

# 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,	
	2011	2010	2011	2010
	(unaudited)			
<b>REVENUES</b>				
Utilities	\$ 1,922	\$ 1,550	\$ 3,868	\$ 3,541
Energy-related businesses	500	458	988	1,001
Total revenues	<u>2,422</u>	<u>2,008</u>	<u>4,856</u>	<u>4,542</u>
<b>EXPENSES AND OTHER INCOME</b>				
Utilities:				
Cost of natural gas	(403)	(381)	(1,045)	(1,184)
Cost of electric fuel and purchased power	(397)	(129)	(568)	(277)
Energy-related businesses:				
Cost of natural gas, electric fuel and purchased power	(212)	(235)	(442)	(528)
Other cost of sales	(32)	(20)	(55)	(45)
Litigation expense	(6)	1	(13)	(167)
Other operation and maintenance	(667)	(616)	(1,299)	(1,192)
Depreciation and amortization	(248)	(215)	(479)	(425)
Franchise fees and other taxes	(80)	(77)	(175)	(167)
Equity earnings (losses), before income tax	7	(8)	8	7
Remeasurement of equity method investments	277	-	277	-
Other income, net	31	8	74	16
Interest income	12	4	15	8
Interest expense	(118)	(103)	(226)	(212)
Income before income taxes and equity earnings of certain unconsolidated subsidiaries	586	237	928	376
Income tax expense	(92)	(59)	(201)	(117)
Equity earnings, net of income tax	8	27	39	46
Net income	<u>502</u>	<u>205</u>	<u>766</u>	<u>305</u>
Losses attributable to noncontrolling interests	12	20	8	28
Preferred dividends of subsidiaries	(3)	(3)	(5)	(5)
Earnings	<u>\$ 511</u>	<u>\$ 222</u>	<u>\$ 769</u>	<u>\$ 328</u>
Basic earnings per common share	<u>\$ 2.14</u>	<u>\$ 0.90</u>	<u>\$ 3.21</u>	<u>\$ 1.33</u>
Weighted-average number of shares outstanding, basic (thousands)	<u>239,415</u>	<u>246,784</u>	<u>239,769</u>	<u>246,435</u>
Diluted earnings per common share	<u>\$ 2.12</u>	<u>\$ 0.89</u>	<u>\$ 3.19</u>	<u>\$ 1.31</u>
Weighted-average number of shares outstanding, diluted (thousands)	<u>240,761</u>	<u>249,727</u>	<u>241,154</u>	<u>249,835</u>
Dividends declared per share of common stock	<u>\$ 0.48</u>	<u>\$ 0.39</u>	<u>\$ 0.96</u>	<u>\$ 0.78</u>

### RECONCILIATION OF SEMPra ENERGY EARNINGS TO SEMPra ENERGY EARNINGS EXCLUDING GAIN FROM REMEASUREMENT OF EQUITY METHOD INVESTMENTS AND LITIGATION SETTLEMENT (Unaudited)

Sempra Energy Earnings, Earnings Per Share and 2011 earnings per share guidance excluding a \$277 million gain from the remeasurement of equity method investments in Chilquinta Energía and Luz del Sur in the second quarter of 2011 and a \$96 million charge for a litigation settlement in the first quarter of 2010 are non-GAAP financial measures (GAAP represents accounting principles generally accepted in the United States). Statistics using these amounts, including percentage changes from period to period, also result in non-GAAP 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 Sempra Energy's business operations from 2011 to 2010 and to future periods. Accordingly, 2011 guidance of \$4 to \$4.30 per diluted share excludes the second quarter gain of \$277 million, or \$1.15 per diluted share, based on shares outstanding through June 30, 2011. 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,	
	2011	2010	2011	2010
Sempra Energy Earnings (GAAP)	\$ 511	\$ 222	\$ 769	\$ 328
Less: Remeasurement Gain in 2011	(277)	-	(277)	-
Add: Litigation Settlement Charge in 2010	-	-	-	96
Sempra Energy Earnings Excluding Gain and Litigation Settlement Charge	<u>\$ 234</u>	<u>\$ 222</u>	<u>\$ 492</u>	<u>\$ 424</u>
Diluted earnings per common share:				
Sempra Energy Earnings (GAAP)	<u>\$ 2.12</u> <sup>(1)</sup>	<u>\$ 0.89</u>	<u>\$ 3.19</u> <sup>(1)</sup>	<u>\$ 1.31</u>
Sempra Energy Earnings Excluding Gain and Litigation Settlement Charge	<u>\$ 0.97</u> <sup>(2)</sup>	<u>\$ 0.89</u>	<u>\$ 2.04</u> <sup>(2)</sup>	<u>\$ 1.69</u>
Weighted-average number of shares outstanding, diluted (thousands)	<u>240,761</u>	<u>249,727</u>	<u>241,154</u>	<u>249,835</u>

(1) Percentage increases from second quarter and year-to-date 2010 earnings per share were 138% and 144%, respectively.

(2) Percentage increases from second quarter and year-to-date 2010 earnings per share were 9% and 21%, respectively.

# SEMPRA ENERGY

Table B

## CONDENSED CONSOLIDATED BALANCE SHEETS

(Dollars in millions)	June 30, 2011	December 31, 2010(1)
	(unaudited)	
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 392	\$ 912
Restricted cash	188	131
Accounts receivable	1,176	1,032
Due from unconsolidated affiliates	-	34
Income taxes receivable	243	248
Deferred income taxes	-	75
Inventories	211	258
Regulatory assets	69	90
Fixed-price contracts and other derivatives	87	81
Settlement receivable related to wildfire litigation	-	300
Other	185	192
Total current assets	2,551	3,353
Investments and other assets:		
Restricted cash	2	27
Regulatory assets arising from pension and other postretirement benefit obligations	868	869
Regulatory assets arising from wildfire litigation costs	397	364
Other regulatory assets	948	934
Nuclear decommissioning trusts	808	769
Investment in RBS Sempra Commodities LLP	439	787
Other investments	1,513	2,164
Goodwill	1,059	87
Intangible assets	450	453
Sundry	645	600
Total investments and other assets	7,129	7,054
Property, plant and equipment, net	22,156	19,876
Total assets	\$ 31,836	\$ 30,283
<b>Liabilities and Equity</b>		
Current liabilities:		
Short-term debt	\$ 453	\$ 158
Accounts payable	915	864
Due to unconsolidated affiliates	-	36
Deferred income taxes	31	-
Dividends and interest payable	217	188
Accrued compensation and benefits	269	311
Regulatory balancing accounts, net	277	241
Current portion of long-term debt	144	349
Fixed-price contracts and other derivatives	85	106
Customer deposits	135	129
Reserve for wildfire litigation	422	639
Other	627	765
Total current liabilities	3,575	3,786
Long-term debt	9,648	8,980
Deferred credits and other liabilities:		
Customer advances for construction	139	154
Pension and other postretirement benefit obligations, net of plan assets	1,106	1,105
Deferred income taxes	1,826	1,561
Deferred investment tax credits	48	50
Regulatory liabilities arising from removal obligations	2,692	2,630
Asset retirement obligations	1,490	1,449
Other regulatory liabilities	115	138
Fixed-price contracts and other derivatives	279	290
Deferred credits and other	867	823
Total deferred credits and other liabilities	8,562	8,200
Contingently redeemable preferred stock of subsidiary	79	79
Equity:		
Total Sempra Energy shareholders' equity	9,579	9,027
Preferred stock of subsidiaries	20	100
Other noncontrolling interests	373	111
Total equity	9,972	9,238
Total liabilities and equity	\$ 31,836	\$ 30,283

(1) Derived from audited financial statements.

# SEMPRA ENERGY

Table C

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in millions)	Six months ended June 30,	
	2011	2010
	(unaudited)	
<b>Cash Flows from Operating Activities:</b>		
Net income	\$ 766	\$ 305
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	479	425
Deferred income taxes and investment tax credits	147	96
Equity earnings	(47)	(53)
Remeasurement of equity method investments	(277)	-
Fixed-price contracts and other derivatives	(2)	14
Other	(23)	(6)
Net change in other working capital components	53	294
Distributions from RBS Sempra Commodities LLP	53	198
Changes in other assets	2	53
Changes in other liabilities	(12)	(19)
Net cash provided by operating activities	<u>1,139</u>	<u>1,307</u>
<b>Cash Flows from Investing Activities:</b>		
Expenditures for property, plant and equipment	(1,225)	(839)
Expenditures for investments and acquisition of businesses, net of cash acquired	(682)	(370)
Distributions from RBS Sempra Commodities LLP	276	-
Distributions from other investments	29	36
Purchases of nuclear decommissioning and other trust assets	(97)	(159)
Proceeds from sales by nuclear decommissioning and other trusts	94	159
Decrease in restricted cash	388	45
Increase in restricted cash	(420)	(40)
Other	(16)	1
Net cash used in investing activities	<u>(1,653)</u>	<u>(1,167)</u>
<b>Cash Flows from Financing Activities:</b>		
Common dividends paid	(210)	(172)
Redemption of subsidiary preferred stock	(80)	-
Preferred dividends paid by subsidiaries	(5)	(5)
Issuances of common stock	20	22
Repurchases of common stock	(18)	(2)
Issuances of debt (maturities greater than 90 days)	870	270
Payments on debt (maturities greater than 90 days)	(270)	(710)
(Decrease) increase in short-term debt, net	(319)	534
Other	10	1
Net cash used in financing activities	<u>(2)</u>	<u>(62)</u>
Effect of exchange rate changes on cash and cash equivalents	(4)	-
(Decrease) increase in cash and cash equivalents	(520)	78
Cash and cash equivalents, January 1	912	110
Cash and cash equivalents, June 30	<u>\$ 392</u>	<u>\$ 188</u>

# SEMPRA ENERGY

Table D

## **BUSINESS UNIT EARNINGS AND CAPITAL EXPENDITURES & INVESTMENTS**

(Dollars in millions)	Three months ended June 30,		Six months ended June 30,	
	2011	2010	2011	2010
	(unaudited)			
<b>Earnings (Losses)</b>				
San Diego Gas & Electric	\$ 71	\$ 75	\$ 160	\$ 158
Southern California Gas	59	69	127	134
Sempra Generation	50	52	94	1
Sempra Pipelines & Storage	337	39	391	77
Sempra LNG	18	13	51	45
Parent & Other	(24)	(26)	(54)	(87)
Earnings	<u>\$ 511</u>	<u>\$ 222</u>	<u>\$ 769</u>	<u>\$ 328</u>

(Dollars in millions)	Three months ended June 30,		Six months ended June 30,	
	2011	2010	2011	2010
	(unaudited)			
<b>Capital Expenditures and Investments</b>				
San Diego Gas & Electric	\$ 366	\$ 232	\$ 714	\$ 522
Southern California Gas	157	102	325	216
Sempra Generation	24	1	76	5
Sempra Pipelines & Storage	745	350	785	460
Sempra LNG	3	2	6	4
Parent & Other	1	2	1	2
Consolidated Capital Expenditures and Investments	<u>\$ 1,296</u>	<u>\$ 689</u>	<u>\$ 1,907</u>	<u>\$ 1,209</u>

# SEMPRA ENERGY

Table E

## OTHER OPERATING STATISTICS (Unaudited)

UTILITIES	Three months ended June 30,		Six months ended June 30,	
	2011	2010	2011	2010
<b><i>Sempra Utilities - SDG&amp;E and SoCalGas</i></b>				
Gas Sales (bcf) <sup>(1)</sup>	85	85	223	217
Transportation (bcf) <sup>(1)</sup>	112	113	235	230
Total Deliveries (bcf) <sup>(1)</sup>	197	198	458	447
Total Gas Customers (Thousands)			6,644	6,622
Electric Sales (Millions of kWh) <sup>(1)</sup>	3,825	3,763	7,970	7,818
Direct Access (Millions of kWh)	782	764	1,568	1,484
Total Deliveries (Millions of kWh) <sup>(1)</sup>	4,607	4,527	9,538	9,302
Total Electric Customers (Thousands)			1,390	1,383
<b><i>Sempra Pipelines &amp; Storage - Utilities</i></b> <sup>(2)</sup>				
Natural Gas Sales (bcf)				
Argentina	87	83	157	147
Mexico	5	5	11	11
Mobile Gas	9	8	19	18
Natural Gas Customers (Thousands)				
Argentina			1,781	1,731
Mexico			89	90
Mobile Gas			90	90
Electric Sales (Millions of kWh)				
Peru	1,570	1,483	3,164	2,962
Chile	604	570	1,284	1,170
Electric Customers (Thousands)				
Peru			907	877
Chile			603	586

(1) Excludes intercompany sales

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

## ENERGY - RELATED BUSINESSES

### *Sempra Generation*

Power Sold (Millions of kWh)	3,518	5,553	7,641	10,505
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# SEMPRA ENERGY

## Table F (Unaudited)

### Statement of Operations Data by Business Unit

Three Months Ended June 30, 2011

(Dollars in millions)	SDG&E	SoCalGas	Generation	Pipelines & Storage	LNG	Consolidating Adjustments, Parent & Other	Total
Revenues	\$ 697	\$ 876	\$ 268	\$ 445	\$ 159	\$ (23)	\$ 2,422
Cost of Sales and Other Expenses	(477)	(690)	(184)	(335)	(106)	1	(1,791)
Litigation Expense	(2)	(1)	(1)	-	(2)	-	(6)
Depreciation & Amortization	(105)	(82)	(18)	(26)	(12)	(5)	(248)
Equity (Losses) Earnings Recorded Before Income Tax	-	-	(1)	10	-	(2)	7
Other Income, Net	13	3	1	277 <sup>(1)</sup>	1	13	308
Income (Loss) Before Interest & Tax <sup>(2)</sup>	126	106	65	371	40	(16)	692
Net Interest Expense <sup>(3)</sup>	(32)	(19)	(3)	(12)	(10)	(33)	(109)
Income Tax (Expense) Benefit	(42)	(28)	(12)	(22)	(12)	24	(92)
Equity Earnings Recorded Net of Income Tax	-	-	-	8	-	-	8
Losses (Earnings) Attributable to Noncontrolling Interests	19	-	-	(8)	-	1	12
Earnings (Losses)	\$ 71	\$ 59	\$ 50	\$ 337	\$ 18	\$ (24)	\$ 511

Three Months Ended June 30, 2010

(Dollars in millions)	SDG&E	SoCalGas	Generation	Pipelines & Storage	LNG	Consolidating Adjustments, Parent & Other	Total
Revenues	\$ 692	\$ 834	\$ 268	\$ 75	\$ 166	\$ (27)	\$ 2,008
Cost of Sales and Other Expenses	(458)	(638)	(197)	(54)	(123)	12	(1,458)
Litigation Adjustment (Expense)	7	(1)	(2)	(1)	(1)	(1)	1
Depreciation & Amortization	(95)	(77)	(16)	(10)	(13)	(4)	(215)
Equity (Losses) Earnings Recorded Before Income Tax	-	-	(1)	12	-	(19)	(8)
Other (Expense) Income, Net	(16)	2	6	(1)	-	17	8
Income (Loss) Before Interest & Tax <sup>(2)</sup>	130	120	58	21	29	(22)	336
Net Interest Expense <sup>(3)</sup>	(32)	(17)	-	(2)	(12)	(39)	(102)
Income Tax (Expense) Benefit	(44)	(34)	(6)	(7)	(4)	36	(59)
Equity Earnings Recorded Net of Income Tax	-	-	-	27	-	-	27
Losses (Earnings) Attributable to Noncontrolling Interests	21	-	-	-	-	(1)	20
Earnings (Losses)	\$ 75	\$ 69	\$ 52	\$ 39	\$ 13	\$ (26)	\$ 222

<sup>(1)</sup> Includes gain of \$277 million related to remeasurement of equity method investments.

<sup>(2)</sup> Management believes "Income (Loss) before Interest & Tax" is a useful measurement of our business units' 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.

<sup>(3)</sup> Net Interest Expense includes Interest Income, Interest Expense and Preferred Dividends of Subsidiaries.

**SEMPRA ENERGY**  
Table F (Unaudited)

**Statement of Operations Data by Business Unit**

**Six Months Ended June 30, 2011**

(Dollars in millions)	SDG&E	SoCalGas	Generation	Pipelines & Storage	LNG	Consolidating Adjustments, Parent & Other	Total
Revenues	\$ 1,537	\$ 1,932	\$ 537	\$ 554	\$ 345	\$ (49)	\$ 4,856
Cost of Sales and Other Expenses	(1,048)	(1,546)	(371)	(404)	(225)	10	(3,584)
Litigation Expense	(5)	(1)	(2)	-	(4)	(1)	(13)
Depreciation & Amortization	(208)	(163)	(37)	(39)	(25)	(7)	(479)
Equity Earnings (Losses) Recorded Before Income Tax	-	-	-	19	-	(11)	8
Other Income, Net	29	6	1	277 <sup>(1)</sup>	3	35	351
Income (Loss) Before Interest & Tax <sup>(2)</sup>	305	228	128	407	94	(23)	1,139
Net Interest Expense <sup>(3)</sup>	(69)	(36)	-	(18)	(20)	(73)	(216)
Income Tax (Expense) Benefit	(91)	(65)	(34)	(29)	(23)	41	(201)
Equity Earnings Recorded Net of Income Tax	-	-	-	39	-	-	39
Losses (Earnings) Attributable to Noncontrolling Interests	15	-	-	(8)	-	1	8
Earnings (Losses)	\$ 160	\$ 127	\$ 94	\$ 391	\$ 51	\$ (54)	\$ 769

**Six Months Ended June 30, 2010**

(Dollars in millions)	SDG&E	SoCalGas	Generation	Pipelines & Storage	LNG	Consolidating Adjustments, Parent & Other	Total
Revenues	\$ 1,434	\$ 2,016	\$ 586	\$ 185	\$ 371	\$ (50)	\$ 4,542
Cost of Sales and Other Expenses	(963)	(1,611)	(450)	(132)	(259)	22	(3,393)
Litigation Expense	-	(1)	(141)	(1)	(2)	(22)	(167)
Depreciation & Amortization	(187)	(152)	(31)	(21)	(25)	(9)	(425)
Equity (Losses) Earnings Recorded Before Income Tax	-	-	(1)	22	-	(14)	7
Other (Expense) Income, Net	(16)	6	8	(2)	-	20	16
Income (Loss) Before Interest & Tax <sup>(2)</sup>	268	258	(29)	51	85	(53)	580
Net Interest Expense <sup>(3)</sup>	(64)	(34)	(2)	(7)	(24)	(78)	(209)
Income Tax (Expense) Benefit	(75)	(90)	32	(13)	(16)	45	(117)
Equity Earnings Recorded Net of Income Tax	-	-	-	46	-	-	46
Losses (Earnings) Attributable to Noncontrolling Interests	29	-	-	-	-	(1)	28
Earnings (Losses)	\$ 158	\$ 134	\$ 1	\$ 77	\$ 45	\$ (87)	\$ 328

<sup>(1)</sup> Includes gain of \$277 million related to remeasurement of equity method investments.

<sup>(2)</sup> Management believes "Income (Loss) before Interest & Tax" is a useful measurement of our business units' 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.

<sup>(3)</sup> Net Interest Expense includes Interest Income, Interest Expense and Preferred Dividends of Subsidiaries.