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- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02 Results of Operations and Financial Condition

The information furnished in this Item 2.02 and in Exhibits 99.1 and 99.2 shall not be deemed to be "filed" for purposes of the Securities Exchange Act of 1934, nor shall it be deemed to be incorporated by reference in any filing of Sempra Energy, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

On February 26, 2008, Sempra Energy issued a press release announcing consolidated net income of \$289 million, or \$1.10 per diluted share of common stock, for the fourth quarter of 2007 and \$1.1 billion, or \$4.16 per diluted share of common stock, for the fiscal year 2007. The press release has been posted on Sempra Energy's website (www.sempra.com) and a copy is attached as Exhibit 99.1.

Concurrently with the website posting of such press release and as noted therein, Sempra Energy also posted its Income Statement Data by Business Unit for the three months and the years ended December 31, 2007 and 2006. A copy of such information is attached as Exhibit 99.2.

Item 9.01 Financial Statements and Exhibits.

Exhibits

- 99.1 February 26, 2008 Sempra Energy News Release (including tables)
- 99.2 Sempra Energy's Income Statement Data by Business Unit for the three months and the years ended December 31, 2007 and 2006.

SIGNATURE

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: February 26, 2008

By: /S/ Joseph A. Householder

Joseph A. Householder
Sr. Vice President and Controller

NEWS RELEASE

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SEMPRA ENERGY REPORTS RECORD INCOME FROM CONTINUING OPERATIONS IN 2007

SAN DIEGO, Feb. 26, 2008 – Sempra Energy (NYSE: SRE) today reported 2007 income from continuing operations of \$1.13 billion, or \$4.26 per diluted share, up from \$1.09 billion, or \$4.17 per diluted share, in 2006.

Income from continuing operations in 2006 included a \$204 million gain on asset sales and a fourth-quarter write-down of \$221 million on the company's Argentine utility investments.

Sempra Energy's 2007 net income was \$1.10 billion, or \$4.16 per diluted share, compared with 2006 net income of \$1.41 billion, or \$5.38 per diluted share. The company's 2006 results included \$315 million in after-tax income from discontinued operations primarily related to asset sales.

Fourth-quarter 2007 net income was \$289 million, or \$1.10 per diluted share, compared with \$125 million, or \$0.47 per diluted share, in 2006.

“We are pleased that we achieved record results and exceeded our financial goals in 2007,” said Donald E. Felsing, chairman and chief executive officer of Sempra Energy. “In 2008, Sempra Energy will mark its 10th anniversary and we will complete several of our major natural gas infrastructure projects. We also expect to launch our joint venture with The Royal Bank of Scotland. This transaction will significantly expand the global footprint of our commodities business, while, at the same time, enable us to raise our dividend and begin our share-repurchase program.”

Revenues for Sempra Energy in 2007 were \$11.4 billion, compared with \$11.8 billion in 2006, due primarily to lower revenues from commodity operations. Fourth-quarter 2007 revenues were \$3.1 billion, compared with \$3.2 billion in the prior year’s quarter.

SUBSIDIARY OPERATING RESULTS

Sempra Utilities

Sempra Utilities – San Diego Gas & Electric (SDG&E) and Southern California Gas Co. (SoCalGas) – had net income of \$513 million in 2007, up 12 percent from \$460 million in 2006. The utilities’ fourth-quarter 2007 net income was \$105 million, compared with \$110 million in 2006.

Net income for SDG&E rose to \$283 million in 2007, from \$237 million in 2006, due primarily to the favorable resolution of tax issues, and higher electric transmission and generation earnings. SDG&E’s fourth-quarter 2007 net income was \$47 million, compared with \$55 million quarterly net income in 2006, primarily due to lower taxes in 2006.

SoCalGas’ 2007 net income increased to \$230 million from \$223 million in 2006, due primarily to higher operating margin. Fourth-quarter net income for SoCalGas was \$58 million in 2007, compared with \$55 million in 2006.

Sempra Commodities

Sempra Commodities’ 2007 net income was \$499 million, compared with the prior-year’s net income of \$504 million. Fourth-quarter 2007 net income for Sempra Commodities was \$186 million, compared with \$214 million in the fourth quarter 2006, primarily due to reduced margins in natural gas.

In the third quarter 2007, Sempra Energy and The Royal Bank of Scotland announced their intention to form a global commodities-marketing joint venture, RBS Sempra Commodities, which will absorb the operations of Sempra Commodities. The transaction is expected to be completed in April 2008. RBS will provide the joint venture with all growth capital, credit and liquidity.

Sempra Generation

Sempra Generation’s net income in 2007 was \$162 million, compared with \$375 million in 2006. The company’s 2006 net income included \$204 million from the sale of its jointly owned Texas power plants. Fourth-quarter 2007 net income for Sempra Generation was \$40 million, compared with \$53 million in the fourth quarter 2006, due primarily to higher taxes and a three-month outage at the company’s El Dorado Energy plant in Nevada.

Sempra Pipelines & Storage

Sempra Pipelines & Storage earned \$64 million in 2007 net income, compared with a net loss of \$165 million in 2006. In the fourth quarter 2007, Sempra Pipelines & Storage had \$14 million in net income, compared with a net loss of \$223 million in the fourth quarter 2006. Both the quarter and full-year results for Sempra Pipelines & Storage in 2006 were impacted by the company's write-down on its Argentine investments.

REX-West, the western leg of the Rockies Express Pipeline – a joint-venture project of Kinder Morgan Energy Partners, Sempra Pipelines & Storage and ConocoPhillips -- has been put into interim service. Permitting is underway on the eastern leg of the 1,600-mile transcontinental pipeline project. During the quarter, the project partners completed a successful non-binding open-season solicitation that could extend the pipeline from its original eastern terminus in Clarington, Ohio, to Princeton, N.J.

Sempra LNG

Sempra LNG recorded a net loss of \$46 million in 2007, compared with a net loss of \$42 million in 2006. For the fourth quarter, Sempra LNG's 2007 net loss was \$19 million, compared with \$7 million in 2006, due primarily to a mark-to-market loss on an inter-company marketing agreement.

For its Energía Costa Azul receipt terminal in Baja California, Mexico, Sempra LNG expects to receive start-up liquefied natural gas (LNG) cargoes early in the second quarter 2008, with commercial operations beginning later in the same quarter. Construction on the Cameron LNG receipt terminal in Louisiana is expected to be complete and ready for commercial operations by year-end.

2008 Outlook

Sempra Energy today reaffirmed its prior 2008 earnings-per-share guidance of \$3.65 to \$3.85. The 2008 guidance reflects the company's reduced ownership in the commodity-marketing business when the joint venture with RBS commences, partially offset by the anticipated improved performance at other operating units and the positive impact of the share-repurchase program.

As announced previously, following the close of the transaction with RBS, Sempra Energy intends to increase its quarterly dividend to \$0.35, or \$1.40 annually, from the current quarterly dividend of \$0.32, or \$1.28 annually, and maintain a targeted dividend payout ratio of 35 percent to 40 percent of net income. Additionally, in 2008, Sempra Energy intends to repurchase \$1 billion of its common stock, the first phase of its \$1.5 billion to \$2 billion stock-repurchase program.

Internet Broadcast

Sempra Energy will broadcast a live discussion of its earnings results over the Internet today at 1 p.m. EST with senior management of the company. Access is available by logging onto the Web site at www.sempra.com. For those unable to log onto the live webcast, the teleconference will be available on replay a few hours after its conclusion by dialing (888) 203-1112 and entering the passcode 3144385.

Sempra Energy, based in San Diego, is a Fortune 500 energy services holding company with 2007 revenues of more than \$11 billion. The Sempra Energy companies' 14,000 employees serve more than 29 million consumers worldwide.

Complete financial tables, including income-statement information by business unit, is available on Sempra Energy's Web site at <http://www.sempra.com/downloads/4Q2007.pdf>.

This press release contains statements that are not historical fact and constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. When the company uses words like "believes," "expects," "anticipates," "intends," "plans," "estimates," "may," "would," "could," "should" or similar expressions, or when the company discusses its strategy or plans, the company is making forward-looking statements. Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions. Future results may differ materially from those expressed in the forward-looking statements. Forward-looking statements are necessarily based upon various assumptions involving judgments with respect to the future and other risks, including, among others: local, regional, national and international economic, competitive, political, legislative and regulatory conditions and developments; actions by the California Public Utilities Commission, California State Legislature, California Department of Water Resources, Federal Energy Regulatory Commission, Federal Reserve Board, U.K. Financial Services Authority, and other regulatory bodies in the United States and other countries; capital market conditions, inflation rates, interest rates and exchange rates; energy and trading markets, including the timing and extent of changes in commodity prices; the availability of natural gas, electric power and liquefied natural gas; weather conditions and conservation efforts; war and terrorist attacks; business, regulatory, environmental, and legal decisions and requirements; the status of deregulation of retail natural gas and electricity delivery; the timing and success of business development efforts; the resolution of litigation; and other uncertainties, all of which are difficult to predict and many of which are beyond the control of the company. These risks and uncertainties are further discussed in the company's reports filed with the Securities and Exchange Commission that are available through the EDGAR system without charge at its Web site, www.sec.gov and on the company's Web site, www.sempra.com. Sempra LNG and Sempra Pipelines & Storage are not the same companies as the utilities, SDG&E or SoCalGas, and are not regulated by the California Public Utilities Commission. Sempra Energy Trading, doing business as Sempra Commodities, and Sempra Generation are not the same companies as the utilities, SDG&E or SoCalGas, and the California Public Utilities Commission does not regulate the terms of their products and services.

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SEMPRA ENERGY

Table A

STATEMENTS OF CONSOLIDATED INCOME

(Dollars in millions, except per share amounts)	Three months ended December 31,		Years ended December 31,	
	2007	2006	2007	2006
	(Unaudited)			
Operating revenues				
Sempra Utilities	\$ 1,859	\$ 1,709	\$ 7,053	\$ 6,899
Sempra Global and parent	1,251	1,536	4,385	4,862
Total operating revenues	<u>3,110</u>	<u>3,245</u>	<u>11,438</u>	<u>11,761</u>
Operating expenses				
Sempra Utilities:				
Cost of natural gas	721	679	2,763	2,756
Cost of electric fuel and purchased power	203	155	699	721
Sempra Global and parent:				
Cost of natural gas, electric fuel and purchased power	357	358	1,302	1,221
Other cost of sales	192	395	988	1,468

Litigation expense	4	13	73	56
Other operating expenses	883	838	2,954	2,814
Depreciation and amortization	172	166	686	657
Franchise fees and other taxes	74	67	295	275
Gains on sale of assets, net	-	(2)	(6)	(1)
Impairment losses	5	6	5	9
Total operating expenses	<u>2,611</u>	<u>2,675</u>	<u>9,759</u>	<u>9,976</u>
Operating income	<u>499</u>	<u>570</u>	<u>1,679</u>	<u>1,785</u>
Other income, net	20	6	81	381
Interest income	10	36	72	109
Interest expense	(68)	(78)	(272)	(351)
Preferred dividends of subsidiaries	(3)	(3)	(10)	(10)
Income from continuing operations before income taxes and equity in earnings (losses) of certain unconsolidated subsidiaries	<u>458</u>	<u>531</u>	<u>1,550</u>	<u>1,914</u>
Income tax expense	183	180	524	641
Equity in earnings (losses) of certain unconsolidated subsidiaries	13	(222)	99	(182)
Income from continuing operations	<u>288</u>	<u>129</u>	<u>1,125</u>	<u>1,091</u>
Discontinued operations, net of income tax	1	(4)	(26)	315
Net income	<u>\$ 289</u>	<u>\$ 125</u>	<u>\$ 1,099</u>	<u>\$ 1,406</u>
Basic earnings per share:				
Income from continuing operations	\$ 1.12	\$ 0.50	\$ 4.34	\$ 4.25
Discontinued operations, net of income tax	-	(0.02)	(0.10)	1.23
Net income	<u>\$ 1.12</u>	<u>\$ 0.48</u>	<u>\$ 4.24</u>	<u>\$ 5.48</u>
Weighted-average number of shares outstanding (thousands)	<u>257,864</u>	<u>258,385</u>	<u>259,269</u>	<u>256,477</u>
Diluted earnings per share:				
Income from continuing operations	\$ 1.10	\$ 0.49	\$ 4.26	\$ 4.17
Discontinued operations, net of income tax	-	(0.02)	(0.10)	1.21
Net income	<u>\$ 1.10</u>	<u>\$ 0.47</u>	<u>\$ 4.16</u>	<u>\$ 5.38</u>
Weighted-average number of shares outstanding (thousands)	<u>262,839</u>	<u>263,429</u>	<u>264,004</u>	<u>261,368</u>
Dividends declared per share of common stock	<u>\$ 0.31</u>	<u>\$ 0.30</u>	<u>\$ 1.24</u>	<u>\$ 1.20</u>

As a result of the decisions in 2006 to dispose of the Twin Oaks power plant, Sempra Energy Production Company, and the Energy Services and Facilities Management businesses, all within Sempra Generation, and Bangor Gas and Frontier Energy, both within Sempra Pipelines & Storage, these operations have been reflected above as discontinued operations in all periods presented.

SEMPRA ENERGY

Table B

CONSOLIDATED BALANCE SHEETS

(Dollars in millions)	December 31, 2007	December 31, 2006
Assets		
Current assets:		
Cash and cash equivalents	\$ 668	\$ 920
Restricted cash	1	4
Accounts receivable, net	1,074	1,035
Income taxes receivable	99	-
Deferred income taxes	247	270
Interest receivable	4	40
Trading-related receivables and deposits, net	2,887	3,047
Derivative trading instruments	3,367	4,068
Commodities owned	2,231	1,845
Inventories	224	215
Regulatory assets	106	193
Other	430	317
Current assets of continuing operations	<u>11,338</u>	<u>11,954</u>
Current assets of discontinued operations	-	62
Total current assets	<u>11,338</u>	<u>12,016</u>
Investments and other assets:		
Regulatory assets arising from fixed-price contracts and other derivatives	309	353
Regulatory assets arising from pension and other postretirement benefit obligations	162	356
Other regulatory assets	460	472

Nuclear decommissioning trusts	739	702
Investments	1,243	1,086
Sundry	956	789
Total investments and other assets	3,869	3,758
Property, plant and equipment, net	14,884	13,175
Total assets	\$ 30,091	\$ 28,949

Liabilities and Shareholders' Equity

Current liabilities:

Short-term debt	\$ 1,064	\$ 252
Accounts payable	1,563	1,587
Due to unconsolidated affiliate	60	-
Income taxes payable	-	9
Trading-related payables	3,328	3,211
Derivative trading instruments	1,974	2,304
Commodities sold with agreement to repurchase	500	537
Dividends and interest payable	145	145
Regulatory balancing accounts, net	481	332
Fixed-price contracts and other derivatives	62	87
Current portion of long-term debt	7	681
Other	1,210	1,197
Current liabilities of continuing operations	10,394	10,342
Current liabilities of discontinued operations	-	7
Total current liabilities	10,394	10,349
Long-term debt	4,553	4,525
Deferred credits and other liabilities:		
Due to unconsolidated affiliate	102	162
Customer advances for construction	153	126
Pension and other postretirement benefit obligations, net of plan assets	434	609
Deferred income taxes	531	412
Deferred investment tax credits	61	67
Regulatory liabilities arising from removal obligations	2,522	2,330
Asset retirement obligations	1,129	1,128
Other regulatory liabilities	265	221
Fixed-price contracts and other derivatives	332	358
Deferred credits and other	949	961
Total deferred credits and other liabilities	6,478	6,374
Preferred stock of subsidiaries	179	179
Minority interests	148	11
Shareholders' equity	8,339	7,511
Total liabilities and shareholders' equity	\$ 30,091	\$ 28,949

As a result of the decisions in 2006 to dispose of the Twin Oaks power plant, Sempra Energy Production Company, and the Energy Services and Facilities Management businesses, all within Sempra Generation, and Bangor Gas and Frontier Energy, both within Sempra Pipelines & Storage, these operations have been reflected above as discontinued operations in all periods presented.

SEMPRA ENERGY

Table C

CONDENSED STATEMENTS OF CONSOLIDATED CASH FLOWS

(Dollars in millions)	Years ended December 31,	
	2007	2006
Cash Flows from Operating Activities:		
Net income	\$ 1,099	\$ 1,406
Adjustments to reconcile net income to net cash provided by operating activities:		
Discontinued operations	26	(315)
Depreciation and amortization	686	657
Gains on sale of assets, net	(6)	(1)
Impairment losses	5	9
Deferred income taxes and investment tax credits	149	77
Noncash rate-reduction bond expense	55	60
Equity in income of unconsolidated subsidiaries	(90)	(156)
Other	41	38

Quasi-reorganization resolution	-	12
Net changes in other working capital components	25	(183)
Changes in other assets	22	20
Changes in other liabilities	79	42
Net cash provided by continuing operations	2,091	1,666
Net cash used in discontinued operations	(3)	(37)
Net cash provided by operating activities	2,088	1,629
Cash Flows from Investing Activities:		
Expenditures for property, plant and equipment	(2,011)	(1,907)
Proceeds from sale of assets from continuing operations	103	40
Expenditures for investments	(121)	(257)
Distributions from investments	18	104
Purchases of nuclear decommissioning and other trust assets	(646)	(546)
Proceeds from sales by nuclear decommissioning and other trusts	613	503
Dividends received from unconsolidated affiliates	-	431
Other	(29)	(27)
Net cash used in continuing operations	(2,073)	(1,659)
Net cash provided by discontinued operations	-	793
Net cash used in investing activities	(2,073)	(866)
Cash Flows from Financing Activities:		
Common dividends paid	(316)	(283)
Issuances of common stock	40	97
Repurchases of common stock	(185)	(37)
Issuance of long-term debt	404	552
Payments on long-term debt	(1,072)	(263)
Increase (decrease) in short-term debt, net	812	(791)
Financing transaction related to Sempra Financial	-	83
Other	21	28
Net cash used in continuing operations	(296)	(614)
Net cash provided by discontinued operations	-	2
Net cash used in financing activities	(296)	(612)
Increase (decrease) in cash and cash equivalents	(281)	151
Cash and cash equivalents, January 1	920	769
Cash assumed in connection with FIN 46(R) initial consolidation	29	-
Cash and cash equivalents, December 31	\$ 668	\$ 920

As a result of the decisions in 2006 to dispose of the Twin Oaks power plant, Sempra Energy Production Company, and the Energy Services and Facilities Management businesses, all within Sempra Generation, and Bangor Gas and Frontier Energy, both within Sempra Pipelines & Storage, these operations have been reflected above as discontinued operations in all periods presented.

SEMPRA ENERGY

Table D

BUSINESS UNIT EARNINGS AND CAPITAL EXPENDITURES & INVESTMENTS

(Dollars in millions)	Three months ended December 31,		Years ended December 31,	
	2007	2006	2007	2006
Net Income	(unaudited)			
Sempra Utilities:				
San Diego Gas & Electric	\$ 47	\$ 55	\$ 283	\$ 237
Southern California Gas	58	55	230	223
Total Sempra Utilities	105	110	513	460
Sempra Global:				
Sempra Commodities	186	214	499	504
Sempra Generation*	40	53	162	375
Sempra Pipelines & Storage*	14	(223)	64	(165)
Sempra LNG	(19)	(7)	(46)	(42)
Total Sempra Global	221	37	679	672
Parent & Other	(38)	(18)	(67)	(41)
Continuing Operations	288	129	1,125	1,091
Discontinued Operations, Net of Income Tax	1	(4)	(26)	315

Consolidated Net Income	\$ 289	\$ 125	\$ 1,099	\$ 1,406
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* Excludes amounts now classified as discontinued operations.

(Dollars in millions)	Three months ended December 31,		Years ended December 31,	
	2007	2006	2007	2006
Capital Expenditures and Investments	(unaudited)			
Sempra Utilities:				
San Diego Gas & Electric	\$ 235	\$ 190	\$ 714	\$ 1,070
Southern California Gas	157	129	457	413
Total Sempra Utilities	<u>392</u>	<u>319</u>	<u>1,171</u>	<u>1,483</u>
Sempra Global:				
Sempra Commodities	15	10	64	53
Sempra Generation	5	3	13	40
Sempra Pipelines & Storage	187	202	367	414
Sempra LNG	152	153	498	619
Total Sempra Global	<u>359</u>	<u>368</u>	<u>942</u>	<u>1,126</u>
Parent & Other	7	10	19	(445) (1)
Consolidated Capital Expenditures and Investments	<u>\$ 758</u>	<u>\$ 697</u>	<u>\$ 2,132</u>	<u>\$ 2,164</u>

(1) Reflects the transfer of the Palomar plant to SDG&E from Sempra Generation.

As a result of the decisions in 2006 to dispose of the Twin Oaks power plant, Sempra Energy Production Company, and the Energy Services and Facilities Management businesses, all within Sempra Generation, and Bangor Gas and Frontier Energy, both within Sempra Pipelines & Storage, these operations have been reflected above as discontinued operations in all periods presented.

SEMPRA ENERGY

Table E

OTHER OPERATING STATISTICS (Unaudited)

	Three months ended December 31,		Years ended December 31,	
	2007	2006	2007	2006
SEMPRA UTILITIES				
Revenues (Dollars in millions)				
SDG&E (excludes intercompany sales)	\$ 765	\$ 692	\$ 2,839	\$ 2,770
SoCalGas (excludes intercompany sales)	\$ 1,094	\$ 1,017	\$ 4,214	\$ 4,129
Gas Sales (Bcf)	114	110	404	402
Transportation and Exchange (Bcf)	145	127	566	546
Total Deliveries (Bcf)	<u>259</u>	<u>237</u>	<u>970</u>	<u>948</u>
Total Gas Customers (Thousands)			6,531	6,468
Electric Sales (Millions of kWhs)	4,198	3,939	17,045	16,836
Direct Access (Millions of kWhs)	819	821	3,220	3,390
Total Deliveries (Millions of kWhs)	<u>5,017</u>	<u>4,760</u>	<u>20,265</u>	<u>20,226</u>
Total Electric Customers (Thousands)			1,365	1,355

SEMPRA GENERATION

Power Sold (Millions of kWhs)	5,613	5,734 (1)	20,856	19,760 (1)
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(1) Revised to exclude the Twin Oaks, Coletto Creek and Topaz power plants.

SEMPRA PIPELINES & STORAGE

(Represents 100% of these subsidiaries, although only the Mexican subsidiaries are 100% owned by Sempra Energy.)

Natural Gas Sales (Bcf)				
Argentina	79	70	320	278
Mexico	11	10	46	44
Chile	-	-	1	2
Natural Gas Customers (Thousands)				
Argentina			1,603	1,542
Mexico			96	101
Chile			39	39
Electric Sales (Millions of kWhs)				
Peru	1,278	1,620	5,078	5,108
Chile	632	762	2,500	2,324

Electric Customers (Thousands)
Peru
Chile

809 788
549 534

SEMPRA ENERGY

Table E (Continued)

SEMPRA COMMODITIES

<i>Margin* (Dollars in millions)</i>	Three months ended December 31,		Years ended December 31,	
	2007	2006	2007	2006
Geographical:				
North America	\$ 422	\$ 474	\$ 1,202	\$ 1,313
Europe/Asia	120	173	359	325
Total	\$ 542	\$ 647	\$ 1,561	\$ 1,638
Product Line:				
Gas	\$ 234	\$ 362	\$ 570	\$ 792
Power	170	104	460	431
Oil - Crude & Products	46	85	195	198
Metals	88	60	292	138
Other	4	36	44	79
Total	\$ 542	\$ 647	\$ 1,561	\$ 1,638

* Margin is a non-GAAP financial measure, consisting of operating revenues less cost of sales (primarily transportation and storage costs), both GAAP financial measures, reduced by certain transaction-related execution costs (primarily brokerage and other fees) and net interest income/expense, as follows:

<i>(Dollars in millions)</i>	Three months ended December 31,		Years ended December 31,	
	2007	2006	2007	2006
Revenues	\$ 773	\$ 1,078	\$ 2,674	\$ 3,256
Cost of sales	(192)	(395)	(988)	(1,468)
	581	683	1,686	1,788
Other related costs	(39)	(36)	(125)	(150)
Margin	\$ 542	\$ 647	\$ 1,561	\$ 1,638

<i>Effect of EITF 02-3 (Dollars in millions)</i>	Three months ended December 31,		Years ended December 31,	
	2007	2006	2007	2006
Mark-to-Market Earnings *	\$ 139	\$ 158	\$ 494	\$ 487
Effect of EITF 02-3 **	47	56	5	17
GAAP Net Income	\$ 186	\$ 214	\$ 499	\$ 504

* Represents earnings from the fair market value of all commodities transactions. This metric is a useful measurement of profitability because it simultaneously recognizes changes in the various components of transactions and reflects how the business is managed.

** Consists of the income statement effect of not recognizing changes in the fair market value of certain physical inventories, capacity contracts for transportation and storage, and derivative hedging activities related to synthetic fuels tax credits.

<i>Net Unrealized Revenue (Dollars in millions)</i>	Fair Market Value		Scheduled Maturity (in months)			
	December 31, 2007		0 - 12	13 - 24	25 - 36	> 36
OTC Fair Value of forwards, swaps and options (1)	\$ 1,381	\$ 1,074	\$ 95	\$ 23	\$	\$ 189
Maturity of OTC Fair Value - Cumulative Percentages			77.8%	84.6%	86.3%	100.0%
Exchange Contracts (2)	(178)	(274)	118	(7)		(15)
Total Net Unrealized Revenue at December 31, 2007	\$ 1,203	\$ 800	\$ 213	\$ 16	\$	\$ 174
Net Unrealized Revenue - Cumulative Percentages			66.5%	84.2%	85.5%	100.0%

(1) The present value of unrealized revenue to be received or (paid) from outstanding OTC contracts

(2) Cash received or (paid) associated with open Exchange Contracts

<i>Credit Quality of Unrealized Trading Assets (net of margin)</i>	December 31, 2007	December 31, 2006

Commodity Exchanges	9%	13%
Investment Grade	54%	57%
Below Investment Grade	37%	30%

<i>Risk Adjusted Performance Indicators (Mark-to-Market Basis)</i>	Three months ended December 31,		Years ended December 31,	
	2007	2006	2007	2006
VaR at 95% (Dollars in millions) (1)	\$ 16.5	\$ 17.3	\$ 13.9	\$ 16.2
VaR at 99% (Dollars in millions) (2)	\$ 23.3	\$ 24.3	\$ 19.7	\$ 22.8

(1) Average Daily Value-at-Risk for the period using a 95% confidence level

(2) Average Daily Value-at-Risk for the period using a 99% confidence level

<i>Physical Statistics</i>	Three months ended December 31,		Years ended December 31,	
	2007	2006	2007	2006
Natural Gas (Bcf/Day)	15	12.2	13.4	12.0
Electric (Billions of kWhs)	141.4	125.5	519.1	475.5
Oil & Liquid Products (Millions Bbls/Day)	0.7	0.7	0.7	0.7

SEMPRA ENERGY

Table F (Unaudited)

**Income Statement
Data by Business
Unit****Three Months Ended
December 31, 2007**

(Dollars in millions)	SDG&E	SoCalGas	Commodities	Generation	Pipelines & Storage	LNG	Consolidating Adjustments, Parent & Other	Total
Operating Revenues	\$ 768	\$ 1,114	\$ 773	\$ 412	\$ 72	\$ (11)	\$ (18)	\$ 3,110
Cost of Sales and Other Operating Expenses	588	937	465	328	70	13	34	2,435
Litigation Expense (Adjustment)	2	(1)	4	(1)	-	1	(1)	4
Depreciation & Amortization	76	71	7	15	2	-	1	172
Operating Income (Loss)	102	107	297	70	-	(25)	(52)	499
Other Income, Net	1	1	-	3	2	-	13	20
Income (Loss) before Interest & Taxes ⁽¹⁾	103	108	297	73	2	(25)	(39)	519
Net Interest Expense (Income) ⁽²⁾	22	12	15	(2)	1	-	13	61
Income Tax Expense (Benefit)	34	38	96	35	-	(6)	(14)	183
Equity in Earnings of Certain Unconsolidated Subsidiaries	-	-	-	-	13	-	-	13
Discontinued Operations	-	-	-	-	-	-	1	1
Net Income (Loss)	\$ 47	\$ 58	\$ 186	\$ 40	\$ 14	\$ (19)	\$ (37)	\$ 289

**Three Months Ended
December 31, 2006**

(Dollars in millions)	SDG&E	SoCalGas	Commodities	Generation	Pipelines & Storage	LNG	Consolidating Adjustments, Parent & Other	Total
Operating Revenues	\$ 696	\$ 1,036	\$ 1,078	\$ 422	\$ 68	\$ (1)	\$ (54)	\$ 3,245
Cost of Sales and Other Operating Expenses	519	868	701	334	62	8	4	2,496
Litigation Expense	-	1	2	8	1	1	-	13
Depreciation & Amortization	72	67	6	12	3	-	6	166
Operating Income (Loss)	105	100	369	68	2	(10)	(64)	570
Other Income (Expense), Net	(7)	-	-	1	(1)	-	13	6
Income (Loss) before	98	100	369	69	1	(10)	(51)	576

Interest & Taxes ⁽¹⁾

Net Interest Expense (Income) ⁽²⁾	17	11	14	(11)	(2)	(3)	19	45
Income Tax Expense (Benefit)	26	34	125	27	20	-	(52)	180
Equity in Losses of Certain Unconsolidated Subsidiaries	-	-	(16)	-	(206)	-	-	(222)
Discontinued Operations	-	-	-	-	-	-	(4)	(4)
Net Income (Loss)	<u>\$ 55</u>	<u>\$ 55</u>	<u>\$ 214</u>	<u>\$ 53</u>	<u>\$ (223)</u>	<u>\$ (7)</u>	<u>\$ (22)</u>	<u>\$ 125</u>

⁽¹⁾ Management believes "Income (Loss) before Interest & Taxes" (Operating Income plus Other Income, Net) 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 taxes, 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.

SEMPRA ENERGY

Table F (Unaudited)

Income Statement Data by Business Unit

**Year Ended December 31,
2007**

(Dollars in millions)	SDG&E	SoCalGas	Commodities	Generation	Pipelines & Storage	LNG	Consolidating Adjustments, Parent & Other	Total
Operating Revenues	\$ 2,852	\$ 4,282	\$ 2,674	\$ 1,476	\$ 314	\$ (22)	\$ (138)	\$11,438
Cost of Sales and Other Operating Expenses	2,041	3,563	1,848	1,168	297	42	41	9,000
Litigation Expense	10	1	58	1	-	2	1	73
Depreciation & Amortization	301	281	26	56	11	-	11	686
Operating Income (Loss)	500	437	742	251	6	(66)	(191)	1,679
Other Income (Expense), Net	11	(3)	-	9	(1)	-	65	81
Income (Loss) before Interest & Taxes ⁽¹⁾	511	434	742	260	5	(66)	(126)	1,760
Net Interest Expense (Income) ⁽²⁾	93	44	31	(13)	2	2	51	210
Income Tax Expense (Benefit)	135	160	252	111	(2)	(22)	(110)	524
Equity in Earnings of Certain Unconsolidated Subsidiaries	-	-	40	-	59	-	-	99
Discontinued Operations	-	-	-	-	-	-	(26)	(26)
Net Income (Loss)	<u>\$ 283</u>	<u>\$ 230</u>	<u>\$ 499</u>	<u>\$ 162</u>	<u>\$ 64</u>	<u>\$ (46)</u>	<u>\$ (93)</u>	<u>\$ 1,099</u>

**Year Ended December 31,
2006**

(Dollars in millions)	SDG&E	SoCalGas	Commodities	Generation	Pipelines & Storage	LNG	Consolidating Adjustments, Parent & Other	Total
Operating Revenues	\$ 2,785	\$ 4,181	\$ 3,256	\$ 1,454	\$ 295	\$ (22)	\$ (188)	\$11,761
Cost of Sales and Other Operating Expenses	2,014	3,477	2,345	1,120	272	37	(2)	9,263
Litigation Expense (Adjustment)	3	(2)	10	38	4	1	2	56
Depreciation & Amortization	291	267	25	46	12	-	16	657
Operating Income (Loss)	477	439	876	250	7	(60)	(204)	1,785
Other Income (Expense), Net	8	(1)	-	355	2	-	17	381
Income (Loss) before Interest & Taxes ⁽¹⁾	485	438	876	605	9	(60)	(187)	2,166
Net Interest Expense (Income) ⁽²⁾	96	42	62	(13)	(4)	-	69	252
Income Tax Expense (Benefit)	152	173	294	243	12	(18)	(215)	641
Equity in Losses of Certain Unconsolidated Subsidiaries	-	-	(16)	-	(166)	-	-	(182)
Discontinued Operations	-	-	-	-	-	-	315	315
Net Income (Loss)	\$ 237	\$ 223	\$ 504	\$ 375	\$ (165)	\$ (42)	\$ 274	\$ 1,406

⁽¹⁾ Management believes "Income (Loss) before Interest & Taxes" (Operating Income plus Other Income, Net) 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 taxes, 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.