terminate the Executive's employment at any time, with or without Cause.

(h) Unfunded Obligation. The obligations under this Agreement shall be unfunded. Benefits payable under this Agreement shall be paid from the general assets of the Company. The Company shall have no obligation to establish any fund or to set aside any assets to provide benefits under this Agreement.

(i) Termination upon Sale of Assets of Subsidiary. Notwithstanding anything contained herein, this Agreement shall automatically terminate and be of no further force and effect and no benefits shall be payable hereunder in the event that (i) the Executive is employed by a direct or indirect subsidiary of Sempra Energy, (ii) an Asset Sale (as defined in Section 16(e)) occurs (other than such a sale or disposition which is part of a transaction or series of transactions which would result in a Change in Control), and (iii) as a result of such Asset

Sale, the Executive is offered employment by the Asset Purchaser in an executive position with reasonably comparable status, compensation, benefits and severance agreement (including the assumption of this Agreement in accordance with Section 16(e)) and which is consistent with the Executive's experience and education, but the Executive declines to accept such offer and the Executive fails to become employed by the Asset Purchaser on the date of the Asset Sale.

(j) Term. The term of this Agreement shall commence on the Effective Date and shall continue until the third (3rd) anniversary of the Effective Date; *provided, however*, that commencing on the second (2nd) anniversary of the Effective Date (and each anniversary of the Effective Date thereafter), the term of this Agreement shall automatically be extended for one (1) additional year, unless at least ninety (90) days prior to such date, the Company or the Executive shall give written notice to the other party that it or he, as the case may be, does not wish to so extend this Agreement. Notwithstanding the foregoing, if the Company gives such written notice to the Executive (i) at a time when Sempra Energy is a party to an agreement that, if consummated, would constitute a Change in Control or (ii) less than two (2) years after a Change in Control, the term of this Agreement shall be automatically extended until the later of (X) the date that is one (1) year after the anniversary of the Effective Date that follows such written notice or (Y) the first day of the calendar month following the second (2nd) anniversary of the Change in Control Date.

(k) Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Executive and, pursuant to due authorization from its Board of Directors, Sempra Energy have caused this Agreement to be executed as of the day and year first above written.

SEMPRA ENERGY

/s/ Karen L. Sedgwick

Karen L. Sedgwick  
Chief Administrative Officer and Chief Human Resources  
Officer

3/8/2023

Date

EXECUTIVE

/s/ Mia L. DeMontigny

Mia L. DeMontigny  
SVP and Chief Financial Officer Southern California Gas  
Company

3/2/2023

Date



SEPARATION AGREEMENT AND GENERAL RELEASE

This SEPARATION AGREEMENT AND GENERAL RELEASE (the "Agreement"), is made by and between \_\_\_\_\_, a California corporation (the "Company") and \_\_\_\_\_ ("Employee") (jointly referred to as the "Parties" or individually referred to as a "Party") as of the Effective Date (as defined below).

WHEREAS, Employee was employed by the Company as an at-will employee;

WHEREAS, Employee and the Company previously entered into that certain Severance Pay Agreement dated \_\_\_\_\_, 20\_\_ (the "Severance Pay Agreement") in connection with Employee's employment with the Company;

WHEREAS, Employee's right to receive certain severance pay and benefits pursuant to the terms of the Severance Pay Agreement is subject to and conditioned upon Employee's execution [and non-revocation] of a general release of claims Employee has or may have against the Company Releasees (as defined below); and

WHEREAS, Employee's right to receive the Consulting Payment provided pursuant to Section 14(e) of the Severance Pay Agreement is subject to and conditioned upon Employee's execution [and non-revocation] of a general release of claims by Employee against the Company Releasees and Employee's adherence to the covenants described under Section 14 of the Severance Pay Agreement.

NOW, THEREFORE, in consideration of the promises and mutual covenants contained herein, the adequacy of which is hereby acknowledged, the Parties hereby agree as follows:

1. Separation Date. Employee's employment with the Company terminated at the close of business on [\_\_\_\_\_] (the "Separation Date"). Employee has received his/her final wages through the Separation Date, less deductions required by law, including any accrued but unused vacation, in accordance with applicable law. Employee has also been reimbursed for any outstanding employment-related expenses that were incurred and submitted consistent with Company policy. This Agreement is not a condition of employment or continued employment or a condition of receiving a raise or a bonus. On the Separation Date, Employee will be deemed to have resigned from all positions that he/she holds with the Company and its affiliates, and Employee will promptly execute any instrument reasonably requested by the Company or any of its affiliates to effectuate or commemorate such resignation. The term "affiliate" as used herein shall include, without limitation, such Person's parent companies, divisions and subsidiaries, whether or not specified.

2. Severance Benefits. In exchange for Employee entering into this Agreement and not revoking it, and for the covenants and releases contained herein, the Company will provide Employee with the severance benefits described below. Employee acknowledges that the amounts and benefits set forth in this Section 2 as well as any benefits and claims not released under Section 4(b), fully satisfy any entitlement Employee may have to any payments or benefits from the Company through the Separation Date, including under the Severance Pay Agreement. Employee further acknowledges that no part of the severance payments described in this Section 2 consist of wages owed to Employee for his/her employment through the Separation Date.

(a) [The Company will pay Employee a lump sum payment of \_\_\_\_\_], less applicable withholdings, pursuant to Section [4/5] of the Severance Pay Agreement. Pursuant to Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”), payment will be made on the earlier of (i) the date that is six (6) months and one (1) day after the Separation Date; and (ii) the date of Employee’s death.

(b) The Company will pay Employee a lump sum payment of \_\_\_\_\_], less applicable withholdings, which is equal to the Consulting Payment set forth in Section 14(e) of the Severance Pay Agreement. Such payment will be made during the thirty (30) day period commencing on the earlier of (i) a date that is six (6) months and one (1) day after the Separation Date; and (ii) the date of Employee’s death

(c) The Company will also provide Employee with the severance benefits set forth in Sections 4(c), (d) and (e) of the Severance Pay Agreement. For the avoidance of doubt, the value of the services set forth in Sections 4(c), (d) and (e) of the Severance Pay Agreement shall not be subject to liquidation or exchange for any other benefit.]

3. Tax Consequences. The Company makes no representations or warranties with respect to the tax consequences of the payments and any other consideration provided to Employee or made on Employee’s behalf under the terms of this Agreement. Employee agrees and understands that Employee is responsible for payment, if any, of local, state, and/or federal taxes on the payments and any other consideration provided hereunder by the Company and any penalties or assessments thereon. Employee further agrees to indemnify and hold the Company and its affiliates harmless from any claims, demands, deficiencies, penalties, interest, assessments, executions, judgments, or recoveries by any government agency against the Company or any of its affiliates for any amounts claimed due on account of (a) Employee’s failure to pay or delayed payment of federal or state taxes, or (b) damages sustained by the Company or any of its affiliates by reason of any such claims, including reasonable attorneys’ fees and costs

4. Release of Claims. As a material inducement for the payment of the severance and benefits of the Severance Pay Agreement, and except as otherwise provided in this Agreement, Employee, on behalf of him/herself and on behalf of his/her heirs, family members, executors, agents and assigns, hereby irrevocably and unconditionally releases, acquits and forever discharges the Company Releasees from any and all Claims he/she has or may have. For purposes of this Agreement and the preceding sentence, the words “Releasee” or “Releasees” and “Claim” or “Claims” shall have the meanings set forth below:

(a) “Company Releasees” shall refer to (i) the Company, (ii) each of the Company’s owners, stockholders, predecessors, successors, assigns, agents, directors, officers, employees, representatives, attorneys, advisors, and affiliates (including parent companies, divisions, and subsidiaries), (iii) agents, directors, officers, employees, representatives, attorneys and advisors of such affiliates (including parent companies, divisions, and subsidiaries), and (iv) all persons and entities acting by, through, under or in concert with any of them

(b) The words “Claim” or “Claims” shall refer to any charges, complaints, claims, liabilities, obligations, promises, agreements, controversies, damages, actions, causes of action, suits, rights, demands, costs, losses, debts and expenses (including attorneys’ fees and costs actually incurred) of any nature whatsoever, known or unknown, suspected or unsuspected, which Employee had or may have, own or hold against any of the Company Releasees through and including the Effective Date that in any way arise out of, relate to, or are in connection with Employee’s employment relationship with the Company and its affiliates and the termination of that relationship, including, without limitation, all rights arising out of alleged violations of any contracts, express or implied, including the Severance Pay Agreement; any tort claim; any legal

restrictions on the Company's right to terminate employment relationships; and any federal, state or other governmental statute, regulation, law or ordinance, including common law principles, governing the employment relationship including, without limitation, all laws and regulations prohibiting discrimination or harassment based on protected categories, and all laws and regulations prohibiting retaliation against employees, including retaliation for engaging in protected activity or legal off-duty conduct. This release does not extend to claims for workers' compensation or other claims which by law may not be waived or released by this Agreement, nor does it limit Employee's right to receive any vested payments or benefits to which he/she is entitled under any Company (including its affiliates) benefit plan (including, without limitation, any of the Company's (including its affiliates) qualified retirement plans or non-qualified deferred compensation plan), which payments or benefits will be paid or provided pursuant to the terms of the applicable governing documents.

5. Release of Unknown Claims. Employee expressly waives and relinquishes all rights and benefits afforded by any statute (including, but not limited to, Section 1542 of the Civil Code of the State of California and analogous laws of other states), which limits the effect of a release with respect to unknown claims. Employee does so understanding and acknowledging the significance of the release of unknown claims and the waiver of statutory protection against a release of unknown claims (including, but not limited to, Section 1542). Section 1542 of the Civil Code of the State of California states as follows:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.”

Thus, notwithstanding the provisions of Section 1542 or of any similar statute, and for the purpose of implementing a full and complete release and discharge of the Company Releasees, Employee expressly acknowledges that this Agreement is intended to include in its effect, without limitation, all Claims which are known and all Claims which Employee does not know or suspect to exist in Employee's favor at the time of execution of this Agreement and that this Agreement contemplates the extinguishment of all such Claims. Employee acknowledges that he/she might hereafter discover facts different from, or in addition to, those Employee now knows or believes to be true with respect to a Claim or Claims released herein, and they expressly agree to assume the risk of possible discovery of additional or different facts, and agree that this Agreement shall be and remain effective, in all respects, regardless of such additional or different discovered facts.

6. Covenant Not to Sue. Employee agrees that Employee will not file any suit, claim, proceeding or complaint against any Company Releasees arising out of or in connection with any Claims released herein, except as required to enforce the terms of this Agreement. Employee's right to file or participate in an administrative claim or investigation by the Equal Employment Opportunity Commission, or any other local, state, or federal administrative body or government agency against the Company, which is guaranteed by law, cannot be and is not waived. However, to the extent permitted by law, and except as to Securities and Exchange Commission whistleblower awards, Employee agrees that if such an administrative claim is made against any Company Releasee(s) on Employee's behalf, Employee shall not be entitled to recover any individual monetary relief or other individual remedies beyond the separation benefits identified in this Agreement.

7. No Pending Lawsuits. Employee represents and warrants that Employee does not have any lawsuits, charges, claims, grievances, or actions of any kind pending against any Company Releasees arising out of or in connection with any Claims released herein, by or on behalf of Employee or on behalf of any other person or entity, and that, to the best of Employee's knowledge, Employee possess no such claims (including, but not limited to, under the Family and Medical Leave Act, the Age Discrimination in Employment Act, the California Family Rights Act, the Fair Labor Standards Act, the California Labor Code and/or workers' compensation claims). Employee further acknowledges that he/she is not aware of, or has fully disclosed to the Company, any information that could reasonably give rise to such a claim, cause of action, lawsuit or proceeding against any Company Releasee(s).

8. No Cooperation. Employee agrees that he/she will not knowingly encourage, counsel, or assist any attorneys or their clients in the presentation or prosecution of any disputes, differences, grievances, claims, charges, or complaints by any third party against any Company Releasee(s) arising out of or in connection with any Claims released herein, unless under a subpoena or other court order to do so. Employee agrees to immediately notify the Company upon receipt of any such subpoena or court order, and to furnish to the Company, within three (3) business days of its receipt, a copy of such subpoena or other court order.

9. Payment of Salary and Receipt of All Benefits. Employee acknowledges and represents that, except as provided in this Agreement, the Company has fully paid or provided Employee all salary, wages, bonuses, accrued vacation/paid time off, premiums, leaves, housing allowances, relocation costs, interest, severance, outplacement costs, fees, reimbursable expenses, commissions or other incentive compensation, stock, stock options, vesting, and any and all other benefits and compensation due to Employee. Employee specifically represents that Employee is not owed any further sum by way of reimbursement from the Company or any of its affiliates. To the extent Employee claims that additional wages are or may become owed to Employee, there is a good faith dispute based in law and fact over whether any wages in excess of the wages already paid to Employee are or will be due, and thus California Labor Code Section 206.5 is inapplicable.

10. Indemnification.

(a) As a further material inducement to the Company to enter into this Agreement, Employee hereby agrees to indemnify and hold each of the Company Releasees harmless from all loss, costs, damages, or expenses, including without limitation, reasonable attorneys' fees incurred by the Company Releasees, arising out of any breach of this Agreement by Employee or the fact that any representation made in this Agreement by Employee was false when made. As a further material inducement to Employee to enter into this Agreement, the Company hereby agrees to indemnify and hold each of the Company Releasees harmless from all loss, costs, damages, or expenses, including without limitation, reasonable attorneys' fees incurred by the Company Releasees, arising out of any breach of this Agreement by the Company or the fact that any representation made in this Agreement by the Company was knowingly false when made.

(b) If Employee is a party or is threatened to be made a party to any proceeding by reason of the fact that Employee was an employee, officer or director of the Company or any of its affiliates, the Company shall indemnify and hold harmless Employee against any expenses (including reasonable attorneys' fees, *provided*, that counsel has been approved by the Company, which approval shall not be unreasonably withheld), judgments, fines, settlements and other amounts actually or reasonably incurred by Employee in connection with that proceeding, and *provided*, that Employee acted in good faith and in a manner Employee reasonably believed to be in the best interest of the Company. The limitations of Section 317 of the Corporations Code of the State of California shall apply to this assurance of indemnification.

Notwithstanding the foregoing or any other provision contained herein, this Agreement shall not supersede or in any way limit any (i) indemnification arrangements in favor of the Employee under the Company's or any of its affiliates charter documents or bylaws or pursuant to any agreement between the Employee and the Company or any of the Company's affiliates or (ii) the provision of insurance against insurable events which occurred while the Executive was a director or officer of the Company, in each as provided by and subject to the limitations set forth in Section 10 of the Severance Pay Agreement.

11. No Admission of Liability.

The Parties understand and acknowledge that no action taken by either Party in connection hereto, either previously or in connection with this Agreement, shall be deemed or construed to be (i) an admission of the truth or falsity of any actual or potential claims, or (ii) an acknowledgement or admission by either Party of any fault or liability whatsoever to the other Party or to any third party. This Agreement shall not in any way be construed as an admission by the Company that it has acted wrongfully with respect to Employee or any other person or entity, or that Employee has any rights whatsoever against the Company, and the Company specifically disclaims any liability to or wrongful acts against Employee or any other person or entity, on the part of itself, its employees or its agents. This Agreement shall not in any way be construed as an admission by Employee that Employee has acted wrongfully with respect to the Company, or that Employee failed to perform Employee's duties or negligently performed or breached Employee's duties, or that the Company had good cause to terminate Employee's employment.

12. Cooperation in Litigation. Employee agrees to cooperate with the Company and its affiliates and their respective designated attorneys, representatives and agents in connection with any actual or threatened judicial, administrative or other legal or equitable proceeding in which the Company or any of the Company's affiliates is or may become involved. Upon reasonable notice, Employee agrees to meet with and provide to the Company and its affiliates and their respective designated attorneys, representatives or agents all information and knowledge Employee has relating to the subject matter of any such proceeding. The Company agrees to reimburse Employee for any reasonable costs Employee incurs in providing such cooperation.

13. Governing Law. This Agreement is entered into in [state] and, except as provided in this section, shall be governed by substantive [state] law.

14. Arbitration of Disputes. If any dispute arises between Employee and the Company relating to this Agreement, including any dispute regarding the interpretation, enforceability, or validity of this Agreement ("Arbitrable Dispute"), the Parties agree to resolve that Arbitrable Dispute through **final and binding** arbitration under this section. Employee also agrees to arbitrate any Arbitrable Dispute which also involves any other Company Releasee who offers or agrees to arbitrate the dispute under this section.

(a) Any Arbitrable Dispute will be decided by an arbitrator through individual arbitration, and **Employee and the Company waive any right to a jury trial or a court bench trial.** Employee and the Company also waive the right for any dispute to be brought, maintained, decided or arbitrated as a class and/or collective action and the arbitrator shall have no authority to hear or preside over any such action ("Class Action Waiver"). Further, Arbitrable Disputes must be brought in the individual capacity of the party asserting the claim, Employee and the Company are waiving the right to pursue or have a dispute resolved as a plaintiff or class member in any purported class, collective or representative proceeding. To the extent the Class Action Waiver is determined to be invalid, unenforceable, or void, any class and/or collective action must proceed in a court of law and not in arbitration.

Notwithstanding any other provision of this Agreement, to the fullest extent permitted by law, Employee and the Company (1) agree not to bring a representative action on behalf of others under the Private Attorneys General Act of 2004 (“PAGA”), California Labor Code § 2698 *et seq.*, in any court or in arbitration, and (2) agree that, for any claim brought on a private attorney general basis, including under the California PAGA, any such dispute shall be resolved in arbitration on an individual basis only (*i.e.*, to resolve whether Employee has personally been aggrieved or subject to any violations of law), and that such an action may not be used to resolve the claims or rights of other individuals in a single or collective proceeding (collectively, “Representative PAGA Waiver”). Notwithstanding any other provision of this arbitration agreement or the JAMS Rules, the scope, applicability, enforceability, revocability or validity of this Representative PAGA Waiver may be resolved only by a court of competent jurisdiction and not by an arbitrator. If any provision of this representative PAGA Waiver is found to be unenforceable or unlawful for any reason, the unenforceable provision shall be severed from this Dispute Resolution provision, and any such representative PAGA claims or other representative private attorneys general act claims must be litigated in a court of competent jurisdiction and not in arbitration. To the extent that there are any Arbitrable Disputes to be litigated in a court of competent jurisdiction because a court determines that the representative PAGA Waiver is unenforceable with respect to those disputes, the Parties agree that litigation of those Arbitrable Disputes shall be stayed pending the outcome of any individual disputes in arbitration.

(b) The Arbitration shall take place at the office of JAMS that is nearest to the location where Employee last worked for the Company in accordance with the JAMS Employment Arbitration Rules & Procedures then in effect (“JAMS Rules”) (or, if Employee is employed outside of California at the time of the termination of Employee’s employment, at the nearest location of the American Arbitration Association (“AAA”) and in accordance with the AAA Employment Arbitration Rules and Mediation Procedures then in effect (“AAA Rules”), copies of which are available at [www.jamsadr.com](http://www.jamsadr.com); tel: 800.352.5267 and [www.adr.org](http://www.adr.org); tel: 800.778.7879, before a single experienced employment arbitrator selected in accordance with those rules.

(c) The Arbitrator may not modify or change this Agreement in any way. The Company will be responsible for paying any filing fee and the fees and costs of the Arbitrator; provided, however, that if Employee is the party initiating the claim, Employee will contribute an amount equal to the filing fee that would be paid to initiate a claim in the court of general jurisdiction in the state in which Employee is employed by the Company, unless a lower fee amount would be owed by Employee pursuant to the JAMS Rules (or AAA Rules, as applicable) or applicable law. Each Party shall pay for its own costs and attorneys’ fees and pay any costs that are not unique to arbitration (*i.e.*, cost that each party would incur if the claim(s) were litigated in a court, such as costs to subpoena witnesses and/or documents, take depositions and purchase deposition transcripts, copy documents, etc.), if any. However if any party prevails on a statutory claim which affords the prevailing party attorneys’ fees and costs, or if there is a written agreement providing for attorneys’ fees and/or costs, the Arbitrator may award reasonable attorney’s fees and/or costs to the prevailing party, applying the same standards a court would apply under the law applicable to the claim.

(d) The Arbitrator shall apply the Federal Rules of Evidence and shall have the authority to entertain a motion to dismiss or a motion for summary judgment by any party and shall apply the standards governing such motions under the Federal Rules of Civil Procedure. The Arbitrator is required to issue a written award and opinion setting forth the essential findings and conclusions on which the award is based, and any judgment or award issued by the Arbitrator may be entered in any court of competent jurisdiction. The Arbitrator does not have the authority to consider, certify, or hear an arbitration as a class action, collective action, or any other type of representative action. In addition, unless all parties agree in writing otherwise, the Arbitrator shall not consolidate or join the arbitrations of one or more than one

individual. Neither party may seek, nor may the Arbitrator award, any relief that is not individualized to the claimant or that affects other individuals. The Arbitrator may award declaratory or injunctive relief only in favor of the individual party seeking relief and only to the extent necessary to provide relief warranted by that Party's individual claims.

(e) Employee and the Company recognize that this agreement to arbitrate arises out of or concerns interstate commerce and that the Federal Arbitration Act shall govern the arbitration and the interpretation or enforcement of this section or any arbitration award. If a court decides that applicable law does not permit the enforcement of any of this section's limitations as to a particular claim or any particular remedy for a claim, then that claim or particular remedy (and only that claim or particular remedy) must be severed from the arbitration and may be brought in court. To the extent that the Federal Arbitration Act is inapplicable, California law pertaining to arbitration agreements shall apply. Arbitration in this manner shall be the exclusive remedy for any Arbitrable Dispute. Except as prohibited by the Age Discrimination in Employment Act of 1967, as amended, should Employee or the Company attempt to resolve an Arbitrable Dispute by any method other than arbitration pursuant to this section, the responding party will be entitled to recover from the initiating party all damages, expenses, and attorneys' fees incurred as a result of this breach. This Section 13 supersedes any existing arbitration agreement between the Company and Employee as to any Arbitrable Dispute (as defined herein). Notwithstanding anything in this Section 13 to the contrary, a claim for benefits under an Employee Retirement Income Security Act of 1974, as amended, covered plan shall not be an Arbitrable Dispute.

15. Effective Date. The Parties understand and agree that this Agreement is final and binding eight (8) days after its execution and return (the "Effective Date"). Should Employee nevertheless attempt to challenge the enforceability of this Agreement as provided in Section 13 or, in violation of that section, through litigation, as a further limitation on any right to make such a challenge, Employee shall initially tender to the Company, by certified check delivered to the Company, all monies received pursuant to Section 4 or 5 of the Severance Pay Agreement, as applicable, plus interest, and invite the Company to retain such monies and agree with Employee to cancel this Agreement and void the Company's obligations under the Severance Pay Agreement. In the event the Company accepts this offer, the Company shall retain such monies and this Agreement shall be canceled and the Company shall have no obligation under Section 14(e) of the Severance Pay Agreement. In the event the Company does not accept such offer, the Company shall so notify Employee and shall place such monies in an interest-bearing escrow account pending resolution of the dispute between Employee and the Company as to whether or not this Agreement and the Company's obligations under the Severance Pay Agreement shall be set aside and/or otherwise rendered voidable or unenforceable. Additionally, any consulting agreement then in effect between Employee and the Company shall be immediately rescinded with no requirement of notice.

16. Notices. Any notices required to be given under this Agreement shall be delivered either personally or by first class United States mail, postage prepaid, addressed to the respective parties and shall be effective upon receipt as follows:

To Company: [TO COME]

Attn: [TO COME]

With a copy to:

Attn: [TO COME]

To Employee: \_\_\_\_\_

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17. Voluntary Waiver and Release of ADEA Claims. Employee understands and acknowledges that Employee is waiving any rights Employee may have under the Age Discrimination in Employment Act (“ADEA”), and that this waiver and release is knowing and voluntary. Employee acknowledges that the consideration given for this waiver and release is in addition to anything of value to which Employee was already entitled. Employee further understands and acknowledges that Employee has been given a period of twenty-one (21) days to review and consider this Agreement before signing it and may use as much of this twenty-one (21) period as Employee wishes prior to signing. In the event Employee signs this Agreement and returns it to the Company in less than the twenty-one (21)-day period identified above, Employee hereby acknowledges that Employee has freely and voluntarily chosen to waive the time period allotted for considering this Agreement, and that the Company has not promised Employee anything or made any representations not contained in this Agreement to induce Employee to sign this Agreement before the expiration of the twenty-one (21) day period. Employee is encouraged, at Employee’s personal expense, to consult with an attorney before signing this Agreement. Employee understands and acknowledges that whether or not Employee does so is Employee’s decision. Employee may revoke this Agreement within seven (7) days of signing it. If Employee wishes to revoke, the Company’s Vice President, Human Resources must receive written notice from Employee no later than the close of business on the seventh (7th) day after Employee has signed the Agreement. If revoked, this Agreement shall not be effective and enforceable, and Employee will not receive payments or benefits under Section 4 or 5 of the Severance Pay Agreement, as applicable. The Parties agree that changes, whether material or immaterial, do not restart the running of the twenty-one (21)-day period described above.

18. Section 409A. All payments and benefits payable under this Agreement are intended to comply with the requirements of Section 409A of the Code. Notwithstanding the foregoing, certain payments and benefits payable under this Agreement are intended to be exempt from the requirements of Section 409A of the Code. This Agreement shall be interpreted in accordance with the applicable requirements of, and exemptions from, Section 409A of the Code and the Treasury Regulations thereunder. To the extent the payments and benefits under this Agreement are subject to Section 409A of the Code, this Agreement shall be interpreted, construed and administered in a manner that satisfies the requirements of Section 409A(a)(2), (3) and (4) of the Code and the Treasury Regulations thereunder. To the extent that any payments under this Agreement are subject to Section 409A of the Code, the provisions of Section 9 of the Severance Pay Agreement shall apply.

19. Return of Company Property. Employee represents and warrants that he/she has returned all of the Company’s property, including all work in progress, files, photographs, notes, records, credit cards, keys, access cards, computers, and other Company or customer documents, products, or property that Employee has received in the course of his/her employment, or which reflect in any way any confidential or proprietary information of the Company. Employee also warrants that he has not downloaded or otherwise retained any information, whether in electronic or other form, belonging to the Company or derived from information belonging to the Company.

20. Confidential Information; Public Releases.

(a) Employee acknowledges and reaffirms Employee’s continuing obligations under the Confidentiality Agreement. The Parties understand and agree that nothing in this Agreement is intended to interfere with or discourage Employee’s good-faith disclosure to any



governmental entity related to a reasonably suspected violation of the law or to prevent Employee from discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that Employee has reason to believe is unlawful. The Parties further understand and agree that Employee cannot be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that (a) is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

(b) The Parties understand and agree that the Company and its affiliates shall take any and all necessary or appropriate action to timely satisfy their respective reporting and disclosure obligations in connection with Employee's separation and this Agreement, including filing any requisite forms with the Securities and Exchange Commission ("SEC") and Employee will promptly provide any information reasonably requested by the Company or any of its affiliates in fulfilling any such reporting or disclosure obligations.

21. Entire Agreement. This Agreement constitutes the entire agreement of the parties hereto and supersedes any and all other agreements (except the Severance Pay Agreement and the Confidentiality Agreement) with respect to the subject matter of this Agreement, whether written or oral, between the Parties. Any prior agreements/provisions agreeing to arbitrate disputes with the Company shall remain in full force and effect and shall not be affected by this Agreement. All modifications and amendments to this Agreement must be in writing and signed by all Parties.

22. No Representation. The Parties represent and acknowledge that in executing this Agreement, neither is relying upon any representation or statement not set forth in this Agreement or the Severance Pay Agreement.

23. Take All Necessary Further Action. Each party agrees, without further consideration, to sign or cause to be signed, and to deliver to the other party, any other documents and to take any other action as may be necessary to fulfill the obligations under this Agreement.

24. Severability. If any provision of this Agreement or the application thereof is held invalid, the invalidity shall not affect other provisions or applications of the Agreement which can be given effect without the invalid provisions or application; and to this end the provisions of this Agreement are declared to be severable.

25. Counterparts. This Agreement may be executed in counterparts.

With the benefit of representation and advice of counsel, the Parties have read the foregoing Severance Agreement and General Release, and accept and agree to the provisions it contains and hereby execute it voluntarily and with full understanding of its consequences. The Parties acknowledge that they are receiving valuable consideration in exchange for the execution of this Agreement, to which they would not otherwise be entitled.

DATED: \_\_\_\_\_

\_\_\_\_\_

DATED: \_\_\_\_\_

\_\_\_\_\_

Employee acknowledges that Employee first received this Agreement on [date].

\_\_\_\_\_

**SEMPRA ENERGY  
SEVERANCE PAY AGREEMENT**

**THIS AGREEMENT** (this “Agreement”), dated as of March 1, 2023 (the “Effective Date”), is made by and between SEMPra ENERGY, a California corporation (“Sempra Energy”), and Scott D. Drury (the “Executive”).

**WHEREAS**, the Executive is currently employed by Sempra Energy or another corporation or trade or business which is a member of a Controlled Group of Corporations (Sempra Energy and such other controlled group members, collectively, the “Company”);

**WHEREAS**, Sempra Energy and the Executive desire to enter into this Agreement as may be restated from time to time in order to provide reasonable assurances to the Executive and maintain a constructive relationship following the termination of Executive’s employment with Company; and

**WHEREAS**, the Board of Directors of Sempra Energy (the “Board”) or an authorized committee thereof has authorized the terms of this Agreement.

**NOW, THEREFORE**, in consideration of the premises and mutual covenants herein contained, Sempra Energy and the Executive hereby agree as follows:

**Section 1. Definitions.** For purposes of this Agreement, the following capitalized terms have the meanings set forth below:

“AAA” has the meaning assigned thereto in Section 13(c) hereof.

“Accounting Firm” has the meaning assigned thereto in Section 8(e) hereof.

“Accrued Obligations” means the sum of (a) the Executive’s Annual Base Salary through the Date of Termination to the extent not theretofore paid, (b) an amount equal to any annual Incentive Compensation Awards earned with respect to fiscal years ended prior to the year that includes the Date of Termination to the extent not theretofore paid, (c) any accrued and unpaid vacation, and (d) reimbursement for unreimbursed business expenses, if any, properly incurred by the Executive in the performance of the Executive’s duties in accordance with Company policies applicable to the Executive from time to time, in each case to the extent not theretofore paid.

“Affiliate” has the meaning set forth in Rule 12b-2 promulgated under the Exchange Act.

“Annual Base Salary” means the Executive’s annual base salary from the Company.

“Asset Purchaser” has the meaning assigned thereto in Section 16(e).

“Asset Sale” has the meaning assigned thereto in Section 16(e).

“Average Annual Bonus” means the average of the annual bonuses from the Company earned by the Executive with respect to the three (3) fiscal years of Sempra Energy ending immediately preceding the Date of Termination (the “Bonus Fiscal Years”); *provided, however*, that, if the Executive was employed by the Company for less than three (3) Bonus Fiscal Years, “Average Annual Bonus” means the average of the annual bonuses (if any) from the Company earned by the Executive with respect to the Bonus Fiscal Years during which the

Executive was employed by the Company; and, *provided, further*, that, if the Executive was not employed by the Company during any of the Bonus Fiscal Years, "Average Annual Bonus" means zero (\$0).

"Cause" means:

(a) Prior to a Change in Control, (i) the Executive's willful failure to substantially perform the Executive's job duties, (ii) Executive's grossly negligent performance of the Executive's duties, (iii) the Executive's gross insubordination; (iv) the Executive's commission of one or more acts of significant dishonesty or moral turpitude (including but not limited to criminal acts involving one or more acts of moral turpitude) which have or result in an adverse effect on the Company, monetarily or otherwise; and/or (v) the Executive's serious violation of a material policy of Sempra Energy or its Affiliates that is applicable to the Executive. For purposes of clause (i) of this subsection (a), no act, or failure to act, on the Executive's part shall be deemed "willful" if due to the Executive's incapacity due to physical or mental illness, or if the Executive acted in good faith and with reasonable belief that the Executive's act, or failure to act, was in the best interests of the Company.

(b) From and after a Change in Control (or in connection with a termination occurring pursuant to Section 5(g)), (i) the Executive's willful and continued failure to substantially perform the Executive's duties with the Company (other than any such failure resulting from the Executive's incapacity due to physical or mental illness or other than any such actual or anticipated failure after the issuance by the Executive of a Notice of Termination for Good Reason pursuant to Section 2 hereof and after the Company's cure period relating to the event on which Good Reason is based, if any and if applicable, has expired) and/or (ii) the Executive's commission of one or more acts of moral turpitude that constitute a violation of applicable law (including but not limited to a felony involving one or more acts of moral turpitude) which have or result in an adverse effect on the Company, monetarily or otherwise, or one or more significant acts of dishonesty. For purposes of clause (i) of this subsection (b), no act, or failure to act, on the Executive's part shall be deemed "willful" unless done, or omitted to be done, by the Executive not in good faith and without reasonable belief that the Executive's act, or failure to act, was in the best interests of the Company. Notwithstanding the foregoing, the Executive shall not be deemed terminated for Cause pursuant to clause (i) of this subsection (b) unless and until the Executive shall have been provided with reasonable notice of and, if possible, a reasonable opportunity to cure the facts and circumstances claimed to provide a basis for termination of the Executive's employment for Cause.

"Change in Control" shall be deemed to have occurred on the date that a change in the ownership of Sempra Energy, a change in the effective control of Sempra Energy, or a change in the ownership of a substantial portion of assets of Sempra Energy occurs (each, as defined in subsection (a) below), except as otherwise provided in subsections (b), (c) and (d) below:

(a) (i) a "change in the ownership of Sempra Energy" occurs on the date that any one Person, or more than one Person acting as a Group, acquires ownership of stock of Sempra Energy that, together with stock held by such Person or Group, constitutes more than fifty percent (50%) of the total fair market value or total voting power of the stock of Sempra Energy,

(ii) a "change in the effective control of Sempra Energy" occurs only on either of the following dates:

(1) the date any one Person, or more than one Person acting as a Group, acquires (or has acquired during the twelve (12) month period ending on

the date of the most recent acquisition by such Person or Persons) ownership of stock of Sempra Energy possessing thirty percent (30%) or more of the total voting power of the stock of Sempra Energy, or

(2) the date a majority of the members of the Board is replaced during any twelve (12) month period by directors whose appointment or election is not endorsed by a majority of the members of the Board before the date of appointment or election, and

(iii) a “change in the ownership of a substantial portion of assets of Sempra Energy” occurs on the date any one Person, or more than one Person acting as a Group, acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such Person or Persons) assets from Sempra Energy that have a total gross fair market value equal to or more than eighty-five percent (85%) of the total gross fair market value of all of the assets of Sempra Energy immediately before such acquisition or acquisitions.

(b) A “change in the ownership of Sempra Energy” or “a change in the effective control of Sempra Energy” shall not occur under clause (a)(i) or (a)(ii) by reason of any of the following:

(i) an acquisition of ownership of stock of Sempra Energy directly from Sempra Energy or its Affiliates other than in connection with the acquisition by Sempra Energy or its Affiliates of a business,

(ii) a merger or consolidation which would result in the voting securities of Sempra Energy outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof), in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of the Company, at least sixty percent (60%) of the combined voting power of the securities of Sempra Energy or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, or

(iii) a merger or consolidation effected to implement a recapitalization of Sempra Energy (or similar transaction) in which no Person is or becomes the “beneficial owner” (within the meaning of Rule 13d-3 promulgated under the Exchange Act), directly or indirectly, of securities of Sempra Energy (not including the securities beneficially owned by such Person any securities acquired directly from Sempra Energy or its Affiliates other than in connection with the acquisition by Sempra Energy or its Affiliates of a business) representing twenty percent (20%) or more of the combined voting power of Sempra Energy’s then outstanding securities.

(c) A “change in the ownership of a substantial portion of assets of Sempra Energy” shall not occur under clause (a)(iii) by reason of a sale or disposition by Sempra Energy of the assets of Sempra Energy to an entity, at least sixty percent (60%) of the combined voting power of the voting securities of which are owned by shareholders of Sempra Energy in substantially the same proportions as their ownership of Sempra Energy immediately prior to such sale.

(d) This definition of “Change in Control” shall be limited to the definition of a “change in control event” with respect to the Executive and relating to Sempra Energy under Treasury Regulation Section 1.409A-3(i)(5). A Change in Control shall only occur if there is a Change in Control (as determined by the definition of Change in Control of this Agreement

without regard to this subsection (d)) and a “change in control event” relating to Sempra Energy under Treasury Regulation Section 1.409A-3(i)(5) with respect to the Executive.

“Change in Control Date” means the date on which a Change in Control occurs.

“COBRA” means coverage required by Section 4980B of the Code.

“COBRA Premium” means, with respect to the type and level of coverage provided to the Executive and his/her dependents pursuant to COBRA, the employer-paid portion of the monthly premium for such coverage as applicable for similarly-situated active employees.

“Code” means the Internal Revenue Code of 1986, as amended.

“Compensation Committee” means the compensation committee (however designated) of the Board.

“Consulting Payment” has the meaning assigned thereto in Section 14(e) hereof.

“Consulting Period” has the meaning assigned thereto in Section 14(f) hereof.

“Continued Benefits” has the meaning assigned thereto in Section 5(d) hereof.

“Controlled Group of Corporations” means a group of companies within the meaning of Section 414(b) or (c) of the Code) of which Sempra Energy is a component member, determined by applying an ownership threshold of 50%.

“Date of Termination” has the meaning assigned thereto in Section 2(b) hereof.

“Disability” has the meaning set forth in the long-term disability plan or its successor maintained by the Company entity that is the employer of the Executive; *provided, however*, that the Executive’s employment hereunder may not be terminated by reason of Disability unless (a) at the time of such termination there is no reasonable expectation that the Executive will return to work within the next ninety (90) day period and (b) such termination is permitted by all applicable disability laws.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and the applicable rulings and regulations thereunder.

“Excise Tax” has the meaning assigned thereto in Section 8(a) hereof.

“Good Reason” means:

(a) Prior to a Change in Control, the occurrence of any of the following without the prior written consent of the Executive, unless such act or failure to act is corrected by the Company prior to the Date of Termination specified in the Notice of Termination (as required under Section 2 hereof):

(i) the assignment to the Executive of any duties materially inconsistent with the range of duties and responsibilities appropriate to an executive of comparable rank within the Company (such range determined by reference to past, current and reasonable practices within the Company);

(ii) a material reduction in the Executive's overall standing and responsibilities within the Company, not including a mere change in title or a transfer within the Company, which change in title or transfer does not adversely affect the Executive's overall status within the Company in any material respect;

(iii) a material reduction by the Company in the Executive's aggregate annualized compensation and benefits opportunities, except for across-the-board reductions (or modifications of benefit plans) similarly affecting all similarly situated executives of the Company of comparable rank with the Executive;

(iv) the failure by the Company to pay to the Executive any portion of the Executive's current compensation and benefits or any portion of an installment of deferred compensation under any deferred compensation program of the Company within thirty (30) days of the date such compensation is due;

(v) any purported termination of the Executive's employment that is not effected pursuant to a Notice of Termination satisfying the requirements of Section 2 hereof;

(vi) the failure by Sempra Energy to perform its obligations under Section 16(c) or (d) hereof;

(vii) the failure by the Company to provide the indemnification and D&O insurance protection Section 10 of this Agreement requires it to provide; or

(viii) the failure by Sempra Energy (or any of the entities comprising the Company, as applicable) to comply with any material provision of this Agreement.

(b) From and after a Change in Control (or in connection with a termination occurring pursuant to Section 5(g)), the occurrence of any of the following without the prior written consent of the Executive, unless such act or failure to act is corrected by the Company prior to the Date of Termination specified in the Notice of Termination (as required under Section 2 hereof):

(i) an adverse change in the Executive's title, authority, duties, responsibilities or reporting lines as in effect immediately prior to the Change in Control;

(ii) a reduction by the Company in the Executive's aggregate annualized compensation opportunities, except for across-the-board reductions in base salaries, annual bonus opportunities or long-term incentive compensation opportunities of less than ten percent (10%) similarly affecting all similarly situated executives (including, if applicable, of the Person then in control of Sempra Energy) of comparable rank with the Executive; or the failure by the Company to continue in effect any material benefit plan in which the Executive participates immediately prior to the Change in Control, unless an equitable arrangement (embodied in an ongoing substitute or alternative plan) has been made with respect to such plan, or the failure by the Company to continue the Executive's participation therein (or in such substitute or alternative plan) on a basis not materially less favorable, both in terms of the amount of benefits provided and the level of the Executive's participation relative to other participants, as existed at the time of the Change in Control;

(iii) the relocation of the Executive's principal place of employment immediately prior to the Change in Control Date (the "Principal Location") to a location which is both further away from the Executive's residence and more than thirty (30) miles from such Principal Location, or the Company's requiring the Executive to be based anywhere other than such Principal Location (or permitted relocation thereof), or a substantial increase in the

Executive's business travel obligations outside of the Southern California area as of immediately prior to the Change in Control (without regard to any changes therein in anticipation of the Change in Control) other than any such increase that (A) arises in connection with extraordinary business activities of the Company of limited duration and (B) is understood not to be part of the Executive's regular duties with the Company;

(iv) the failure by the Company to pay to the Executive any portion of the Executive's current compensation and benefits or any portion of an installment of deferred compensation under any deferred compensation program of the Company within thirty (30) days of the date such compensation is due;

(v) any purported termination of the Executive's employment that is not effected pursuant to a Notice of Termination satisfying the requirements of Section 2 hereof;

(vi) the failure by Sempra Energy to perform its obligations under Section 16(c) or (d) hereof;

(vii) the failure by the Company to provide the indemnification and D&O insurance protection Section 10 of this Agreement requires it to provide; or

(viii) the failure by Sempra Energy (or any of the entities comprising the Company, as applicable) to comply with any material provision of this Agreement.

Following a Change in Control, the Executive's determination that an act or failure to act constitutes Good Reason shall be presumed to be valid unless such determination is deemed to be unreasonable by an arbitrator pursuant to the procedure described in Section 13 hereof. The Executive's right to terminate the Executive's employment for Good Reason shall not be affected by the Executive's incapacity due to physical or mental illness. The Executive's continued employment shall not constitute consent to, or a waiver of rights with respect to, any act or failure to act constituting Good Reason hereunder.

"Group" shall have the meaning of such term as used in Rule 13d-5(b)(1) promulgated under the Exchange Act.

"Incentive Compensation Awards" means awards granted under Incentive Compensation Plans providing the Executive with the opportunity to earn, on a year-by-year basis, annual and long-term incentive compensation.

"Incentive Compensation Plans" means annual incentive compensation plans and long-term incentive compensation plans of the Company, which long-term incentive compensation plans may include plans offering stock options, restricted stock, units and other long-term incentive compensation.

"Involuntary Termination" means (a) the Executive's Separation from Service by reason other than for Cause, death, Disability, or Mandatory Retirement, or (b) the Executive's Separation from Service by reason of resignation of employment for Good Reason.

"JAMS" has the meaning assigned thereto in Section 13(c) hereof.

"Mandatory Retirement" means termination of employment pursuant to the Company's mandatory retirement policy.

"Medical Continuation Benefits" has the meaning assigned thereto in Section 4(c) hereof.



“Notice of Termination” has the meaning assigned thereto in Section 2(a) hereof.

“Payment” has the meaning assigned thereto in Section 8(a) hereof.

“Payment in Lieu of Notice” has the meaning assigned thereto in Section 2(b) hereof.

“Person” means any individual, corporation, partnership limited liability company, estate, trust, or other entity, including a “Group”.

“Post-Change in Control Severance Payment” has the meaning assigned thereto in Section 5 hereof.

“Pre-Change in Control Severance Payment” has the meaning assigned thereto in Section 4 hereof.

“Principal Location” has the meaning assigned thereto in clause (b)(iii) of the definition of Good Reason, above.

“Proprietary Information” has the meaning assigned thereto in Section 14(a) hereof.

“Pro Rata Bonus” means a severance amount equal to the greater of (a) the Executive’s Target Bonus as in effect immediately prior to the Change in Control or on the Date of Termination, whichever is greater, or (b) the Executive’s Average Annual Bonus, multiplied by a fraction, (X) the numerator of which shall be the number of days from the beginning of such fiscal year to and including the Date of Termination and (Y) the denominator of which shall be three hundred sixty-five (365).

“Release” has the meaning assigned thereto in Section 4 hereof. The Release is not a condition of employment or continued employment or a condition of receiving a raise or a bonus.

“Release Requirements” has the meaning assigned thereto in Section 4 hereof.

“Section 409A Payments” means any payments under this Agreement which are subject to Section 409A of the Code.

“Sempra Energy Control Group” means Sempra Energy and all Persons with whom Sempra Energy would be considered a single employer under Section 414(b) or (c) of the Code, as determined from time to time.

“Separation from Service” has the meaning set forth in Treasury Regulation Section 1.409A-1(h).

“SERP” has the meaning assigned thereto in Section 5(b) hereof.

“Specified Employee” shall be determined in accordance with Section 409A(a)(2)(B)(i) of the Code and Treasury Regulation Section 1.409A-1(i).

“Target Bonus” means, for any year, the target annual bonus from the Company that may be earned by the Executive for such year (regardless of the actual annual bonus earned, if any); *provided, however*, that if, as of the Date of Termination, a target annual bonus has not been established for the Executive for the year in which the Date of Termination occurs, the

“Target Bonus” as of the Date of Termination shall be equal to the target annual bonus, if any, for the immediately preceding fiscal year of Sempra Energy.

For purposes of this Agreement, references to any “Treasury Regulation” shall mean such Treasury Regulation as in effect on the date hereof.

**Section 2.** Notice and Date of Termination.

(a) Any termination of the Executive’s employment by the Company or by the Executive shall be communicated by a written notice of termination to the other party (the “Notice of Termination”). Where applicable, the Notice of Termination shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive’s employment under the provision so indicated. Unless the Board or a committee thereof, in writing, provides a longer notice period, a Notice of Termination by the Executive alleging a termination for Good Reason must be made within one hundred eighty (180) days of the act or failure to act that the Executive alleges to constitute Good Reason.

(b) The date of the Executive’s termination of employment with the Company (the “Date of Termination”) shall be determined as follows: (i) if the Executive’s Separation from Service is at the volition of the Company, then the Date of Termination shall be the date specified in the Notice of Termination (which, in the case of a termination by the Company other than for Cause, shall not be less than two (2) weeks from the date such Notice of Termination is given unless the Company elects to pay the Executive, in addition to any other amounts payable hereunder, an amount (the “Payment in Lieu of Notice”) equal to two (2) weeks of the Executive’s Annual Base Salary in effect on the Date of Termination), and (ii) if the Executive’s Separation from Service is by the Executive for Good Reason, the Date of Termination shall be determined by the Executive and specified in the Notice of Termination, but in no event be less than fifteen (15) days nor more than sixty (60) days after the date such Notice of Termination is given. The Payment in Lieu of Notice shall be paid on such date as is required by law, but no later than thirty (30) days after the date of the Executive’s Separation from Service.

**Section 3.** Termination from the Board. Upon the termination of the Executive’s employment for any reason, the Executive’s membership on the Board, the board of directors of any Affiliates of Sempra Energy, any committees of the Board and any committees of the board of directors of any of the Affiliates of Sempra Energy, if applicable, shall be automatically terminated and the Executive agrees to promptly take any and all actions (including resigning) required by Sempra Energy or any of its Affiliates to evidence and effect such termination of membership.

**Section 4.** Severance Benefits upon Involuntary Termination Prior to Change in Control. Except as provided in Sections 5(g) and 19(i) hereof, in the event of the Involuntary Termination of the Executive prior to a Change in Control, Sempra Energy shall, or shall cause one of its Affiliates that is the employer of the Executive to, pay the Executive, in one lump sum cash payment, an amount (the “Pre-Change in Control Severance Payment”) equal to one-half (0.5) times the sum of (X) the Executive’s Annual Base Salary as in effect on the Date of Termination plus (Y) an amount equal to the greater of (I) his/her Average Annual Bonus or (II) the Target Bonus in effect on the Date of Termination. In addition to the Pre-Change in Control Severance Payment, the Executive shall be entitled to the following additional benefits specified in Section 4(a) through (e). The Company’s obligation to pay the Pre-Change in Control Severance Payment or provide the benefits set forth in Section 4(c), (d) and (e) is subject to and conditioned upon the Executive’s satisfaction of the Release Requirements. The Pre-Change in Control Severance Payment shall be paid on the sixtieth (60<sup>th</sup>) day (or if the sixtieth (60<sup>th</sup>) day falls on a weekend or banking holiday, the next succeeding business day) after the date of the

Involuntary Termination (the "Payment Date"), *provided* that the Release Requirements are satisfied on or before the Payment Date and remain satisfied on the Payment Date. If the Release Requirements are not satisfied on the Payment Date, no Pre-Change in Control Severance Payment shall be paid hereunder and none of the benefits described in Section 4(c), (d) or (e) shall be provided, and the Executive shall have no right to the Pre-Change in Control Severance Payment or the applicable benefits. The "Release Requirements" will be satisfied if, on the Payment Date, the Executive has executed a release of all claims substantially in the form attached hereto as Exhibit A (the "Release"), the revocation period required by applicable law has expired, and the Executive has not revoked the Release and the Release is effective. If the Release Requirements are satisfied on a date prior to the Payment Date, any portion of the Pre-Change in Control Severance Payment or the applicable benefits that are not subject to Section 409A of the Code can be paid on a date prior to the Payment Date, as determined in the sole discretion of Sempra Energy (and in no event shall the Executive be able to elect the date of payment). If the period in which the Release Requirements could be satisfied spans more than one taxable year, then the Pre-Change in Control Severance Payment shall not be made until the later taxable year.

(a) Accrued Obligations. The Company shall pay the Executive a lump sum amount in cash equal to Accrued Obligations within the time prescribed by law.

(b) Equity-Based Compensation. The Executive shall retain all rights to any equity-based compensation awards to the extent set forth in the applicable plan and/or award agreement.

(c) Welfare Benefits. Subject to the terms and conditions of this Agreement, if the Executive (and, to the extent applicable, his/her eligible dependents) is eligible to and elects COBRA coverage in connection with the Executive's Involuntary Termination, then the Executive (and the Executive's dependents who have elected COBRA coverage) shall be provided with group medical benefits as required by COBRA ("Medical Continuation Benefits") on substantially the same terms and conditions and at the same cost to the Executive as apply to similarly-situated active employees of the Company for the same type and level of coverage. The Medical Continuation Benefits shall be provided for a period of up to six (6) months following the date of the Involuntary Termination (and up to an additional twelve (12) months if the Executive provides consulting services under Section 14(f) hereof); *provided, however*, that (i) the Medical Continuation Benefits (including any Medical Continuation Benefits that are provided pursuant to this Section 4(c) for periods after the maximum COBRA coverage period) shall be provided on the same terms and conditions that apply to COBRA coverage (including termination thereof), (ii) if the Medical Continuation Benefits are to be provided pursuant to this Section 4(c) past the maximum COBRA coverage period, Sempra Energy may, in its sole discretion, provide or cause to be provided to the Executive, in lieu of the Medical Continuation Benefits for any period in excess of the maximum COBRA coverage period, a taxable monthly cash payment in an amount equal to the COBRA Premium, and (iii) the Medical Continuation Benefits shall be provided in a manner that complies with Treasury Regulation Section 1.409A-1(a)(5). Notwithstanding the foregoing, if Sempra Energy determines in its sole discretion that the Medical Continuation Benefits cannot be provided without potentially violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act) or that the provision of Medical Continuation Benefits under this Agreement would subject Sempra Energy or any of its Affiliates to a material tax or penalty, (A) the Executive shall be provided, in lieu thereof, with a taxable monthly payment in an amount equal to the COBRA Premium or (B) Sempra Energy shall have the authority to amend the Agreement to the limited extent reasonably necessary to avoid such violation of law or tax or penalty and shall use all reasonable efforts to provide the Executive with a comparable benefit that does not violate applicable law or subject Sempra Energy or any of its Affiliates to such tax or penalty. Any Medical Continuation Benefits provided pursuant to this Section 4(c) shall be co-extensive with

(and not in addition to) any benefits to which the Executive (and the Executive's covered dependents) may be entitled under COBRA or similar provisions of applicable state law.

(d) Outplacement Services. The Executive shall receive reasonable outplacement services, on an in-kind basis, suitable to the Executive's position and directly related to the Executive's Involuntary Termination, for a period of eighteen (18) months following the date of the Involuntary Termination, in an aggregate amount of cost to the Company not to exceed \$50,000. Notwithstanding the foregoing, the Executive shall cease to receive outplacement services on the date the Executive accepts employment with a subsequent employer. Such outplacement services shall be provided in a manner that complies with Treasury Regulation Section 1.409A-1(b)(9)(v)(A).

(e) Financial Planning Services. The Executive shall receive financial planning services, on an in-kind basis, for a period of eighteen (18) months following the Date of Termination. Such financial planning services shall include expert financial and legal resources to assist the Executive with financial planning needs and shall be limited to (i) current investment portfolio management, (ii) tax planning, (iii) tax return preparation, and (iv) estate planning advice and document preparation (including wills and trusts); *provided, however*, that the Company shall provide such financial planning services during any taxable year of the Executive only to the extent the cost to the Company for such taxable year does not exceed \$25,000. The Company shall provide such financial planning services through a financial planner selected by the Company, and shall pay the fees for such financial planning services. The financial planning services provided during any taxable year of the Executive shall not affect the financial planning services provided in any other taxable year of the Executive. The Executive's right to financial planning services shall not be subject to liquidation or exchange for any other benefit. Such financial planning services shall be provided in a manner that complies with Treasury Regulation Section 1.409A-3(i)(1)(iv).

**Section 5.** Severance Benefits upon Involuntary Termination in Connection with and after Change in Control. Notwithstanding the provisions of Section 4 above, and except as provided in Section 19(i) hereof, in the event of the Involuntary Termination of the Executive on or within two (2) years following a Change in Control, in lieu of the payments described in Section 4 above, Sempra Energy shall, or shall cause one of its Affiliates that is the employer of the Executive to, pay the Executive, in one lump sum cash payment, an amount (the "Post-Change in Control Severance Payment") equal to (a) the Pro Rata Bonus plus (b) the sum of (X) the Executive's Annual Base Salary as in effect immediately prior to the Change in Control or on the Date of Termination, whichever is greater, plus (Y) an amount equal to the greater of (I) the Executive's Target Bonus determined immediately prior to the Change in Control or the Date of Termination, whichever is greater and (II) the Executive's Average Annual Bonus. In addition to the Post-Change in Control Severance Payment, the Executive shall be entitled to the following additional benefits specified in Section 5(a) through (f). The Company's obligation to pay the Post-Change in Control Severance Payment or provide the benefits set forth in Section 5(b), (c), (d), (e), and (f) is subject to and conditioned upon the Executive's satisfaction of the Release Requirements. Except as provided in Section 5(g), the Post-Change in Control Severance Payment and the payments under Section 5(b) shall be paid on the Payment Date provided that the Release Requirements are satisfied on or before the Payment Date and remain satisfied on the Payment Date. If the Release Requirements are not satisfied on the Payment Date, no Post-Change in Control Severance Payment shall be paid hereunder and none of the benefits described in Section 5(b), (c), (d), (e) or (f) shall be provided, and the Executive shall have no right to the Pre-Change in Control Severance Payment or the applicable benefits. If the Release Requirements are satisfied on a date prior to the Payment Date, any portion of the Post-Change in Control Severance Payment or the applicable benefits that are not subject to Section 409A of the Code can be paid on a date prior to the Payment Date, as determined in the sole discretion of Sempra Energy (and in no event shall the Executive be able to elect the date of

payment). If the period in which Release Requirements could be satisfied spans more than one taxable year, then the Post-Change in Control Severance Payment and applicable benefits shall not be made until the later taxable year.

(a) Accrued Obligations. The Company shall pay the Executive a lump sum amount in cash equal to the Accrued Obligations within the time required by law and, to the extent applicable, in accordance with the applicable plan, policy or arrangement pursuant to which such payments are to be made.

(b) Pension Supplement. The Executive shall be entitled to receive a “Supplemental Retirement Benefit” under the Sempra Energy Supplemental Executive Retirement Plan, as in effect from time to time (“SERP”), determined in accordance with this Section 5(b), in the event that the Executive is a “Participant” (as defined in the SERP) as of the Date of Termination. Such Supplemental Retirement Benefit shall be determined by crediting the Executive with additional months of “Service” (as defined in the SERP) (if any) equal to the number of full calendar months from the Date of Termination to the date on which the Executive would have attained age sixty-two (62). The Executive shall be entitled to receive such Supplemental Retirement Benefit without regard to whether the Executive has attained age fifty-five (55) or completed five (5) years of Service as of the Date of Termination. The Executive shall be treated as qualified for “Retirement” (as defined in the SERP) as of the Date of Termination, and the Executive’s “Vesting Factor” with respect to the Supplemental Retirement Benefit shall be one hundred percent (100%). The Executive’s Supplemental Retirement Benefit shall be calculated based on the Executive’s actual age as of the date of commencement of payment of such Supplemental Retirement Benefit (the “SERP Distribution Date”), and by applying the applicable early retirement factors under the SERP, if the Executive has not attained age sixty-two (62) but has attained age fifty-five (55) as of the SERP Distribution Date. If the Executive has not attained age fifty-five (55) as of the SERP Distribution Date, the Executive’s Supplemental Retirement Benefit shall be calculated by applying the applicable early retirement factor under the SERP for age fifty-five (55), and the Supplemental Retirement Benefit otherwise payable at age fifty-five (55) shall be actuarially adjusted to the Executive’s actual age as of the SERP Distribution Date using the following actuarial assumptions: (i) the applicable mortality table promulgated by the Internal Revenue Service under Section 417(e)(3) of the Code, as in effect on the first (1st) day of the calendar year in which the SERP Distribution Date occurs, and (ii) the applicable interest rate promulgated by the Internal Revenue Service under Section 417(e)(3) of the Code for the November next preceding the first day of the calendar year in which the SERP Distribution Date occurs. The Executive’s Supplemental Retirement Benefit shall be determined in accordance with this Section 5(b), notwithstanding any contrary provisions of the SERP and, to the extent subject to Section 409A of the Code, shall be paid in accordance with Treasury Regulation Section 1.409A-3(c)(1). The Supplemental Retirement Benefit paid to or on behalf of the Executive in accordance with this Section 5(b) shall be in full satisfaction of any and all of the benefits payable to or on behalf of the Executive under the SERP.

(c) Equity-Based Compensation. Notwithstanding the provisions of any applicable equity-based compensation plan or award agreement to the contrary, all equity-based Incentive Compensation Awards (including, without limitation, stock options, stock appreciation rights, restricted stock awards, restricted stock units, performance share awards, and dividend equivalents) held by the Executive shall immediately vest and become exercisable or payable, as the case may be, as of the Date of Termination, to be exercised or paid, as the case may be, in accordance with the terms of the applicable Incentive Compensation Plan and Incentive Compensation Award agreement, and any restrictions on any such Incentive Compensation Awards shall automatically lapse; *provided, however*, that, in the case of any stock option or stock appreciation rights awards that remain outstanding on the Date of Termination, such stock options and stock appreciation rights shall remain exercisable until the earlier of (i) the later of

eighteen (18) months following the Date of Termination or the period specified in the applicable Incentive Compensation Award agreement or (ii) the expiration of the original term of such Incentive Compensation Award (or, if earlier, the tenth (10th) anniversary of the original date of grant) (it being understood that all Incentive Compensation Awards shall remain outstanding and exercisable for a period that is no less than that provided for in the applicable agreement in effect as of the date of grant).

(d) Welfare Benefits. Subject to the terms and conditions of this Agreement, the Executive and the Executive's dependents shall be provided with life, disability, accident and Medical Continuation Benefits (which benefits are collectively referred to herein as "Continued Benefits") which are substantially similar to those provided to the Executive and the Executive's dependents immediately prior to the date of Involuntary Termination or the Change in Control Date, whichever is more favorable to the Executive; *provided, however*, that the Medical Continuation Benefits shall be provided pursuant to this Section 5(d) only if the Executive (and, to the extent applicable, his/her eligible dependents) is eligible to and elects COBRA coverage in connection with the Executive's Involuntary Termination, the Medical Continuation Benefits shall be provided in accordance with COBRA, and the Medical Continuation Benefits shall be provided on substantially the same terms and conditions and at the same cost to the Executive as apply to similarly-situated active employees of the Company for the same type and level of coverage. The Continued Benefits shall be provided for a period of up to twelve (12) months following the date of the Involuntary Termination (and up to an additional twelve (12) months if the Executive provides consulting services under Section 14(f) hereof); *provided, however*, that (i) the Medical Continuation Benefits (including any Medical Continuation Benefits that are provided pursuant to this Section 5(d) for periods after the maximum COBRA coverage period) shall be provided on the same terms and conditions that apply to COBRA coverage (including termination thereof), (ii) if the Medical Continuation Benefits are to be provided pursuant to this Section 5(d) past the maximum COBRA coverage period, Sempra Energy may, in its sole discretion, provide or cause to be provided to the Executive, in lieu of the Medical Continuation Benefits for any period in excess of the maximum COBRA coverage period, a taxable monthly cash payment in an amount equal to the COBRA Premium, and (iii) the Medical Continuation Benefits shall be provided in a manner that complies with Treasury Regulation Section 1.409A-1(a)(5) and the Continued Benefits will be provided in a manner that complies with Section 409A of the Code. Notwithstanding the foregoing, if Sempra Energy determines in its sole discretion that the Medical Continuation Benefits cannot be provided without potentially violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act) or that the provision of Medical Continuation Benefits under this Agreement would subject Sempra Energy or any of its Affiliates to a material tax or penalty, (A) the Executive shall be provided, in lieu thereof, with a taxable monthly payment in an amount equal to the COBRA Premium or (B) Sempra Energy shall have the authority to amend the Agreement to the limited extent reasonably necessary to avoid such violation of law or tax or penalty and shall use all reasonable efforts to provide the Executive with a comparable benefit that does not violate applicable law or subject Sempra Energy or any of its Affiliates to such tax or penalty. Any Medical Continuation Benefits provided pursuant to this Section 5(d) shall be co-extensive with (and not in addition to) any benefits to which the Executive (and the Executive's covered dependents) may be entitled under COBRA or similar provisions of applicable state law.

(e) Outplacement Services. The Executive shall receive reasonable outplacement services, on an in-kind basis, suitable to the Executive's position and directly related to the Executive's Involuntary Termination, for a period of twenty-four (24) months following the date of Involuntary Termination (but in no event beyond the last day of the Executive's second (2nd) taxable year following the Executive's taxable year in which the Involuntary Termination occurs), in the aggregate amount of cost to the Company not to exceed \$50,000. Notwithstanding the foregoing, the Executive shall cease to receive outplacement services on the date the Executive accepts employment with a subsequent employer. Such

outplacement services shall be provided in a manner that complies with Treasury Regulation Section 1.409A-1(b)(9)(v)(A).

(f) Financial Planning Services. The Executive shall receive financial planning services, on an in-kind basis, for a period of twenty-four (24) months following the date of Involuntary Termination. Such financial planning services shall include expert financial and legal resources to assist the Executive with financial planning needs and shall be limited to (i) current investment portfolio management, (ii) tax planning, (iii) tax return preparation, and (iv) estate planning advice and document preparation (including wills and trusts); *provided, however*, that the Company shall provide such financial services during any taxable year of the Executive only to the extent the cost to the Company for such taxable year does not exceed \$25,000. The Company shall provide such financial planning services through a financial planner selected by the Company, and shall pay the fees for such financial planning services. The financial planning services provided during any taxable year of the Executive shall not affect the financial planning services provided in any other taxable year of the Executive. The Executive's right to financial planning services shall not be subject to liquidation or exchange for any other benefit. Such financial planning services shall be provided in a manner that complies with Section 1.409A-3(i)(1)(iv).

(g) Involuntary Termination in Connection with a Change in Control. Notwithstanding anything contained herein, in the event of an Involuntary Termination prior to a Change in Control, if the Involuntary Termination (i) was at the request of a third party who has taken steps reasonably calculated to effect such Change in Control or (ii) otherwise arose in connection with or in anticipation of such Change in Control, then the Executive shall, in lieu of the payments described in Section 4 hereof, be entitled to the Post-Change in Control Severance Payment and the additional benefits described in this Section 5 as if such Involuntary Termination had occurred within two (2) years following the Change in Control. The amounts specified in Section 5 that are to be paid under this Section 5(g) shall be reduced by any amount previously paid under Section 4. The amounts to be paid under this Section 5(g) shall be paid within sixty (60) days after the Change in Control Date of such Change in Control unless otherwise required by Section 409A of the Code.

**Section 6.** Severance Benefits upon Termination by the Company for Cause or by the Executive Other than for Good Reason. If the Executive's employment shall be terminated for Cause, or if the Executive terminates employment other than for Good Reason, the Company shall have no further obligations to the Executive under this Agreement other than the pre-Change in Control Accrued Obligations and any amounts or benefits described in Section 10 hereof.

**Section 7.** Severance Benefits upon Termination due to Death or Disability. If the Executive has a Separation from Service by reason of death or Disability, the Company shall pay the Executive or the Executive's estate, as the case may be, the Accrued Obligations and a severance amount equal to the Pro Rata Bonus (without regard to whether a Change in Control has occurred) and any amounts or benefits described in Section 10 hereof. Such payments shall be in addition to those rights and benefits to which the Executive or the Executive's estate may be entitled under the relevant Company plans or programs. The Company's obligation to pay the severance amount pursuant to this Section 7 is conditioned upon satisfaction of the Release Requirements by the Executive, the Executive's representative or the Executive's estate, as the case may be. The Accrued Obligations shall be paid within the time required by law and the severance amount payable pursuant to this Section 7 shall be paid on the Payment Date *provided* that the Release Requirements are satisfied on or prior to the Payment Date. If the Release Requirements are not satisfied on or prior to the Payment Date, no severance payment shall be provided hereunder and neither the Executive nor the Executive's estate, as the case may be, will have any right to the severance payment. If the Release Requirements are satisfied on a date prior to the Payment Date, any portion of the severance benefit pursuant to this Section 7 that is not subject to Section 409A of the Code can be paid on a date prior to the Payment Date, as determined in the sole discretion of Sempra Energy (and in no event shall the Executive or the Executive's estate, as applicable, be able to elect the date of payment). If the period in which Release Requirements could be satisfied spans more than one taxable year, then the severance payment pursuant to this Section 7 shall not be made until the later taxable year.

**Section 8.** Limitation on Payments by the Company.

(a) Anything in this Agreement to the contrary notwithstanding and except as set forth in this Section 8 below, in the event it shall be determined that any payment or distribution "in the nature of compensation" (within the meaning of Section 280G(b)(2) of the Code) to or for the benefit of the Executive, whether paid or payable pursuant to this Agreement or otherwise (the "Payment") would be subject (in whole or in part) to the excise tax imposed by Section 4999 of the Code, (the "Excise Tax"), then, subject to Section 8(b), the Pre-Change in Control Severance Payment or the Post-Change in Control Severance Payment (whichever is applicable) payable under this Agreement shall be reduced under this Section 8(a) to the amount equal to the Reduced Payment. For such Payment payable under this Agreement, the "Reduced Payment" shall be the amount equal to the greatest portion of the Payment (which may be zero (\$0)) that, if paid, would result in no portion of any Payment being subject to the Excise Tax.

(b) The Pre-Change in Control Severance Payment or the Post-Change in Control Severance Payment (whichever is applicable) payable under this Agreement shall not be reduced under Section 8(a) if:

- (i) such reduction in such Payment is not sufficient to cause no portion of any Payment to be subject to the Excise Tax, or
- (ii) the Net After-Tax Unreduced Payments (as defined below) would equal or exceed one hundred five percent (105%) of the Net After-Tax Reduced Payments (as defined below).

For purposes of determining the amount of any Reduced Payment under Section 8(a), and the Net-After Tax Reduced Payments and the Net After-Tax Unreduced Payments, the Executive shall be considered to pay federal, state and local income and employment taxes at the Executive's applicable marginal rates taking into consideration any reduction in federal income taxes which could be obtained from the deduction of state and local income taxes, and any



reduction or disallowance of itemized deductions and personal exemptions under applicable tax law). The applicable federal, state and local income and employment taxes and the Excise Tax (to the extent applicable) are collectively referred to as the “Taxes.”

(c) For purposes of determining the amount of any Reduced Payment under this Section 8, the amount of any Payment shall be reduced in the following order:

(i) first, by reducing the amounts of parachute payments that would not constitute deferred compensation subject to Section 409A of the Code;

(ii) next, if after the reduction described in Section 8(c)(i), additional reductions are required, then by reducing the cash portion of the Payment that constitutes “deferred compensation” (within the meaning of Section 409A) subject to Section 409A, with the reductions to be applied first to the portion of the Payment scheduled for the latest distribution date, and then applied to distributions scheduled for progressively earlier distribution dates, to the extent necessary to decrease the Payment as required under this Section 8; and

(iii) next, if after the reduction described in Section 8(c)(ii), additional reductions are required, then, by reducing the non-cash portion of the Payment that constitutes deferred compensation (within the meaning of Section 409A) subject to Section 409A, with the reductions to be applied first to the portion of the Payment scheduled for the latest distribution date, and then applied to distributions scheduled for progressively earlier distribution dates, to the extent necessary to decrease the Payment as required under this Section 8.

(d) The following definitions shall apply for purposes of this Section 8:

(i) “Net After-Tax Reduced Payments” shall mean the total amount of all Payments that the Executive would retain, on a Net After-Tax Basis, in the event that the Payments payable under this Agreement are reduced pursuant to Section 8(a).

(ii) “Net After-Tax Unreduced Payments” shall mean the total amount of all Payments that the Executive would retain, on a Net After-Tax Basis, in the event that the Payments payable under this Agreement are not reduced pursuant to Section 8(a).

(iii) “Net After-Tax Basis” shall mean, with respect to the Payments, either with or without reduction under Section 8(a) (as applicable), the amount that would be retained by the Executive from such Payments after the payment of all Taxes.

(e) All determinations required to be made under this Section 8 and the assumptions to be utilized in arriving at such determinations, shall be made by a nationally recognized accounting firm as may be agreed by the Company and the Executive (the “Accounting Firm”); *provided*, that the Accounting Firm’s determination shall be made based upon “substantial authority” within the meaning of Section 6662 of the Code. The Accounting Firm shall provide detailed supporting calculations to both the Company and the Executive within fifteen (15) business days of the receipt of notice from the Executive that there has been a Payment or such earlier time as is requested by the Company. All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any determination by the Accounting Firm shall be binding upon the Company and the Executive. For purposes of determining whether and the extent to which the Payments will be subject to the Excise Tax, (i) no portion of the Payments the receipt or enjoyment of which the Executive shall have waived at such time and in such manner as not to constitute a “payment” within the meaning of Section 280G(b) of the Code shall be taken into account, (ii) no portion of the Payments shall be taken into account

which, in the written opinion of the Accounting Firm, does not constitute a “parachute payment” within the meaning of Section 280G(b)(2) of the Code (including by reason of Section 280G(b)(4)(A) of the Code) and, in calculating the Excise Tax, no portion of such Payments shall be taken into account which, in the opinion of the Accounting Firm, constitutes “reasonable compensation” for services actually rendered, within the meaning of Section 280G(b)(4)(B) of the Code, in excess of the “base amount” (as defined in Section 280G(b)(3) of the Code) allocable to such reasonable compensation, and (iii) the value of any non-cash benefit or any deferred payment or benefit included in the Payments shall be determined by the Accounting Firm in accordance with the principles of Section 280G(d)(3) and (4) of the Code.

**Section 9.** Delayed Distribution under Section 409A of the Code. Notwithstanding any other provision of this Agreement to the contrary, if the Executive is a Specified Employee on the date of the Executive’s Involuntary Termination (or on the date of the Executive’s Separation from Service by reason of Disability), the Section 409A Payments which are payable upon Separation from Service shall be delayed to the extent necessary in order to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code, and such delayed payments or benefits shall be paid or distributed to the Executive during the thirty (30) day period commencing on the earlier of (a) the expiration of the six (6) month period measured from the date of the Executive’s Separation from Service or (b) the date of the Executive’s death. Upon the expiration of the applicable six (6) month period, all payments deferred pursuant to this Section 9 (excluding in-kind benefits) shall be paid in a lump sum payment to the Executive, plus interest thereon from the date of the Executive’s Involuntary Termination through the payment date at an annual rate equal to Moody’s Rate. The “Moody’s Rate” shall mean the average of the daily Moody’s Corporate Bond Yield Average – Monthly Average Corporates as published by Moody’s Investors Service, Inc. (or any successor) for the month next preceding the Date of Termination. Any remaining payments due under the Agreement shall be paid as otherwise provided herein.

**Section 10.** Nonexclusivity of Rights. Nothing in this Agreement shall prevent or limit the Executive’s continuing or future participation in any benefit, plan, program, policy or practice provided by the Company and for which the Executive may qualify (except with respect to any benefit to which the Executive has waived the Executive’s rights in writing), including, without limitation, any and all indemnification arrangements in favor of the Executive (whether under agreements or under the Company’s charter documents, bylaws, or otherwise), and insurance policies covering the Executive, nor shall anything herein limit or otherwise affect such rights as the Executive may have under any other contract or agreement entered into after the Effective Date with the Company. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any benefit, plan, policy, practice or program of, or any contract or agreement entered into with, the Company shall be payable in accordance with such benefit, plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement. At all times during the Executive’s employment with the Company and thereafter, the Company shall provide (to the extent permissible under applicable law) the Executive with indemnification and D&O insurance insuring the Executive against insurable events which occur or have occurred while the Executive was a director or officer of the Company, that with respect to such insurance is on terms and conditions that, to the extent reasonably practical, are at least as generous as that then currently provided to any other similarly situated current or former director or officer of the Company or any Affiliate. Such indemnification and D&O insurance shall be provided in a manner that complies with Treasury Regulation Section 1.409A-1(b) (10).

**Section 11.** Clawbacks. Notwithstanding anything herein to the contrary, (a) if Sempra Energy determines prior to a Change in Control, in its good faith judgment, that the Executive is required to forfeit or to make any repayment of any compensation or benefit(s) to

the Company under the Sarbanes-Oxley Act of 2002 or pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act or any other law or listing standards of the national securities exchange that maintains the principal listing for any class of Sempra Energy's common equity or pursuant to any formal policy of Sempra Energy, or (b) if an arbitrator or court determines following a Change in Control that the Executive is required to forfeit or to make any repayment of any compensation or benefit(s) to the Company under the Sarbanes-Oxley Act of 2002 or pursuant to the Dodd Frank Wall Street Reform and Consumer Protection Act or any other law or listing standards of the national securities exchange that maintains the principal listing for any class of Sempra Energy's common equity, such forfeiture or repayment shall not constitute Good Reason.

**Section 12. Full Settlement; Mitigation.** The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Executive or others, provided that nothing herein shall preclude the Company from separately pursuing recovery from the Executive based on any such claim. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts (including amounts for damages for breach) payable to the Executive under any of the provisions of this Agreement, and such amounts shall not be reduced whether or not the Executive obtains other employment.

**Section 13. Dispute Resolution and Arbitration.**

(a) If any dispute arises between the Executive and Sempra Energy or any of its Affiliates, including, but not limited to, disputes relating to or arising out of this Agreement, disputes relating to or arising out of the Executive's employment and/or the termination thereof, and/or disputes regarding the interpretation, enforceability, or validity of this Agreement ("Arbitrable Dispute"), the Executive and Sempra Energy mutually agree to waive their respective rights to resolution of disputes through litigation in a judicial forum and agree to resolve any Arbitrable Dispute through **final and binding arbitration** as set forth below, except as prohibited by law. Arbitration shall be the exclusive remedy for any Arbitrable Dispute. Accordingly, this agreement to arbitrate applies with respect to all Arbitrable Disputes, whether initiated by Executive or Sempra Energy. Any Arbitrable Dispute will be decided by an arbitrator through individual arbitration and not by way of court or jury trial. **Sempra Energy and the Executive waive any right to a jury trial or a court bench trial.**

(b) Sempra Energy and the Executive agree to bring any dispute in arbitration in an individual capacity only:

Sempra Energy and the Executive hereby waive any right for any dispute to be brought, maintained, heard, decided or arbitrated as a class and/or collective action and the arbitrator will have no authority to hear or preside over any such action ("Class Action Waiver"). The Executive understands and agrees that the Executive and Sempra Energy are waiving the right to pursue or have a dispute resolved as a plaintiff or class member in any purported class, collective or representative proceeding. To the extent the Class Action Waiver is determined to be invalid, unenforceable, or void, any class and/or collective action must proceed in a court of law and not in arbitration.

Notwithstanding any other provision of this Agreement, to the fullest extent permitted by law, the Executive and Sempra Energy (1) agree not to bring a representative action on behalf of others under the Private Attorneys General Act of 2004 ("PAGA"), California Labor Code § 2698 *et seq.*, in any court or in arbitration, and (2) agree that, for any claim brought on a private attorney general basis, including under the California PAGA, any such dispute shall be resolved in arbitration on an individual basis only (*i.e.*, to resolve whether the Executive has personally

been aggrieved or subject to any violations of law), and that such an action may not be used to resolve the claims or rights of other individuals in a single or collective proceeding (collectively, "Representative PAGA Waiver"). Notwithstanding any other provision of this agreement to arbitrate or the JAMS Rules, the scope, applicability, enforceability, revocability or validity of this Representative PAGA Waiver may be resolved only by a court of competent jurisdiction and not by an arbitrator. If any provision of this representative PAGA Waiver is found to be unenforceable or unlawful for any reason, the unenforceable provision shall be severed from this Dispute Resolution provision, and any such representative PAGA claims or other representative private attorneys general act claims must be litigated in a court of competent jurisdiction and not in arbitration. To the extent that there are any Arbitrable Disputes to be litigated in a court of competent jurisdiction because a court determines that the Representative PAGA Waiver is unenforceable with respect to those disputes, the Parties agree that litigation of those Arbitrable Disputes shall be stayed pending the outcome of any individual disputes in arbitration.

(c) Arbitration shall take place at the office of JAMS (or, if the Executive is employed outside of California, the American Arbitration Association ("AAA")) nearest to the location where the Executive last worked for the Company. Except to the extent it conflicts with the rules and procedures set forth in this Agreement, arbitration shall be conducted in accordance with the JAMS Employment Arbitration Rules & Procedures then in effect ("JAMS Rules") (if the Executive is employed outside of California, the AAA Employment Arbitration Rules & Mediation Procedures ("AAA Rules")), copies of which are available at [www.jamsadr.com](http://www.jamsadr.com); tel: 800.352.5267 and [www.adr.org](http://www.adr.org); tel: 800.778.7879, before a single experienced, neutral employment arbitrator selected in accordance with those rules.

(d) Sempra Energy will be responsible for paying any filing fee and the fees and costs of the arbitrator. However, the Executive will be responsible for contributing up to any amount equal to the filing fee that would be paid to initiate the claim in a court of general jurisdiction in the state in which the Executive is employed, unless a lower fee amount would be owed by the Executive pursuant to the JAMS Rules (or AAA rules, as applicable) or applicable law. Subject to Section 15 of this Agreement, each party shall pay its own attorneys' fees and pay any costs that are not unique to arbitration (i.e., costs that each party would incur if the claim(s) were litigated in a court, such as costs to subpoena witnesses and/or documents, take depositions and purchase deposition transcripts, copy documents, etc.). However, subject to Section 15 of this Agreement, if any party prevails on a statutory claim that authorizes an award of attorneys' fees to the prevailing party, or if there is a written agreement providing for attorneys' fees, the arbitrator may award reasonable attorneys' fees to the prevailing party, applying the same standards a court would apply under the law applicable to the claim.

(e) The arbitrator shall apply the Federal Rules of Evidence, shall have the authority to entertain a motion to dismiss or a motion for summary judgment by any party, and shall apply the standards governing such motions under the Federal Rules of Civil Procedure. The arbitrator is required to issue a written award and opinion setting forth the essential findings and conclusions on which the award is based, and any judgment or award issued by an arbitrator may be entered in any court of competent jurisdiction. The arbitrator does not have the authority to consider, certify, or hear an arbitration as a class action, collective action, or any other type of representative action. In addition, unless all parties agree in writing otherwise, the arbitrator shall not consolidate or join the arbitrations of one or more than one individual. Neither party may seek, nor may the arbitrator award, any relief that is not individualized to the claimant or that affects other individuals. The arbitrator may award declaratory or injunctive relief only in favor of the individual party seeking relief and only to the extent necessary to provide relief warranted by that party's individual claims. Sempra Energy and the Executive recognize that this agreement to arbitrate arises out of or concerns interstate commerce and that the Federal Arbitration Act shall govern the arbitration and shall govern the interpretation or enforcement of this Agreement or any arbitration award.

(f) If a court decides that applicable law does not permit the enforcement of any of this section's limitations as to a particular claim or any particular remedy for a claim, then that claim or particular remedy (and only that claim or particular remedy) must be severed from the arbitration and may be brought in court.

#### **Section 14. Executive's Covenants.**

(a) Confidentiality. The Executive acknowledges that in the course of the Executive's employment with the Company, the Executive has acquired non-public privileged or confidential information and trade secrets concerning the operations, future plans and methods of doing business ("Proprietary Information") of Sempra Energy and its Affiliates; and the Executive agrees that it would be extremely damaging to Sempra Energy and its Affiliates if such Proprietary Information were disclosed to a competitor of Sempra Energy and its Affiliates or to any other Person. The Executive understands and agrees that all Proprietary Information has been divulged to the Executive in confidence and further understands and agrees to keep all Proprietary Information secret and confidential (except for such information which is or becomes publicly available other than as a result of a breach by the Executive of this provision or information the Executive is required by law or any governmental, administrative or court order to disclose) without limitation in time. In view of the nature of the Executive's employment and the Proprietary Information the Executive has acquired during the course of such employment, the Executive likewise agrees that Sempra Energy and its Affiliates would be irreparably harmed by any disclosure of Proprietary Information in violation of the terms of this Section 14(a) and that Sempra Energy and its Affiliates shall therefore be entitled to preliminary and/or permanent injunctive relief prohibiting the Executive from engaging in any activity or threatened activity in violation of the terms of this Section 14(a) and to any other relief available to them. Inquiries regarding whether specific information constitutes Proprietary Information shall be directed to the Company's most senior officer of Human Resources (or, if such position is vacant, the Company's then Chief Executive Officer); *provided*, that the Company shall not unreasonably classify information as Proprietary Information.

(b) Governmental Reporting. Nothing in this Agreement is intended to interfere with or discourage the Executive's good faith disclosure related to a suspected violation of federal or state law or regulation to any governmental agency or entity or making other disclosures that are protected under the whistleblower provisions of federal or state law or regulation. The Executive cannot and will not be held criminally or civilly liable under any federal or state trade secret law for disclosing otherwise protected trade secrets and/or confidential or proprietary information so long as the disclosure is made in (i) confidence to a federal, state, or local government official, directly or indirectly, or to an attorney and solely for the purpose of reporting or investigating a suspected violation of law; or (ii) a complaint or other document filed in a lawsuit or other proceeding, so long as such filing is made under seal. The Company will not retaliate against the Executive in any way for a disclosure made pursuant to this Section 14(b). Further, in the event the Executive makes such a disclosure, and files a lawsuit against the Company alleging that the Company retaliated against the Executive because of the disclosure, the Executive may disclose the relevant trade secret or confidential information to the Executive's attorney, and may use the same in the court proceeding only if (X) the Executive ensures that any court filing that includes the trade secret or confidential information at issue is made under seal; and (Y) the Executive does not otherwise disclose the trade secret or confidential information except as required by court order.

(c) Non-Solicitation of Employees. The Executive recognizes that the Executive possesses and will possess confidential information about other employees of Sempra Energy and its Affiliates relating to their education, experience, skills, abilities, compensation and benefits, and inter-personal relationships with customers of Sempra Energy and its Affiliates. The Executive recognizes that the information the Executive possesses and will possess about

these other employees is not generally known, is of substantial value to Sempra Energy and its Affiliates in developing their business and in securing and retaining customers, and has been and will be acquired by the Executive because of the Executive's business position with Sempra Energy and its Affiliates. The Executive agrees that at all times during the Executive's employment with the Company and for a period of one (1) year thereafter, the Executive will not use such information to directly or indirectly solicit or recruit any employee of the Company or its Affiliates for the purpose of being employed by the Executive or by any competitor of the Company or its Affiliates on whose behalf the Executive is acting as an agent, representative or employee and that the Executive will not convey any such confidential information or trade secrets about other employees of Sempra Energy and its Affiliates to any other Person; *provided, however*, that it shall not constitute a solicitation or recruitment of employment in violation of this Section 14(c) to discuss employment opportunities with any employee of the Company or its Affiliates who has either first contacted the Executive or regarding whose employment the Executive has discussed with and received the written approval of the Company's most senior officer of Human Resources (or, if such position is vacant, the Company's then Chief Executive Officer), prior to making such solicitation or recruitment. In view of the nature of the Executive's employment with the Company, the Executive likewise agrees that Sempra Energy and its Affiliates would be irreparably harmed by any solicitation or recruitment in violation of the terms of this Section 14(c) and that Sempra Energy and its Affiliates shall therefore be entitled to preliminary and/or permanent injunctive relief prohibiting the Executive from engaging in any activity or threatened activity in violation of the terms of this Section 14(c) and to any other relief available to them.

(d) Survival of Provisions. The obligations contained in Section 14(a), (b) and (c) above shall survive the termination of the Executive's employment within the Company and shall be fully enforceable thereafter to the same extent that it was enforceable prior to such termination. If it is determined by a court of competent jurisdiction in any state that any restriction in Section 14(a) or (c) above is excessive in duration or scope or is unreasonable or unenforceable under the laws of that state, it is the intention of the parties that such restriction may be modified or amended by the court to render it enforceable to the maximum extent permitted by the law of that state.

(e) Consulting Payment. In the event of the Executive's Involuntary Termination, if (i) the Executive reconfirms and agrees to abide by the covenants described in Section 14(a) and (c) above, (ii) the Release Requirements are satisfied by the Payment Date, and (iii) the Executive agrees to provide the consulting services described in Section 14(f) below, then in consideration for such covenants and consulting services, the Company shall pay the Executive, in one (1) cash lump sum, an amount (the "Consulting Payment") in cash equal to the sum of (X) the Executive's Annual Base Salary as in effect on the Date of Termination, plus (Y) the greater of the Executive's Average Annual Bonus or the Executive's Target Bonus on the Date of Termination. If the requirements of this Section 14(e) are satisfied, the Consulting Payment shall be paid during the thirty (30) day period commencing on the earlier of (i) the expiration of the six (6) month period measured from the date of the Executive's Separation from Service or (ii) the date of the Executive's death.

(f) Consulting. If the Executive agrees to the provisions of Section 14(e) above, then the Executive shall have the obligation to provide consulting services to the Company as an independent contractor, commencing on the Date of Termination and ending on the second (2<sup>nd</sup>) anniversary of the Date of Termination (the "Consulting Period"). The Executive shall hold himself available at reasonable times and on reasonable notice to render such consulting services as may be so assigned to the Executive by the Board or the Company's then Chief Executive Officer; *provided, however*, that unless the parties otherwise agree, the consulting services rendered by the Executive during the Consulting Period shall not exceed twenty (20) hours each month; and, *provided, further*, that the consulting services rendered by

the Executive during the Consulting Period shall in no event exceed twenty percent (20%) of the average level of services performed by the Executive for the Company over the thirty-six (36) month period immediately preceding the Executive's Separation from Service (or the full period of services to the Company, if the Executive has been providing services to the Company for less than thirty-six (36) months). The Company agrees to use its best efforts during the Consulting Period to secure the benefit of the Executive's consulting services so as to minimize the interference with the Executive's other activities, including requiring the performance of consulting services at the Company's offices only when such services may not be reasonably performed off-site by the Executive.

**Section 15. Legal Fees.**

(a) Reimbursement of Legal Fees. Subject to Section 15(b), in the event of the Executive's Separation from Service either (i) prior to a Change in Control, or (ii) on or within two (2) years following a Change in Control, the Company shall reimburse the Executive for all legal fees and expenses (including but not limited to fees and expenses in connection with any legal proceeding) incurred by the Executive in disputing any issue arising under this Agreement relating to the Executive's Separation from Service or in seeking to obtain or enforce any benefit or right provided by this Agreement.

(b) Requirements for Reimbursement. The Company shall reimburse the Executive's legal fees and expenses pursuant to Section 15(a) above only to the extent the arbitrator or court determines (i) in the case of Section 15(a)(ii) that the Executive had a reasonable basis for such claim and (ii) in the case of Section 15(a)(i) that the Executive disputed such issue, or sought to obtain or enforce such benefit or right, in good faith, the Executive had a reasonable basis for such claim, and the Executive is the prevailing party. In addition, the Company shall reimburse such legal fees and expenses, in each case only if such legal fees and expenses are incurred during the twenty (20) year period beginning on the date of the Executive's Separation from Service. The legal fees and expenses paid to the Executive for any taxable year of the Executive shall not affect the legal fees and expenses paid to the Executive for any other taxable year of the Executive. The legal fees and expenses shall be paid to the Executive as soon as practicable following the date on which documentation relating to the incurred expenses is provided by the Executive to the Company; provided, however, that any such reimbursement shall occur on or before the last day of the Executive's taxable year following the taxable year in which the fees or expenses are determined to be payable pursuant to this Agreement. The Executive's right to reimbursement of legal fees and expenses shall not be subject to liquidation or exchange for any other benefit. Such right to reimbursement of legal fees and expenses shall be provided in a manner that complies with Treasury Regulation Section 1.409A-3(i)(1)(iv).

**Section 16. Successors.**

(a) Assignment by the Executive. This Agreement is personal to the Executive and without the prior written consent of Sempra Energy shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives.

(b) Successors and Assigns of Sempra Energy. This Agreement shall inure to the benefit of and be binding upon Sempra Energy and its successors and assigns. Sempra Energy may not assign this Agreement to any Person (except for a successor described in Section 16(c), (d) or (e) below) without the Executive's written consent.

(c) Assumption. Sempra Energy shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the

business and/or assets of Sempra Energy to assume expressly and agree to perform the obligations and satisfy and discharge the liabilities of this Agreement in the same manner and to the same extent that Sempra Energy would have been required to perform the obligations and satisfy and discharge the liabilities under this Agreement if no such succession had taken place, and Sempra Energy shall have no further obligations and liabilities under this Agreement. Upon such assumption, references to Sempra Energy in this Agreement shall be replaced with references to such successor.

(d) Sale of Subsidiary. In the event that (i) the Executive is employed by a direct or indirect subsidiary of Sempra Energy that is a member of the Sempra Energy Control Group, (ii) Sempra Energy, directly or indirectly through one or more intermediaries, sells or otherwise disposes of such subsidiary, and (iii) such subsidiary ceases to be a member of the Sempra Energy Control Group, then if, on the date such subsidiary ceases to be a member of the Sempra Energy Control Group, the Executive continues in employment with such subsidiary and the Executive does not have a Separation from Service, Sempra Energy shall require such subsidiary or any successor (whether direct or indirect, by purchase merger, consolidation or otherwise) to such subsidiary, or the parent thereof, to assume expressly and agree to perform the obligations and satisfy and discharge the liabilities under this Agreement in the same manner and to the same extent that Sempra Energy would have been required to perform the obligations and satisfy and discharge the liabilities under this Agreement, if such subsidiary had not ceased to be part of the Sempra Energy Control Group, and, upon such assumption, Sempra Energy shall have no further obligations and liabilities under the Agreement. Upon such assumption, references to Sempra Energy in this Agreement shall be replaced with references to such subsidiary, or such successor or parent thereof, assuming this Agreement, and subsection (b) of the definition of “Cause” and subsection (b) of the definition of “Good Reason” shall apply thereafter, as if a Change in Control had occurred on the date of such cessation.

(e) Sale of Assets of Subsidiary. In the event that (i) the Executive is employed by a direct or indirect subsidiary of Sempra Energy, and (ii) such subsidiary sells or otherwise disposes of substantial assets of such subsidiary to an unrelated service recipient, as determined under Treasury Regulation Section 1.409A-1(f)(2)(ii) (the “Asset Purchaser”), in a transaction described in Treasury Regulation Section 1.409A-1(h)(4) (an “Asset Sale”), then if, on the date of such Asset Sale, the Executive becomes employed by the Asset Purchaser, Sempra Energy and the Asset Purchaser may specify, in accordance with Treasury Regulation Section 1.409A-1(h)(4), that the Executive shall not be treated as having a Separation from Service, and in such event, Sempra Energy may require such Asset Purchaser, or the parent thereof, to assume expressly and agree to perform the obligations and satisfy and discharge the liabilities under this Agreement in the same manner and to the same extent that the Company would have been required to perform the obligations and satisfy and discharge the liabilities under this Agreement, if the Asset Sale had not taken place, and, upon such assumption, Sempra Energy shall have no further obligations and liabilities under the Agreement. Upon such assumption, references to Sempra Energy in this Agreement shall be replaced with references to the Asset Purchaser or the parent thereof, as applicable, and subsection (b) of the definition of “Cause” and subsection (b) of the definition of “Good Reason” shall apply thereafter, as if a Change in Control had occurred on the date of the Asset Sale.

**Section 17. Administration Prior to Change in Control.** Prior to a Change in Control, the Compensation Committee shall have full and complete authority to construe and interpret the provisions of this Agreement, to determine an individual’s entitlement to benefits under this Agreement, to make in its sole and absolute discretion all determinations contemplated under this Agreement, to investigate and make factual determinations necessary or advisable to administer or implement this Agreement, and to adopt such rules and procedures as it deems necessary or advisable for the administration or implementation of this Agreement. All determinations made under this Agreement by the Compensation Committee shall be final,



conclusive and binding on all interested Persons. Prior to a Change in Control, the Compensation Committee may delegate responsibilities for the operation and administration of this Agreement to one or more officers or employees of the Company. The provisions of this Section 17 shall terminate and be of no further force and effect upon the occurrence of a Change in Control.

**Section 18.** Compliance with Section 409A of the Code. All payments and benefits payable under this Agreement (including, without limitation, the Section 409A Payments) are intended to comply with the requirements of Section 409A of the Code. Certain payments and benefits payable under this Agreement are intended to or may be exempt from the requirements of Section 409A of the Code. This Agreement shall be interpreted in accordance with the applicable requirements of, and exemptions from, Section 409A of the Code, the Treasury Regulations thereunder and other guidance of general applicability. If the Company determines that any compensation, benefits or other payments that are payable under this Agreement and intended to comply with Section 409A of the Code do not comply with Section 409A of the Code, the Treasury Regulations thereunder and other applicable authority issued by the Internal Revenue Service, to the extent permitted under Section 409A of the Code, the Treasury Regulations thereunder and any other applicable guidance, the Company and the Executive agree to amend this Agreement, or take such other actions as the Company and the Executive deem reasonably necessary or appropriate, to cause such compensation, benefits and other payments to comply with the requirements of Section 409A of the Code, the Treasury Regulations thereunder and other applicable guidance, while providing compensation, benefits and other payments that are, in the aggregate, no less favorable than the compensation, benefits and other payments provided under this Agreement. In the case of any compensation, benefits or other payments that are payable under this Agreement and intended to comply with Section 409A of the Code, if any provision of the Agreement would cause such compensation, benefits or other payments to fail to so comply, such provision shall not be effective and shall be null and void with respect to such compensation, benefits or other payments to the extent such provision would cause a failure to comply, and such provision shall otherwise remain in full force and effect.

**Section 19.** Miscellaneous.

(a) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California, without reference to its principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. Except as provided herein, the Agreement may not be amended, modified, repealed, waived, extended or discharged except by an agreement in writing signed by the parties hereto. No Person, other than pursuant to a resolution of the Board or a committee thereof, shall have authority on behalf of Sempra Energy to agree to amend, modify, repeal, waive, extend or discharge any provision of this Agreement or anything in reference thereto.

(b) Notices. All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party, by a reputable overnight carrier or by registered or certified mail, return receipt requested, postage prepaid, addressed, in the case of the Company, to Sempra Energy's headquarters attention the most senior officer of Human Resources with a copy to the General Counsel or in the case of the Executive, the home address of the Executive on file with the Company, or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notices and communications shall be effective when actually received by the addressee.

(c) Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(d) Taxes. The Company may withhold from any amounts payable under this Agreement such federal, state or local taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(e) No Waiver. The Executive's or the Company's failure to insist upon strict compliance with any provision hereof or any other provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder, including, without limitation, the right of the Executive to terminate employment for Good Reason, or the right of the Company to terminate the Executive's employment for Cause shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(f) Entire Agreement; Exclusive Benefit; Supersession of Prior Agreement. This Agreement contains the entire agreement of the Executive, the Company or any predecessor or subsidiary thereof with respect to any severance or termination pay. The Pre-Change in Control Severance Payment, the Post-Change in Control Severance Payment and all other benefits provided hereunder shall be in lieu of any other severance payments to which the Executive is entitled under any other severance plan or program or arrangement sponsored by the Company, as well as pursuant to any individual employment or severance agreement that was entered into by the Executive and the Company, and, upon the Effective Date of this Agreement, all such plans, programs, arrangements and agreements other than agreements to arbitrate disputes with the Company, to the extent in conflict with this Agreement, are hereby automatically superseded and terminated. Any prior agreements/provisions agreeing to arbitrate disputes with the Company shall remain in full force and effect and shall not be affected by this Agreement.

(g) No Right of Employment. Nothing in this Agreement shall be construed as giving the Executive any right to be retained in the employ of the Company or shall interfere in any way with the right of the Company to terminate the Executive's employment at any time, with or without Cause.

(h) Unfunded Obligation. The obligations under this Agreement shall be unfunded. Benefits payable under this Agreement shall be paid from the general assets of the Company. The Company shall have no obligation to establish any fund or to set aside any assets to provide benefits under this Agreement.

(i) Termination upon Sale of Assets of Subsidiary. Notwithstanding anything contained herein, this Agreement shall automatically terminate and be of no further force and effect and no benefits shall be payable hereunder in the event that (i) the Executive is employed by a direct or indirect subsidiary of Sempra Energy, (ii) an Asset Sale (as defined in Section 16(e)) occurs (other than such a sale or disposition which is part of a transaction or series of transactions which would result in a Change in Control), and (iii) as a result of such Asset Sale, the Executive is offered employment by the Asset Purchaser in an executive position with reasonably comparable status, compensation, benefits and severance agreement (including the assumption of this Agreement in accordance with Section 16(e)) and which is consistent with the Executive's experience and education, but the Executive declines to accept such offer and the Executive fails to become employed by the Asset Purchaser on the date of the Asset Sale.

(j) Term. The term of this Agreement shall commence on the Effective Date and shall continue until the third (3rd) anniversary of the Effective Date; *provided, however*, that commencing on the second (2nd) anniversary of the Effective Date (and each anniversary of the Effective Date thereafter), the term of this Agreement shall automatically be extended for one (1) additional year, unless at least ninety (90) days prior to such date, the Company or the Executive shall give written notice to the other party that it or he, as the case may be, does not wish to so extend this Agreement. Notwithstanding the foregoing, if the Company gives such written notice

to the Executive (i) at a time when Sempra Energy is a party to an agreement that, if consummated, would constitute a Change in Control or (ii) less than two (2) years after a Change in Control, the term of this Agreement shall be automatically extended until the later of (X) the date that is one (1) year after the anniversary of the Effective Date that follows such written notice or (Y) the first day of the calendar month following the second (2nd) anniversary of the Change in Control Date.

(k) Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

*[remainder of page intentionally left blank]*

IN WITNESS WHEREOF, the Executive and, pursuant to due authorization from its Board of Directors, Sempra Energy have caused this Agreement to be executed as of the day and year first above written.

SEMPRA ENERGY

/s/ Karen L. Sedgwick

Karen L. Sedgwick  
Chief Administrative Officer and Chief Human Resources  
Officer

3/9/2023

Date

EXECUTIVE

/s/ Scott D. Drury

Scott D. Drury  
Chief Executive Officer – Southern California Gas  
Company

3/5/2023

Date

**SEPARATION AGREEMENT AND GENERAL RELEASE**

This SEPARATION AGREEMENT AND GENERAL RELEASE (the "Agreement"), is made by and between \_\_\_\_\_, a California corporation (the "Company") and \_\_\_\_\_ ("Employee") (jointly referred to as the "Parties" or individually referred to as a "Party") as of the Effective Date (as defined below).

WHEREAS, Employee was employed by the Company as an at-will employee;

WHEREAS, Employee and the Company previously entered into that certain Severance Pay Agreement dated \_\_\_\_\_, 20\_\_ (the "Severance Pay Agreement") in connection with Employee's employment with the Company;

WHEREAS, Employee's right to receive certain severance pay and benefits pursuant to the terms of the Severance Pay Agreement is subject to and conditioned upon Employee's execution [and non-revocation] of a general release of claims Employee has or may have against the Company Releasees (as defined below); and

WHEREAS, Employee's right to receive the Consulting Payment provided pursuant to Section 14(e) of the Severance Pay Agreement is subject to and conditioned upon Employee's execution [and non-revocation] of a general release of claims by Employee against the Company Releasees and Employee's adherence to the covenants described under Section 14 of the Severance Pay Agreement.

NOW, THEREFORE, in consideration of the promises and mutual covenants contained herein, the adequacy of which is hereby acknowledged, the Parties hereby agree as follows:

1. Separation Date. Employee's employment with the Company terminated at the close of business on [\_\_\_\_\_] (the "Separation Date"). Employee has received his/her final wages through the Separation Date, less deductions required by law, including any accrued but unused vacation, in accordance with applicable law. Employee has also been reimbursed for any outstanding employment-related expenses that were incurred and submitted consistent with Company policy. This Agreement is not a condition of employment or continued employment or a condition of receiving a raise or a bonus. On the Separation Date, Employee will be deemed to have resigned from all positions that he/she holds with the Company and its affiliates, and Employee will promptly execute any instrument reasonably requested by the Company or any of its affiliates to effectuate or commemorate such resignation. The term "affiliate" as used herein shall include, without limitation, such Person's parent companies, divisions and subsidiaries, whether or not specified.

2. Severance Benefits. In exchange for Employee entering into this Agreement and not revoking it, and for the covenants and releases contained herein, the Company will provide Employee with the severance benefits described below. Employee acknowledges that the amounts and benefits set forth in this Section 2 as well as any benefits and claims not released under Section 4(b), fully satisfy any entitlement Employee may have to any payments or benefits from the Company through the Separation Date, including under the Severance Pay Agreement. Employee further acknowledges that no part of the severance payments described in this Section 2 consist of wages owed to Employee for his/her employment through the Separation Date.

(a) [The Company will pay Employee a lump sum payment of [\_\_\_\_\_], less applicable withholdings, pursuant to Section [4/5] of the Severance Pay Agreement. Pursuant to Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”), payment will be made on the earlier of (i) the date that is six (6) months and one (1) day after the Separation Date; and (ii) the date of Employee’s death.

(b) The Company will pay Employee a lump sum payment of [\_\_\_\_\_], less applicable withholdings, which is equal to the Consulting Payment set forth in Section 14(e) of the Severance Pay Agreement. Such payment will be made during the thirty (30) day period commencing on the earlier of (i) a date that is six (6) months and one (1) day after the Separation Date; and (ii) the date of Employee’s death

(c) The Company will also provide Employee with the severance benefits set forth in Sections 4(c), (d) and (e) of the Severance Pay Agreement. For the avoidance of doubt, the value of the services set forth in Sections 4(c), (d) and (e) of the Severance Pay Agreement shall not be subject to liquidation or exchange for any other benefit.]

3. Tax Consequences. The Company makes no representations or warranties with respect to the tax consequences of the payments and any other consideration provided to Employee or made on Employee’s behalf under the terms of this Agreement. Employee agrees and understands that Employee is responsible for payment, if any, of local, state, and/or federal taxes on the payments and any other consideration provided hereunder by the Company and any penalties or assessments thereon. Employee further agrees to indemnify and hold the Company and its affiliates harmless from any claims, demands, deficiencies, penalties, interest, assessments, executions, judgments, or recoveries by any government agency against the Company or any of its affiliates for any amounts claimed due on account of (a) Employee’s failure to pay or delayed payment of federal or state taxes, or (b) damages sustained by the Company or any of its affiliates by reason of any such claims, including reasonable attorneys’ fees and costs

4. Release of Claims. As a material inducement for the payment of the severance and benefits of the Severance Pay Agreement, and except as otherwise provided in this Agreement, Employee, on behalf of him/herself and on behalf of his/her heirs, family members, executors, agents and assigns, hereby irrevocably and unconditionally releases, acquits and forever discharges the Company Releasees from any and all Claims he/she has or may have. For purposes of this Agreement and the preceding sentence, the words “Releasee” or “Releasees” and “Claim” or “Claims” shall have the meanings set forth below:

(a) “Company Releasees” shall refer to (i) the Company, (ii) each of the Company’s owners, stockholders, predecessors, successors, assigns, agents, directors, officers, employees, representatives, attorneys, advisors, and affiliates (including parent companies, divisions, and subsidiaries), (iii) agents, directors, officers, employees, representatives, attorneys and advisors of such affiliates (including parent companies, divisions, and subsidiaries), and (iv) all persons and entities acting by, through, under or in concert with any of them

(b) The words “Claim” or “Claims” shall refer to any charges, complaints, claims, liabilities, obligations, promises, agreements, controversies, damages, actions, causes of action, suits, rights, demands, costs, losses, debts and expenses (including attorneys’ fees and costs actually incurred) of any nature whatsoever, known or unknown, suspected or unsuspected, which Employee had or may have, own or hold against any of the Company Releasees through and including the Effective Date that in any way arise out of, relate to, or are in connection with Employee’s employment relationship with the Company and its affiliates and the termination of that relationship, including, without limitation, all rights arising out of alleged violations of any contracts, express or implied, including the Severance Pay Agreement; any tort claim; any legal

restrictions on the Company's right to terminate employment relationships; and any federal, state or other governmental statute, regulation, law or ordinance, including common law principles, governing the employment relationship including, without limitation, all laws and regulations prohibiting discrimination or harassment based on protected categories, and all laws and regulations prohibiting retaliation against employees, including retaliation for engaging in protected activity or legal off-duty conduct. This release does not extend to claims for workers' compensation or other claims which by law may not be waived or released by this Agreement, nor does it limit Employee's right to receive any vested payments or benefits to which he/she is entitled under any Company (including its affiliates) benefit plan (including, without limitation, any of the Company's (including its affiliates) qualified retirement plans or non-qualified deferred compensation plan), which payments or benefits will be paid or provided pursuant to the terms of the applicable governing documents.

5. Release of Unknown Claims. Employee expressly waives and relinquishes all rights and benefits afforded by any statute (including, but not limited to, Section 1542 of the Civil Code of the State of California and analogous laws of other states), which limits the effect of a release with respect to unknown claims. Employee does so understanding and acknowledging the significance of the release of unknown claims and the waiver of statutory protection against a release of unknown claims (including, but not limited to, Section 1542). Section 1542 of the Civil Code of the State of California states as follows:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.”

Thus, notwithstanding the provisions of Section 1542 or of any similar statute, and for the purpose of implementing a full and complete release and discharge of the Company Releasees, Employee expressly acknowledges that this Agreement is intended to include in its effect, without limitation, all Claims which are known and all Claims which Employee does not know or suspect to exist in Employee's favor at the time of execution of this Agreement and that this Agreement contemplates the extinguishment of all such Claims. Employee acknowledges that he/she might hereafter discover facts different from, or in addition to, those Employee now knows or believes to be true with respect to a Claim or Claims released herein, and they expressly agree to assume the risk of possible discovery of additional or different facts, and agree that this Agreement shall be and remain effective, in all respects, regardless of such additional or different discovered facts.

6. Covenant Not to Sue. Employee agrees that Employee will not file any suit, claim, proceeding or complaint against any Company Releasees arising out of or in connection with any Claims released herein, except as required to enforce the terms of this Agreement. Employee's right to file or participate in an administrative claim or investigation by the Equal Employment Opportunity Commission, or any other local, state, or federal administrative body or government agency against the Company, which is guaranteed by law, cannot be and is not waived. However, to the extent permitted by law, and except as to Securities and Exchange Commission whistleblower awards, Employee agrees that if such an administrative claim is made against any Company Releasee(s) on Employee's behalf, Employee shall not be entitled to recover any individual monetary relief or other individual remedies beyond the separation benefits identified in this Agreement.

7. No Pending Lawsuits. Employee represents and warrants that Employee does not have any lawsuits, charges, claims, grievances, or actions of any kind pending against any Company Releasees arising out of or in connection with any Claims released herein, by or on behalf of Employee or on behalf of any other person or entity, and that, to the best of Employee's knowledge, Employee possess no such claims (including, but not limited to, under the Family and Medical Leave Act, the Age Discrimination in Employment Act, the California Family Rights Act, the Fair Labor Standards Act, the California Labor Code and/or workers' compensation claims). Employee further acknowledges that he/she is not aware of, or has fully disclosed to the Company, any information that could reasonably give rise to such a claim, cause of action, lawsuit or proceeding against any Company Releasee(s).

8. No Cooperation. Employee agrees that he/she will not knowingly encourage, counsel, or assist any attorneys or their clients in the presentation or prosecution of any disputes, differences, grievances, claims, charges, or complaints by any third party against any Company Releasee(s) arising out of or in connection with any Claims released herein, unless under a subpoena or other court order to do so. Employee agrees to immediately notify the Company upon receipt of any such subpoena or court order, and to furnish to the Company, within three (3) business days of its receipt, a copy of such subpoena or other court order.

9. Payment of Salary and Receipt of All Benefits. Employee acknowledges and represents that, except as provided in this Agreement, the Company has fully paid or provided Employee all salary, wages, bonuses, accrued vacation/paid time off, premiums, leaves, housing allowances, relocation costs, interest, severance, outplacement costs, fees, reimbursable expenses, commissions or other incentive compensation, stock, stock options, vesting, and any and all other benefits and compensation due to Employee. Employee specifically represents that Employee is not owed any further sum by way of reimbursement from the Company or any of its affiliates. To the extent Employee claims that additional wages are or may become owed to Employee, there is a good faith dispute based in law and fact over whether any wages in excess of the wages already paid to Employee are or will be due, and thus California Labor Code Section 206.5 is inapplicable.

10. Indemnification.

(a) As a further material inducement to the Company to enter into this Agreement, Employee hereby agrees to indemnify and hold each of the Company Releasees harmless from all loss, costs, damages, or expenses, including without limitation, reasonable attorneys' fees incurred by the Company Releasees, arising out of any breach of this Agreement by Employee or the fact that any representation made in this Agreement by Employee was false when made. As a further material inducement to Employee to enter into this Agreement, the Company hereby agrees to indemnify and hold each of the Company Releasees harmless from all loss, costs, damages, or expenses, including without limitation, reasonable attorneys' fees incurred by the Company Releasees, arising out of any breach of this Agreement by the Company or the fact that any representation made in this Agreement by the Company was knowingly false when made.

(b) If Employee is a party or is threatened to be made a party to any proceeding by reason of the fact that Employee was an employee, officer or director of the Company or any of its affiliates, the Company shall indemnify and hold harmless Employee against any expenses (including reasonable attorneys' fees, *provided*, that counsel has been approved by the Company, which approval shall not be unreasonably withheld), judgments, fines, settlements and other amounts actually or reasonably incurred by Employee in connection with that proceeding, and *provided*, that Employee acted in good faith and in a manner Employee reasonably believed to be in the best interest of the Company. The limitations of Section 317 of the Corporations Code of the State of California shall apply to this assurance of indemnification.



Notwithstanding the foregoing or any other provision contained herein, this Agreement shall not supersede or in any way limit any (i) indemnification arrangements in favor of the Employee under the Company's or any of its affiliates charter documents or bylaws or pursuant to any agreement between the Employee and the Company or any of the Company's affiliates or (ii) the provision of insurance against insurable events which occurred while the Executive was a director or officer of the Company, in each as provided by and subject to the limitations set forth in Section 10 of the Severance Pay Agreement.

11. No Admission of Liability.

The Parties understand and acknowledge that no action taken by either Party in connection hereto, either previously or in connection with this Agreement, shall be deemed or construed to be (i) an admission of the truth or falsity of any actual or potential claims, or (ii) an acknowledgement or admission by either Party of any fault or liability whatsoever to the other Party or to any third party. This Agreement shall not in any way be construed as an admission by the Company that it has acted wrongfully with respect to Employee or any other person or entity, or that Employee has any rights whatsoever against the Company, and the Company specifically disclaims any liability to or wrongful acts against Employee or any other person or entity, on the part of itself, its employees or its agents. This Agreement shall not in any way be construed as an admission by Employee that Employee has acted wrongfully with respect to the Company, or that Employee failed to perform Employee's duties or negligently performed or breached Employee's duties, or that the Company had good cause to terminate Employee's employment.

12. Cooperation in Litigation. Employee agrees to cooperate with the Company and its affiliates and their respective designated attorneys, representatives and agents in connection with any actual or threatened judicial, administrative or other legal or equitable proceeding in which the Company or any of the Company's affiliates is or may become involved. Upon reasonable notice, Employee agrees to meet with and provide to the Company and its affiliates and their respective designated attorneys, representatives or agents all information and knowledge Employee has relating to the subject matter of any such proceeding. The Company agrees to reimburse Employee for any reasonable costs Employee incurs in providing such cooperation.

13. Governing Law. This Agreement is entered into in [state] and, except as provided in this section, shall be governed by substantive [state] law.

14. Arbitration of Disputes. If any dispute arises between Employee and the Company relating to this Agreement, including any dispute regarding the interpretation, enforceability, or validity of this Agreement ("Arbitrable Dispute"), the Parties agree to resolve that Arbitrable Dispute through **final and binding** arbitration under this section. Employee also agrees to arbitrate any Arbitrable Dispute which also involves any other Company Releasee who offers or agrees to arbitrate the dispute under this section.

(a) Any Arbitrable Dispute will be decided by an arbitrator through individual arbitration, and **Employee and the Company waive any right to a jury trial or a court bench trial.** Employee and the Company also waive the right for any dispute to be brought, maintained, decided or arbitrated as a class and/or collective action and the arbitrator shall have no authority to hear or preside over any such action ("Class Action Waiver"). Further, Arbitrable Disputes must be brought in the individual capacity of the party asserting the claim, Employee and the Company are waiving the right to pursue or have a dispute resolved as a plaintiff or class member in any purported class, collective or representative proceeding. To the extent the Class Action Waiver is determined to be invalid, unenforceable, or void, any class and/or collective action must proceed in a court of law and not in arbitration.

Notwithstanding any other provision of this Agreement, to the fullest extent permitted by law, Employee and the Company (1) agree not to bring a representative action on behalf of others under the Private Attorneys General Act of 2004 (“PAGA”), California Labor Code § 2698 *et seq.*, in any court or in arbitration, and (2) agree that, for any claim brought on a private attorney general basis, including under the California PAGA, any such dispute shall be resolved in arbitration on an individual basis only (*i.e.*, to resolve whether Employee has personally been aggrieved or subject to any violations of law), and that such an action may not be used to resolve the claims or rights of other individuals in a single or collective proceeding (collectively, “Representative PAGA Waiver”). Notwithstanding any other provision of this arbitration agreement or the JAMS Rules, the scope, applicability, enforceability, revocability or validity of this Representative PAGA Waiver may be resolved only by a court of competent jurisdiction and not by an arbitrator. If any provision of this representative PAGA Waiver is found to be unenforceable or unlawful for any reason, the unenforceable provision shall be severed from this Dispute Resolution provision, and any such representative PAGA claims or other representative private attorneys general act claims must be litigated in a court of competent jurisdiction and not in arbitration. To the extent that there are any Arbitrable Disputes to be litigated in a court of competent jurisdiction because a court determines that the representative PAGA Waiver is unenforceable with respect to those disputes, the Parties agree that litigation of those Arbitrable Disputes shall be stayed pending the outcome of any individual disputes in arbitration.

(b) The Arbitration shall take place at the office of JAMS that is nearest to the location where Employee last worked for the Company in accordance with the JAMS Employment Arbitration Rules & Procedures then in effect (“JAMS Rules”) (or, if Employee is employed outside of California at the time of the termination of Employee’s employment, at the nearest location of the American Arbitration Association (“AAA”) and in accordance with the AAA Employment Arbitration Rules and Mediation Procedures then in effect (“AAA Rules”)), copies of which are available at [www.jamsadr.com](http://www.jamsadr.com); tel: 800.352.5267 and [www.adr.org](http://www.adr.org); tel: 800.778.7879, before a single experienced employment arbitrator selected in accordance with those rules.

(c) The Arbitrator may not modify or change this Agreement in any way. The Company will be responsible for paying any filing fee and the fees and costs of the Arbitrator; provided, however, that if Employee is the party initiating the claim, Employee will contribute an amount equal to the filing fee that would be paid to initiate a claim in the court of general jurisdiction in the state in which Employee is employed by the Company, unless a lower fee amount would be owed by Employee pursuant to the JAMS Rules (or AAA Rules, as applicable) or applicable law. Each Party shall pay for its own costs and attorneys’ fees and pay any costs that are not unique to arbitration (*i.e.*, cost that each party would incur if the claim(s) were litigated in a court, such as costs to subpoena witnesses and/or documents, take depositions and purchase deposition transcripts, copy documents, etc.), if any. However if any party prevails on a statutory claim which affords the prevailing party attorneys’ fees and costs, or if there is a written agreement providing for attorneys’ fees and/or costs, the Arbitrator may award reasonable attorney’s fees and/or costs to the prevailing party, applying the same standards a court would apply under the law applicable to the claim.

(d) The Arbitrator shall apply the Federal Rules of Evidence and shall have the authority to entertain a motion to dismiss or a motion for summary judgment by any party and shall apply the standards governing such motions under the Federal Rules of Civil Procedure. The Arbitrator is required to issue a written award and opinion setting forth the essential findings and conclusions on which the award is based, and any judgment or award issued by the Arbitrator may be entered in any court of competent jurisdiction. The Arbitrator does not have the authority to consider, certify, or hear an arbitration as a class action, collective action, or any other type of representative action. In addition, unless all parties agree in writing otherwise, the Arbitrator shall not consolidate or join the arbitrations of one or more than one

individual. Neither party may seek, nor may the Arbitrator award, any relief that is not individualized to the claimant or that affects other individuals. The Arbitrator may award declaratory or injunctive relief only in favor of the individual party seeking relief and only to the extent necessary to provide relief warranted by that Party's individual claims.

(e) Employee and the Company recognize that this agreement to arbitrate arises out of or concerns interstate commerce and that the Federal Arbitration Act shall govern the arbitration and the interpretation or enforcement of this section or any arbitration award. If a court decides that applicable law does not permit the enforcement of any of this section's limitations as to a particular claim or any particular remedy for a claim, then that claim or particular remedy (and only that claim or particular remedy) must be severed from the arbitration and may be brought in court. To the extent that the Federal Arbitration Act is inapplicable, California law pertaining to arbitration agreements shall apply. Arbitration in this manner shall be the exclusive remedy for any Arbitrable Dispute. Except as prohibited by the Age Discrimination in Employment Act of 1967, as amended, should Employee or the Company attempt to resolve an Arbitrable Dispute by any method other than arbitration pursuant to this section, the responding party will be entitled to recover from the initiating party all damages, expenses, and attorneys' fees incurred as a result of this breach. This Section 13 supersedes any existing arbitration agreement between the Company and Employee as to any Arbitrable Dispute (as defined herein). Notwithstanding anything in this Section 13 to the contrary, a claim for benefits under an Employee Retirement Income Security Act of 1974, as amended, covered plan shall not be an Arbitrable Dispute.

15. Effective Date. The Parties understand and agree that this Agreement is final and binding eight (8) days after its execution and return (the "Effective Date"). Should Employee nevertheless attempt to challenge the enforceability of this Agreement as provided in Section 13 or, in violation of that section, through litigation, as a further limitation on any right to make such a challenge, Employee shall initially tender to the Company, by certified check delivered to the Company, all monies received pursuant to Section 4 or 5 of the Severance Pay Agreement, as applicable, plus interest, and invite the Company to retain such monies and agree with Employee to cancel this Agreement and void the Company's obligations under the Severance Pay Agreement. In the event the Company accepts this offer, the Company shall retain such monies and this Agreement shall be canceled and the Company shall have no obligation under Section 14(e) of the Severance Pay Agreement. In the event the Company does not accept such offer, the Company shall so notify Employee and shall place such monies in an interest-bearing escrow account pending resolution of the dispute between Employee and the Company as to whether or not this Agreement and the Company's obligations under the Severance Pay Agreement shall be set aside and/or otherwise rendered voidable or unenforceable. Additionally, any consulting agreement then in effect between Employee and the Company shall be immediately rescinded with no requirement of notice.

16. Notices. Any notices required to be given under this Agreement shall be delivered either personally or by first class United States mail, postage prepaid, addressed to the respective parties and shall be effective upon receipt as follows:

To Company: [TO COME]

Attn: [TO COME]

With a copy to:

Attn: [TO COME]

To Employee: \_\_\_\_\_

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17. Voluntary Waiver and Release of ADEA Claims. Employee understands and acknowledges that Employee is waiving any rights Employee may have under the Age Discrimination in Employment Act (“ADEA”), and that this waiver and release is knowing and voluntary. Employee acknowledges that the consideration given for this waiver and release is in addition to anything of value to which Employee was already entitled. Employee further understands and acknowledges that Employee has been given a period of twenty-one (21) days to review and consider this Agreement before signing it and may use as much of this twenty-one (21) period as Employee wishes prior to signing. In the event Employee signs this Agreement and returns it to the Company in less than the twenty-one (21)-day period identified above, Employee hereby acknowledges that Employee has freely and voluntarily chosen to waive the time period allotted for considering this Agreement, and that the Company has not promised Employee anything or made any representations not contained in this Agreement to induce Employee to sign this Agreement before the expiration of the twenty-one (21) day period. Employee is encouraged, at Employee’s personal expense, to consult with an attorney before signing this Agreement. Employee understands and acknowledges that whether or not Employee does so is Employee’s decision. Employee may revoke this Agreement within seven (7) days of signing it. If Employee wishes to revoke, the Company’s Vice President, Human Resources must receive written notice from Employee no later than the close of business on the seventh (7th) day after Employee has signed the Agreement. If revoked, this Agreement shall not be effective and enforceable, and Employee will not receive payments or benefits under Section 4 or 5 of the Severance Pay Agreement, as applicable. The Parties agree that changes, whether material or immaterial, do not restart the running of the twenty-one (21)-day period described above.

18. Section 409A. All payments and benefits payable under this Agreement are intended to comply with the requirements of Section 409A of the Code. Notwithstanding the foregoing, certain payments and benefits payable under this Agreement are intended to be exempt from the requirements of Section 409A of the Code. This Agreement shall be interpreted in accordance with the applicable requirements of, and exemptions from, Section 409A of the Code and the Treasury Regulations thereunder. To the extent the payments and benefits under this Agreement are subject to Section 409A of the Code, this Agreement shall be interpreted, construed and administered in a manner that satisfies the requirements of Section 409A(a)(2), (3) and (4) of the Code and the Treasury Regulations thereunder. To the extent that any payments under this Agreement are subject to Section 409A of the Code, the provisions of Section 9 of the Severance Pay Agreement shall apply.

19. Return of Company Property. Employee represents and warrants that he/she has returned all of the Company’s property, including all work in progress, files, photographs, notes, records, credit cards, keys, access cards, computers, and other Company or customer documents, products, or property that Employee has received in the course of his/her employment, or which reflect in any way any confidential or proprietary information of the Company. Employee also warrants that he has not downloaded or otherwise retained any information, whether in electronic or other form, belonging to the Company or derived from information belonging to the Company.

20. Confidential Information; Public Releases.

(a) Employee acknowledges and reaffirms Employee’s continuing obligations under the Confidentiality Agreement. The Parties understand and agree that nothing in this Agreement is intended to interfere with or discourage Employee’s good-faith disclosure to any

governmental entity related to a reasonably suspected violation of the law or to prevent Employee from discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that Employee has reason to believe is unlawful. The Parties further understand and agree that Employee cannot be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that (a) is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

(b) The Parties understand and agree that the Company and its affiliates shall take any and all necessary or appropriate action to timely satisfy their respective reporting and disclosure obligations in connection with Employee's separation and this Agreement, including filing any requisite forms with the Securities and Exchange Commission ("SEC") and Employee will promptly provide any information reasonably requested by the Company or any of its affiliates in fulfilling any such reporting or disclosure obligations.

21. Entire Agreement. This Agreement constitutes the entire agreement of the parties hereto and supersedes any and all other agreements (except the Severance Pay Agreement and the Confidentiality Agreement) with respect to the subject matter of this Agreement, whether written or oral, between the Parties. Any prior agreements/provisions agreeing to arbitrate disputes with the Company shall remain in full force and effect and shall not be affected by this Agreement. All modifications and amendments to this Agreement must be in writing and signed by all Parties.

22. No Representation. The Parties represent and acknowledge that in executing this Agreement, neither is relying upon any representation or statement not set forth in this Agreement or the Severance Pay Agreement.

23. Take All Necessary Further Action. Each party agrees, without further consideration, to sign or cause to be signed, and to deliver to the other party, any other documents and to take any other action as may be necessary to fulfill the obligations under this Agreement.

24. Severability. If any provision of this Agreement or the application thereof is held invalid, the invalidity shall not affect other provisions or applications of the Agreement which can be given effect without the invalid provisions or application; and to this end the provisions of this Agreement are declared to be severable.

25. Counterparts. This Agreement may be executed in counterparts.

With the benefit of representation and advice of counsel, the Parties have read the foregoing Severance Agreement and General Release, and accept and agree to the provisions it contains and hereby execute it voluntarily and with full understanding of its consequences. The Parties acknowledge that they are receiving valuable consideration in exchange for the execution of this Agreement, to which they would not otherwise be entitled.

DATED: \_\_\_\_\_

\_\_\_\_\_

DATED: \_\_\_\_\_

\_\_\_\_\_

Employee acknowledges that Employee first received this Agreement on [date].

\_\_\_\_\_

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER  
PURSUANT TO RULES 13a-14 AND 15d-14

I, J. Walker Martin, certify that:

1. I have reviewed this report on Form 10-Q of Sempra Energy;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 4, 2023 /s/ J. Walker Martin  
\_\_\_\_\_  
J. Walker Martin  
Chief Executive Officer

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER  
PURSUANT TO RULES 13a-14 AND 15d-14

I, Trevor I. Mihalik, certify that:

1. I have reviewed this report on Form 10-Q of Sempra Energy;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 4, 2023    /s/ Trevor I. Mihalik  
Trevor I. Mihalik  
Chief Financial Officer



CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER  
PURSUANT TO RULES 13a-14 AND 15d-14

I, Caroline A. Winn, certify that:

1. I have reviewed this report on Form 10-Q of San Diego Gas & Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 4, 2023    /s/ Caroline A. Winn  
Caroline A. Winn  
Chief Executive Officer

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER  
PURSUANT TO RULES 13a-14 AND 15d-14

I, Bruce A. Folkmann, certify that:

1. I have reviewed this report on Form 10-Q of San Diego Gas & Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 4, 2023    /s/ Bruce A. Folkmann  
Bruce A. Folkmann  
Chief Financial Officer

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER  
PURSUANT TO RULES 13a-14 AND 15d-14

I, Scott D. Drury, certify that:

1. I have reviewed this report on Form 10-Q of Southern California Gas Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 4, 2023 /s/ Scott D. Drury  
Scott D. Drury  
Chief Executive Officer

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER  
PURSUANT TO RULES 13a-14 AND 15d-14

I, Mia L. DeMontigny, certify that:

1. I have reviewed this report on Form 10-Q of Southern California Gas Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 4, 2023

/s/ Mia L. DeMontigny

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Mia L. DeMontigny

Chief Financial Officer

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER  
PURSUANT TO 18 U.S.C. SECTION 1350

Pursuant to 18 U.S.C. Sec 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned principal executive officer of Sempra Energy (the "Company") certifies that:

- (i) the Quarterly Report on Form 10-Q of the Company filed with the Securities and Exchange Commission for the quarter ended March 31, 2023 (the "Quarterly Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 4, 2023    /s/ J. Walker Martin  
J. Walker Martin  
Chief Executive Officer

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER  
PURSUANT TO 18 U.S.C. SECTION 1350

Pursuant to 18 U.S.C. Sec 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned principal financial officer of Sempra Energy (the "Company") certifies that:

- (i) the Quarterly Report on Form 10-Q of the Company filed with the Securities and Exchange Commission for the quarter ended March 31, 2023 (the "Quarterly Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 4, 2023    /s/ Trevor I. Mihalik  
Trevor I. Mihalik  
Chief Financial Officer

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER  
PURSUANT TO 18 U.S.C. SECTION 1350

Pursuant to 18 U.S.C. Sec 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned principal executive officer of San Diego Gas & Electric Company (the "Company") certifies that:

- (i) the Quarterly Report on Form 10-Q of the Company filed with the Securities and Exchange Commission for the quarter ended March 31, 2023 (the "Quarterly Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 4, 2023    /s/ Caroline A. Winn  
Caroline A. Winn  
Chief Executive Officer

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER  
PURSUANT TO 18 U.S.C. SECTION 1350

Pursuant to 18 U.S.C. Sec 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned principal financial officer of San Diego Gas & Electric Company (the "Company") certifies that:

- (i) the Quarterly Report on Form 10-Q of the Company filed with the Securities and Exchange Commission for the quarter ended March 31, 2023 (the "Quarterly Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 4, 2023    /s/ Bruce A. Folkmann  
Bruce A. Folkmann  
Chief Financial Officer



CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER  
PURSUANT TO 18 U.S.C. SECTION 1350

Pursuant to 18 U.S.C. Sec 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned principal executive officer of Southern California Gas Company (the "Company") certifies that:

- (i) the Quarterly Report on Form 10-Q of the Company filed with the Securities and Exchange Commission for the quarter ended March 31, 2023 (the "Quarterly Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 4, 2023    /s/ Scott D. Drury  
Scott D. Drury  
Chief Executive Officer

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER  
PURSUANT TO 18 U.S.C. SECTION 1350

Pursuant to 18 U.S.C. Sec 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned principal financial officer of Southern California Gas Company (the "Company") certifies that:

- (i) the Quarterly Report on Form 10-Q of the Company filed with the Securities and Exchange Commission for the quarter ended March 31, 2023 (the "Quarterly Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 4, 2023    /s/ Mia L. DeMontigny  
Mia L. DeMontigny  
Chief Financial Officer