

SEMPRA ENERGY

Table A

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Dollars in millions, except per share amounts)	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
	(unaudited)			
REVENUES				
Utilities	\$ 2,332	\$ 1,838	\$ 4,666	\$ 3,929
Energy-related businesses	319	251	635	543
Total revenues	2,651	2,089	5,301	4,472
EXPENSES AND OTHER INCOME				
Utilities:				
Cost of natural gas	(365)	(221)	(921)	(652)
Cost of electric fuel and purchased power	(477)	(349)	(924)	(737)
Energy-related businesses:				
Cost of natural gas, electric fuel and purchased power	(94)	(81)	(205)	(210)
Other cost of sales	(49)	(41)	(97)	(74)
Operation and maintenance	(740)	(727)	(1,464)	(1,398)
Depreciation and amortization	(247)	(266)	(542)	(523)
Franchise fees and other taxes	(81)	(79)	(187)	(175)
Loss from plant closure	(200)	-	(200)	-
Gain on sale of assets	-	7	74	7
Equity earnings (losses), before income tax	8	(293)	18	(281)
Other income, net	26	18	63	93
Interest income	4	4	10	9
Interest expense	(138)	(113)	(276)	(226)
Income (losses) before income taxes and equity earnings				
of certain unconsolidated subsidiaries	298	(52)	650	305
Income tax (expense) benefit	(32)	118	(210)	1
Equity earnings, net of income tax	1	8	5	19
Net income	267	74	445	325
Earnings attributable to noncontrolling interests	(21)	(11)	(19)	(24)
Preferred dividends of subsidiaries	(1)	(1)	(3)	(3)
Earnings	\$ 245	\$ 62	\$ 423	\$ 298
Basic earnings per common share	\$ 1.00	\$ 0.26	\$ 1.74	\$ 1.24
Weighted-average number of shares outstanding, basic (thousands)	243,603	241,141	243,449	240,853
Diluted earnings per common share	\$ 0.98	\$ 0.25	\$ 1.70	\$ 1.21
Weighted-average number of shares outstanding, diluted (thousands)	248,515	246,260	248,279	245,766
Dividends declared per share of common stock	\$ 0.63	\$ 0.60	\$ 1.26	\$ 1.20

SEMPRA ENERGY
Table A (Continued)

Sempra Energy Consolidated

RECONCILIATION OF SEMPRA ENERGY GAAP EARNINGS TO SEMPRA ENERGY ADJUSTED EARNINGS EXCLUDING LOSS FROM PLANT CLOSURE AND RETROACTIVE IMPACTS OF 2012 GENERAL RATE CASE (GRC) IN 2013, AND IMPAIRMENT CHARGE IN 2012 (Unaudited)

Sempra Energy Adjusted Earnings and Adjusted Earnings Per Share excluding 1) in the three months ended June 30, 2013, a \$119 million loss from plant closure resulting from the early retirement of the San Onofre Nuclear Generating Station (SONGS) and \$77 million and \$29 million retroactive impact of the 2012 GRC for the full-year 2012 and for the first quarter of 2013, respectively; 2) in the six months ended June 30, 2013, the \$119 million loss from plant closure and \$77 million retroactive impact of the 2012 GRC for the full-year 2012; and 3) in the three months and six months ended June 30, 2012, a \$179 million impairment charge on our investment in Rockies Express Pipeline LLC are non-GAAP financial measures (GAAP represents accounting principles generally accepted in the United States). Because of the significance and nature of these items, management believes that these non-GAAP financial measures provide a more meaningful comparison of the performance of Sempra Energy's business operations from 2013 to 2012 and to future periods, and also as a base for projection of future compounded annual growth rate. Our updated 2013 guidance of \$4.30 to \$4.60 per diluted share also excludes the \$119 million loss from plant closure, or \$0.48 per diluted share based on forecasted weighted-average diluted shares outstanding for the year 2013. Management believes that excluding the impact of the loss from plant closure from current year guidance provides a more meaningful measure of Sempra Energy's expected financial performance in 2013 in comparison to previously issued guidance. Non-GAAP financial measures are supplementary information that should be considered in addition to, but not as a substitute for, the information prepared in accordance with GAAP. The table below reconciles for historical periods these non-GAAP financial measures to Sempra Energy Earnings and Diluted Earnings Per Common Share, which we consider to be the most directly comparable financial measures calculated in accordance with GAAP.

(Dollars in millions, except per share amounts)	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
Sempra Energy GAAP Earnings	\$ 245 ⁽¹⁾	\$ 62	\$ 423	\$ 298
Add: Loss from plant closure	119	-	119	-
Less: Retroactive impact of 2012 GRC for full-year 2012	(77)	-	(77)	-
Less: Retroactive impact of 2012 GRC for first quarter of 2013	(29)	-	-	-
Add: Impairment charge in 2012	-	179	-	179
Sempra Energy Adjusted Earnings	<u>\$ 258 ⁽²⁾</u>	<u>\$ 241</u>	<u>\$ 465</u>	<u>\$ 477</u>
Diluted earnings per common share:				
Sempra Energy GAAP Earnings	<u>\$ 0.98</u>	<u>\$ 0.25</u>	<u>\$ 1.70</u>	<u>\$ 1.21</u>
Sempra Energy Adjusted Earnings	<u>\$ 1.04</u>	<u>\$ 0.98</u>	<u>\$ 1.87</u>	<u>\$ 1.94</u>
Weighted-average number of shares outstanding, diluted (thousands)	<u>248,515</u>	<u>246,260</u>	<u>248,279</u>	<u>245,766</u>

⁽¹⁾ Percentage increase from second quarter 2012 earnings was 295%.

⁽²⁾ Percentage increase from second quarter 2012 earnings was 7%.

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

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

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

(Dollars in millions)	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
SDG&E GAAP Earnings	\$ 65	\$ 95	\$ 156	\$ 200
Add: Loss from plant closure	119	-	119	-
Less: Retroactive impact of 2012 GRC for full-year 2012	(52)	-	(52)	-
Less: Retroactive impact of 2012 GRC for first quarter of 2013	(17)	-	-	-
SDG&E Adjusted Earnings	<u>\$ 115</u>	<u>\$ 95</u>	<u>\$ 223</u>	<u>\$ 200</u>
SoCalGas GAAP Earnings	\$ 118	\$ 53	\$ 164	\$ 119
Less: Retroactive impact of 2012 GRC for full-year 2012	(25)	-	(25)	-
Less: Retroactive impact of 2012 GRC for first quarter of 2013	(12)	-	-	-
SoCalGas Adjusted Earnings	<u>\$ 81</u>	<u>\$ 53</u>	<u>\$ 139</u>	<u>\$ 119</u>

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Table B

CONDENSED CONSOLIDATED BALANCE SHEETS

(Dollars in millions)	June 30, 2013 (unaudited)	December 31, 2012(1)
Assets		
Current assets:		
Cash and cash equivalents	\$ 954	\$ 475
Restricted cash	89	46
Accounts receivable	1,161	1,299
Income taxes receivable	129	56
Deferred income taxes	76	148
Inventories	357	408
Regulatory balancing accounts – undercollected	325	395
Regulatory assets	190	62
Fixed-price contracts and other derivatives	81	95
U.S. Treasury grants receivable	164	258
Asset held for sale, power plant	-	296
Other	135	157
Total current assets	3,661	3,695
Investments and other assets:		
Restricted cash	22	22
Regulatory assets arising from pension and other postretirement benefit obligations	1,170	1,151
Regulatory assets arising from wildfire litigation costs	352	364
Other regulatory assets	1,872	1,227
Nuclear decommissioning trusts	938	908
Investments	1,466	1,516
Goodwill	1,042	1,111
Other intangible assets	431	436
Sundry	895	878
Total investments and other assets	8,188	7,613
Property, plant and equipment, net	25,171	25,191
Total assets	\$ 37,020	\$ 36,499
Liabilities and Equity		
Current liabilities:		
Short-term debt	\$ 510	\$ 546
Accounts payable	1,073	1,110
Dividends and interest payable	271	266
Accrued compensation and benefits	235	337
Regulatory balancing accounts – overcollected	290	141
Current portion of long-term debt	1,540	725
Fixed-price contracts and other derivatives	71	77
Customer deposits	142	143
Reserve for wildfire litigation	182	305
Other	411	608
Total current liabilities	4,725	4,258
Long-term debt	10,530	11,621
Deferred credits and other liabilities:		
Customer advances for construction	140	144
Pension and other postretirement benefit obligations, net of plan assets	1,471	1,456
Deferred income taxes	2,389	2,100
Deferred investment tax credits	44	46
Regulatory liabilities arising from removal obligations	2,842	2,720
Asset retirement obligations	1,949	2,033
Fixed-price contracts and other derivatives	237	252
Deferred credits and other	1,066	1,107
Total deferred credits and other liabilities	10,138	9,858
Contingently redeemable preferred stock of subsidiary	79	79
Equity:		
Total Sempra Energy shareholders' equity	10,704	10,282
Preferred stock of subsidiary	20	20
Other noncontrolling interests	824	381
Total equity	11,548	10,683
Total liabilities and equity	\$ 37,020	\$ 36,499

(1) Derived from audited financial statements.

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Table C

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in millions)	Six months ended June 30,	
	2013	2012
	(unaudited)	
Cash Flows from Operating Activities		
Net income	\$ 445	\$ 325
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	542	523
Deferred income taxes and investment tax credits	251	(53)
Gain on sale of assets	(74)	(7)
Loss from plant closure	200	-
Equity (earnings) losses	(23)	262
Fixed-price contracts and other derivatives	(28)	1
Other	1	8
Net change in other working capital components	20	28
Changes in other assets	(237)	13
Changes in other liabilities	8	52
Net cash provided by operating activities	<u>1,105</u>	<u>1,152</u>
Cash Flows from Investing Activities		
Expenditures for property, plant and equipment	(1,130)	(1,517)
Expenditures for investments and acquisition of business, net of cash acquired	(5)	(303)
Proceeds from sale of assets and investment	384	9
Proceeds from U.S. Treasury grants	74	-
Distributions from investments	95	31
Purchases of nuclear decommissioning and other trust assets	(330)	(327)
Proceeds from sales by nuclear decommissioning and other trusts	326	329
Decrease in restricted cash	143	68
Increase in restricted cash	(186)	(61)
Other	2	(10)
Net cash used in investing activities	<u>(627)</u>	<u>(1,781)</u>
Cash Flows from Financing Activities		
Common dividends paid	(299)	(260)
Preferred dividends paid by subsidiaries	(3)	(3)
Issuances of common stock	22	45
Repurchases of common stock	(45)	(16)
Issuances of debt (maturities greater than 90 days)	894	1,167
Payments on debt (maturities greater than 90 days)	(1,134)	(559)
Proceeds from sale of noncontrolling interests, net of \$25 in offering costs	574	-
(Decrease) increase in short-term debt, net	(10)	241
Distributions to noncontrolling interests	(13)	(10)
Other	18	(11)
Net cash provided by financing activities	<u>4</u>	<u>594</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(3)</u>	<u>4</u>
Increase (decrease) in cash and cash equivalents	479	(31)
Cash and cash equivalents, January 1	475	252
Cash and cash equivalents, June 30	<u>\$ 954</u>	<u>\$ 221</u>

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Table D

SEGMENT EARNINGS AND CAPITAL EXPENDITURES & INVESTMENTS

(Dollars in millions)	Three months ended		Six months ended	
	June 30,		June 30,	
	2013	2012	2013	2012
	(unaudited)			
Earnings (Losses)				
California Utilities:				
San Diego Gas & Electric	\$ 65	\$ 95	\$ 156	\$ 200
Southern California Gas	118	53	164	119
Sempra International:				
Sempra South American Utilities	34	38	71	78
Sempra Mexico	26	47	57	80
Sempra U.S. Gas & Power:				
Sempra Renewables	15	24	19	34
Sempra Natural Gas	9	(193)	62	(192)
Parent and other	(22)	(2)	(106)	(21)
Earnings	<u>\$ 245</u>	<u>\$ 62</u>	<u>\$ 423</u>	<u>\$ 298</u>

(Dollars in millions)	Three months ended		Six months ended	
	June 30,		June 30,	
	2013	2012	2013	2012
	(unaudited)			
Capital Expenditures and Investments				
California Utilities:				
San Diego Gas & Electric	\$ 209	\$ 331	\$ 446	\$ 729
Southern California Gas	161	151	340	316
Sempra International:				
Sempra South American Utilities	44	39	66	59
Sempra Mexico	100	4	161	9
Sempra U.S. Gas & Power:				
Sempra Renewables	55	343	66	594
Sempra Natural Gas	29	90	55	112
Parent and other	1	-	1	1
Consolidated Capital Expenditures and Investments	<u>\$ 599</u>	<u>\$ 958</u>	<u>\$ 1,135</u>	<u>\$ 1,820</u>

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Table E

OTHER OPERATING STATISTICS (Unaudited)

UTILITIES	Three months ended		Six months ended	
	June 30,		June 30,	
	2013	2012	2013	2012
California Utilities - SDG&E and SoCalGas				
Gas Sales (bcf) ⁽¹⁾	74	83	214	217
Transportation (bcf) ⁽¹⁾	162	174	330	345
Total Deliveries (bcf) ⁽¹⁾	236	257	544	562
Total Gas Customers (Thousands)			6,692	6,665
Electric Sales (Millions of kWhs) ⁽¹⁾	3,792	3,827	7,816	7,916
Direct Access (Millions of kWhs)	759	820	1,594	1,572
Total Deliveries (Millions of kWhs) ⁽¹⁾	4,551	4,647	9,410	9,488
Total Electric Customers (Thousands)			1,405	1,397
Other Utilities				
Natural Gas Sales (bcf)				
Mexico	6	6	12	12
Mobile Gas	10	10	21	22
Willmut Gas ⁽²⁾	1	1	2	1
Natural Gas Customers (Thousands)				
Mexico			95	91
Mobile Gas			87	88
Willmut Gas ⁽²⁾			19	20
Electric Sales (Millions of kWhs)				
Peru	1,742	1,669	3,488	3,359
Chile	689	638	1,450	1,383
Electric Customers (Thousands)				
Peru			977	941
Chile			633	617
ENERGY-RELATED BUSINESSES				
Sempra International				
Power Sold (Millions of kWhs)				
Sempra Mexico	736	894	1,780	1,972
Sempra U.S. Gas & Power				
Power Sold (Millions of kWhs)				
Sempra Renewables ⁽³⁾	683	253	1,381	526
Sempra Natural Gas ⁽⁴⁾	795	1,459	1,927	3,399

⁽¹⁾ Includes intercompany sales.

⁽²⁾ Acquired in May 2012.

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

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

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Table F (Unaudited)

Statement of Operations Data by Segment

Three Months Ended June 30, 2013

(Dollars in millions)	SDG&E	SoCalGas	Sempra South American Utilities	Sempra Mexico	Sempra Renewables	Sempra Natural Gas	Consolidating Adjustments, Parent & Other	Total
Revenues	\$ 1,064	\$ 904	\$ 371	\$ 163	\$ 30	\$ 218	\$ (99)	\$ 2,651
Cost of Sales and Other Expenses	(632)	(645)	(290)	(112)	(14)	(192)	79	(1,806)
Loss From Plant Closure	(200)	-	-	-	-	-	-	(200)
Depreciation & Amortization	(107)	(80)	(15)	(15)	(7)	(20)	(3)	(247)
Equity (Losses) Earnings Recorded Before Income Tax	-	-	-	-	(3)	11	-	8
Other Income (Expense), Net	9	3	-	(5)	5	2	12	26
Income (Loss) Before Interest & Tax ⁽¹⁾	134	182	66	31	11	19	(11)	432
Net Interest Expense ⁽²⁾	(50)	(19)	(2)	(3)	(5)	(3)	(53)	(135)
Income Tax (Expense) Benefit	(12)	(45)	(17)	(2)	9	(6)	41	(32)
Equity (Losses) Earnings Recorded Net of Income Tax	-	-	(7)	8	-	-	-	1
(Earnings) Losses Attributable to Noncontrolling Interests	(7)	-	(6)	(8)	-	(1)	1	(21)
Earnings (Losses)	\$ 65	\$ 118	\$ 34	\$ 26	\$ 15	\$ 9	\$ (22)	\$ 245

Three Months Ended June 30, 2012

(Dollars in millions)	SDG&E	SoCalGas	Sempra South American Utilities	Sempra Mexico	Sempra Renewables	Sempra Natural Gas	Consolidating Adjustments, Parent & Other	Total
Revenues	\$ 780	\$ 720	\$ 348	\$ 118	\$ 14	\$ 198	\$ (89)	\$ 2,089
Cost of Sales and Other Expenses	(492)	(535)	(270)	(66)	(1)	(196)	69	(1,491)
Depreciation & Amortization	(119)	(90)	(14)	(15)	(3)	(22)	(3)	(266)
Equity Losses Recorded Before Income Tax	-	-	-	-	(2)	(290) ⁽³⁾	(1)	(293)
Other Income (Expense), Net	24	4	-	(4)	-	-	(6)	18
Income (Loss) Before Interest & Tax ⁽¹⁾	193	99	64	33	8	(310)	(30)	57
Net Interest (Expense) Income ⁽²⁾	(40)	(18)	(2)	1	(2)	(11)	(38)	(110)
Income Tax (Expense) Benefit	(53)	(28)	(17)	5	18	128	65	118
Equity Earnings Recorded Net of Income Tax	-	-	-	8	-	-	-	8
(Earnings) Losses Attributable to Noncontrolling Interests	(5)	-	(7)	-	-	-	1	(11)
Earnings (Losses)	\$ 95	\$ 53	\$ 38	\$ 47	\$ 24	\$ (193)	\$ (2)	\$ 62

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

⁽²⁾ Net Interest (Expense) Income includes Interest Income, Interest Expense and Preferred Dividends of Subsidiaries.

⁽³⁾ Includes impairment loss of \$300 million related to our investment in Rockies Express Pipeline LLC.

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Table F (Unaudited)

Statement of Operations Data by Segment

Six Months Ended June 30, 2013

(Dollars in millions)	SDG&E	SoCalGas	Sempra South American Utilities	Sempra Mexico	Sempra Renewables	Sempra Natural Gas	Consolidating Adjustments, Parent & Other	Total
Revenues	\$ 2,003	\$ 1,887	\$ 755	\$ 331	\$ 51	\$ 471	\$ (197)	\$ 5,301
Cost of Sales and Other Expenses	(1,269)	(1,445)	(591)	(225)	(27)	(412)	171	(3,798)
Loss From Plant Closure	(200)	-	-	-	-	-	-	(200)
Gain on Sale of Asset	-	-	-	-	-	74	-	74
Depreciation & Amortization	(241)	(180)	(30)	(31)	(15)	(40)	(5)	(542)
Equity (Losses) Earnings Recorded Before Income Tax	-	-	-	-	(2)	20	-	18
Other Income, Net	20	7	3	4	5	4	20	63
Income (Loss) Before Interest & Tax ⁽¹⁾	313	269	137	79	12	117	(11)	916
Net Interest Expense ⁽²⁾	(98)	(36)	(4)	(4)	(10)	(15)	(102)	(269)
Income Tax (Expense) Benefit	(63)	(69)	(34)	(28)	17	(39)	6	(210)
Equity (Losses) Earnings Recorded Net of Income Tax	-	-	(14)	19	-	-	-	5
Losses (Earnings) Attributable to Noncontrolling Interests	4	-	(14)	(9)	-	(1)	1	(19)
Earnings (Losses)	\$ 156	\$ 164	\$ 71	\$ 57	\$ 19	\$ 62	\$ (106)	\$ 423

Six Months Ended June 30, 2012

(Dollars in millions)	SDG&E	SoCalGas	Sempra South American Utilities	Sempra Mexico	Sempra Renewables	Sempra Natural Gas	Consolidating Adjustments, Parent & Other	Total
Revenues	\$ 1,614	\$ 1,600	\$ 705	\$ 254	\$ 22	\$ 467	\$ (190)	\$ 4,472
Cost of Sales and Other Expenses	(1,036)	(1,209)	(551)	(141)	(10)	(441)	149	(3,239)
Depreciation & Amortization	(231)	(177)	(27)	(31)	(6)	(45)	(6)	(523)
Equity Losses Recorded Before Income Tax	-	-	-	-	(1)	(279) ⁽³⁾	(1)	(281)
Other Income, Net	54	8	2	11	-	-	18	93
Income (Loss) Before Interest & Tax ⁽¹⁾	401	222	129	93	5	(298)	(30)	522
Net Interest Expense ⁽²⁾	(77)	(35)	(8)	(2)	(6)	(20)	(72)	(220)
Income Tax (Expense) Benefit	(113)	(68)	(30)	(30)	35	126	81	1
Equity Earnings Recorded Net of Income Tax	-	-	-	19	-	-	-	19
Earnings Attributable to Noncontrolling Interests	(11)	-	(13)	-	-	-	-	(24)
Earnings (Losses)	\$ 200	\$ 119	\$ 78	\$ 80	\$ 34	\$ (192)	\$ (21)	\$ 298

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

⁽²⁾ Net Interest Expense includes Interest Income, Interest Expense and Preferred Dividends of Subsidiaries.

⁽³⁾ Includes impairment loss of \$300 million related to our investment in Rockies Express Pipeline LLC.