

# Report of Organizational Actions Affecting Basis of Securities

OMB No. 1545-0123

► See separate instructions.

## Part I Reporting Issuer

|  |   |  |                             |
|--|---|--|-----------------------------|
| <b>1</b> Issuer's name<br><br>SEMPRA ENERGY  |   | <b>2</b> Issuer's employer identification number (EIN)<br><br>33-0732627                             |                             |
| <b>3</b> Name of contact for additional information<br><br>Shareholder Services  | <b>4</b> Telephone No. of contact<br><br>(877) 736-7727 | <b>5</b> Email address of contact<br><br>investor@sempra.com   |                             |
| <b>6</b> Number and street (or P.O. box if mail is not delivered to street address) of contact<br><br>488 8th Avenue, HQ15N2 |   | <b>7</b> City, town, or post office, state, and ZIP code of contact<br><br>San Diego, CA 92101-7123  |                             |
| <b>8</b> Date of action<br><br>January 15, 2021  |   | <b>9</b> Classification and description<br><br>6.00% Mandatory Convertible Preferred Stock, Series A |                             |
| <b>10</b> CUSIP number<br><br>816851109  | <b>11</b> Serial number(s)                              | <b>12</b> Ticker symbol<br><br>SRE   | <b>13</b> Account number(s) |

## Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

- 14** Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ► On November 18, 2020, the Board of Directors of Sempra Energy ("Sempra") declared a quarterly common stock dividend which will be paid on January 15, 2021, to holders of record of common stock as of the close of business on December 18, 2020. As a result of this cash dividend to common stockholders, effective January 15, 2021, the Conversion Rate as which each share of 6.00% Mandatory Convertible Preferred Stock, Series A ("Series A") can be converted into common stock was increased. The value of the Conversion Rate increase is a deemed distribution for tax purposes.
- 15** Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ► The Expected Minimum and Maximum Adjusted Conversion Rates increased from 0.7727 and 0.9466 shares of Sempra preferred stock to 0.7740 and 0.9482 shares, respectively, of Sempra common stock for each Series A share. The value of the increase at the Expected Minimum and Maximum Adjusted Conversion Rates is 0.0013 and 0.0016, respectively, per Series A share. To the extent supported by Earnings & Profits, the minimum 0.0013 or maximum 0.0016 per share is taxable to Series A holders and increases tax basis in their Series A stock. Sempra currently anticipates having adequate Earnings & Profits to support that the entire minimum 0.0013 or maximum 0.0016 per share is taxable. Should Sempra's Earnings & Profits be inadequate to support the entire minimum 0.0013 or maximum 0.0016 as taxable, this Form 8937 will be revised.
- 16** Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ► See attachment.

**Part II Organizational Action** (continued)

**17** List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ► IRC Sections 301, 305 (b) (2), 305 (c), 316.

Disclaimer: The information contained in Form 8937 and the attachment does not constitute tax advice and does not purport to take into account any shareholder's specific circumstances. Shareholders are urged to consult their own tax advisors regarding U.S. tax consequences of the Organizational Action described herein and the impact to tax basis resulting from the Organizational Action.

**18** Can any resulting loss be recognized? ► This is not a loss transaction.

**19** Provide any other information necessary to implement the adjustment, such as the reportable tax year ► The reportable tax year is 2021.

**Sign Here**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Signature ►



Date ►

01/15/2021

Print your name ► Paul H. Yong

Title ► Vice President, Corporate Tax

**Paid Preparer Use Only**

Print/Type preparer's name

Preparer's signature

Date

Check ☐ if self-employed

PTIN

Firm's name ►

Firm's EIN ►

Firm's address ►

Phone no.

**Sempra Energy****Form 8937****Part II, 16****Series A Conversion Ratio History**

|            |         | Dividend | Stock Price<br>Before<br>Dividend | Dividend<br>Threshold | Conv. Ratio<br>Adj. Factor | Adj. Min<br>Conv.<br>Ratio | Adj. Max<br>Conv.<br>Ratio |
|------------|---------|----------|-----------------------------------|-----------------------|----------------------------|----------------------------|----------------------------|
|            | Quarter | [A]      | [B]                               | [T]                   | [C]                        | [PY] * [C]                 | [PY] * [C]                 |
|            | 0       | \$0.8225 | \$107.00                          | \$0.8225              |                            | 0.7629                     | 0.9345                     |
| 3/31/2018  | 1       | \$0.8950 | \$111.71                          | \$0.8225              | 1.0007                     | 0.7634                     | 0.9351                     |
| 6/30/2018  | 2       | \$0.8950 | \$115.80                          | \$0.8225              | 1.0006                     | 0.7639                     | 0.9357                     |
| 9/30/2018  | 3       | \$0.8950 | \$117.70                          | \$0.8225              | 1.0006                     | 0.7644                     | 0.9363                     |
| 12/31/2018 | 4       | \$0.8950 | \$109.71                          | \$0.8225              | 1.0007                     | 0.7649                     | 0.9369                     |
| 3/31/2019  | 5       | \$0.9675 | \$124.44                          | \$0.8225              | 1.0012                     | 0.7658                     | 0.9380                     |
| 6/30/2019  | 6       | \$0.9675 | \$136.85                          | \$0.8225              | 1.0011                     | 0.7666                     | 0.9390                     |
| 9/30/2019  | 7       | \$0.9675 | \$142.30                          | \$0.8225              | 1.0010                     | 0.7674                     | 0.9400                     |
| 12/31/2019 | 8       | \$0.9675 | \$151.37                          | \$0.8225              | 1.0010                     | 0.7681                     | 0.9409                     |
| 3/31/2020  | 9       | \$1.0450 | \$99.63                           | \$0.8225              | 1.0023                     | 0.7698                     | 0.9430                     |
| 6/30/2020  | 10      | \$1.0450 | \$120.64                          | \$0.8225              | 1.0019                     | 0.7712                     | 0.9448                     |
| 9/30/2020  | 11      | \$1.0450 | \$118.49                          | \$0.8225              | 1.0019                     | 0.7727                     | 0.9466                     |
| 12/31/2020 | 12      | \$1.0450 | \$129.27                          | \$0.8225              | 1.0017                     | 0.7740                     | 0.9482                     |

The average VWAP per share of our common stock over the five consecutive trading day period ending on the trading day immediately preceding the ex-date

| <u>Date</u> | <u>VWAP</u>       |
|-------------|-------------------|
| 12/10/2020  | \$128.6283        |
| 12/11/2020  | \$128.0655        |
| 12/14/2020  | \$128.6931        |
| 12/15/2020  | \$130.5581        |
| 12/16/2020  | \$130.3817        |
| 12/17/2020  |                   |
| <b>VWAP</b> | <b>\$129.2653</b> |

**Notes:**

- Conversion Ratio Adjustment Factor [C] formula:  $(C = B - T / B - A)$

- Series A Prospectus Supplement, dated January 4, 2018, definition of stock price:

"For the purposes of determining the adjustment to the fixed conversion rate for the purposes of: clauses (2), (4) (but only in the event of an adjustment thereunder not relating to a spin-off) and (5) above, the "current market price" of our common stock is the average VWAP per share of our common stock over the five consecutive trading day period ending on the trading day immediately preceding the "exdate" (as defined below) with respect to the issuance or distribution requiring such computation" - S-91

- "... "VWAP" per share of our common stock on any trading day means the per share volume weighted average price as displayed on Bloomberg page "SRE <EQUITY>AQR" (or its equivalent successor if such page is not available) in respect of the period from 9:30 a.m. to 4:00 p.m., New York City time, on such trading day; or, if such price is not available, "VWAP" means the market value per share of our common stock on such trading day as determined, using a volume-weighted average method, by a nationally recognized independent investment banking firm retained by us for this purpose, which may include any of the underwriters for this offering. The "average VWAP" means the average of the VWAPs for each trading day in the relevant period." - S82