

SEMPRA ENERGY

Table A

CONSOLIDATED STATEMENTS OF OPERATIONS

(Dollars in millions, except per share amounts)	Three months ended December 31,		Years ended December 31,	
	2013	2012	2013	2012
	(unaudited)			
REVENUES				
Utilities	\$ 2,420	\$ 2,342	\$ 9,309	\$ 8,441
Energy-related businesses	285	326	1,248	1,206
Total revenues	<u>2,705</u>	<u>2,668</u>	<u>10,557</u>	<u>9,647</u>
EXPENSES AND OTHER INCOME				
Utilities:				
Cost of natural gas	(464)	(426)	(1,646)	(1,290)
Cost of electric fuel and purchased power	(471)	(508)	(1,932)	(1,760)
Energy-related businesses:				
Cost of natural gas, electric fuel and purchased power	(110)	(135)	(435)	(481)
Other cost of sales	(34)	(42)	(178)	(159)
Operation and maintenance	(833)	(826)	(2,995)	(2,956)
Depreciation and amortization	(285)	(287)	(1,113)	(1,090)
Franchise fees and other taxes	(91)	(95)	(374)	(359)
Loss from plant closure	-	-	(200)	-
Gain on sale of assets	1	-	114	7
Equity earnings (losses), before income tax	10	56	31	(319)
Other income, net	61	35	140	172
Interest income	5	10	20	24
Interest expense	(146)	(141)	(559)	(493)
Income before income taxes and equity earnings of certain unconsolidated subsidiaries	348	309	1,430	943
Income tax expense	(39)	(11)	(366)	(59)
Equity earnings, net of income tax	11	7	24	36
Net income	<u>320</u>	<u>305</u>	<u>1,088</u>	<u>920</u>
Earnings attributable to noncontrolling interests	(38)	(11)	(79)	(55)
Call premium on preferred stock of subsidiary	-	-	(3)	-
Preferred dividends of subsidiaries	-	(1)	(5)	(6)
Earnings	<u>\$ 282</u>	<u>\$ 293</u>	<u>\$ 1,001</u>	<u>\$ 859</u>
Basic earnings per common share	<u>\$ 1.15</u>	<u>\$ 1.21</u>	<u>\$ 4.10</u>	<u>\$ 3.56</u>
Weighted-average number of shares outstanding, basic (thousands)	<u>244,398</u>	<u>241,984</u>	<u>243,863</u>	<u>241,347</u>
Diluted earnings per common share	<u>\$ 1.13</u>	<u>\$ 1.18</u>	<u>\$ 4.01</u>	<u>\$ 3.48</u>
Weighted-average number of shares outstanding, diluted (thousands)	<u>249,946</u>	<u>247,570</u>	<u>249,332</u>	<u>246,693</u>
Dividends declared per share of common stock	<u>\$ 0.63</u>	<u>\$ 0.60</u>	<u>\$ 2.52</u>	<u>\$ 2.40</u>

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 NET IMPAIRMENT CHARGE IN 2012 (Unaudited)

Sempra Energy Adjusted Earnings and Adjusted Earnings Per Share excluding 1) in the year ended December 31, 2013, a \$119 million loss from plant closure resulting from the early retirement of the San Onofre Nuclear Generating Station (SONGS) and \$77 million retroactive impacts of the 2012 GRC for the full-year 2012 and 2) in the year ended December 31, 2012, a \$214 million impairment charge on our investment in Rockies Express Pipeline LLC, net of a \$25 million Kinder Morgan receipt in the fourth quarter, 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 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. 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 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.

	Three months ended		Years ended	
	December 31,		December 31,	
(Dollars in millions, except per share amounts)	2013	2012	2013	2012
Sempra Energy GAAP Earnings	\$ 282	\$ 293	\$ 1,001	\$ 859
Add: Loss from plant closure	-	-	119	-
Less: Retroactive impact of 2012 GRC for full-year 2012	-	-	(77)	-
Add: Year-to-date impairment charge in 2012, net of fourth-quarter receipt	-	(25)	-	214
Sempra Energy Adjusted Earnings	<u>\$ 282</u>	<u>\$ 268</u>	<u>\$ 1,043</u>	<u>\$ 1,073</u>
Diluted earnings per common share:				
Sempra Energy GAAP Earnings	<u>\$ 1.13</u>	<u>\$ 1.18</u>	<u>\$ 4.01</u>	<u>\$ 3.48</u>
Sempra Energy Adjusted Earnings	<u>\$ 1.13</u>	<u>\$ 1.08</u>	<u>\$ 4.18</u>	<u>\$ 4.35</u>
Weighted-average number of shares outstanding, diluted (thousands)	249,946	247,570	249,332	246,693

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 for the year ended December 31, 2013 excluding a \$119 million loss from plant closure resulting from the early retirement of SONGS and \$52 million retroactive impact of the 2012 GRC for the full-year 2012 in 2013 is a non-GAAP financial measure. SoCalGas Adjusted Earnings for the year ended December 31, 2013 excluding \$25 million retroactive impact of the 2012 GRC for the full-year 2012 in 2013 is a non-GAAP financial measure. 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.

	Three months ended		Years ended	
	December 31,		December 31,	
(Dollars in millions)	2013	2012	2013	2012
SDG&E GAAP Earnings	\$ 119	\$ 110	\$ 404	\$ 484
Add: Loss from plant closure	-	-	119	-
Less: Retroactive impact of 2012 GRC for full-year 2012	-	-	(52)	-
SDG&E Adjusted Earnings	<u>\$ 119</u>	<u>\$ 110</u>	<u>\$ 471</u>	<u>\$ 484</u>
SoCalGas GAAP Earnings	\$ 98	\$ 99	\$ 364	\$ 289
Less: Retroactive impact of 2012 GRC for full-year 2012	-	-	(25)	-
SoCalGas Adjusted Earnings	<u>\$ 98</u>	<u>\$ 99</u>	<u>\$ 339</u>	<u>\$ 289</u>

SEMPRA ENERGY

Table B

CONSOLIDATED BALANCE SHEETS

(Dollars in millions)	December 31, 2013	December 31, 2012
Assets		
Current assets:		
Cash and cash equivalents	\$ 904	\$ 475
Restricted cash	24	46
Accounts receivable, net	1,522	1,299
Due from unconsolidated affiliates	4	-
Income taxes receivable	85	56
Deferred income taxes	301	148
Inventories	287	408
Regulatory balancing accounts – undercollected	556	395
Regulatory assets	38	62
Fixed-price contracts and other derivatives	106	95
U.S. Treasury grants receivable	-	258
Asset held for sale, power plant	-	296
Other	170	157
Total current assets	<u>3,997</u>	<u>3,695</u>
Investments and other assets:		
Restricted cash	25	22
Due from unconsolidated affiliate	14	-
Regulatory assets arising from pension and other postretirement benefit obligations	435	1,151
Other regulatory assets	2,113	1,591
Nuclear decommissioning trusts	1,034	908
Investments	1,575	1,516
Goodwill	1,024	1,111
Other intangible assets	426	436
Sundry	1,141	878
Total investments and other assets	<u>7,787</u>	<u>7,613</u>
Property, plant and equipment, net	<u>25,460</u>	<u>25,191</u>
Total assets	<u>\$ 37,244</u>	<u>\$ 36,499</u>
Liabilities and Equity		
Current liabilities:		
Short-term debt	\$ 545	\$ 546
Accounts payable	1,215	1,110
Dividends and interest payable	271	266
Accrued compensation and benefits	376	337
Regulatory balancing accounts – overcollected	91	141
Current portion of long-term debt	1,147	725
Fixed-price contracts and other derivatives	55	77
Customer deposits	154	143
Reserve for wildfire litigation	63	305
Other	452	608
Total current liabilities	<u>4,369</u>	<u>4,258</u>
Long-term debt	<u>11,253</u>	<u>11,621</u>
Deferred credits and other liabilities:		
Customer advances for construction	155	144
Pension and other postretirement benefit obligations, net of plan assets	667	1,456
Deferred income taxes	2,804	2,100
Deferred investment tax credits	42	46
Regulatory liabilities arising from removal obligations	2,623	2,720
Asset retirement obligations	2,084	2,033
Fixed-price contracts and other derivatives	228	252
Deferred credits and other	1,169	1,107
Total deferred credits and other liabilities	<u>9,772</u>	<u>9,858</u>
Contingently redeemable preferred stock of subsidiary	<u>-</u>	<u>79</u>
Equity:		
Total Sempra Energy shareholders' equity	11,008	10,282
Preferred stock of subsidiary	20	20
Other noncontrolling interests	822	381
Total equity	<u>11,850</u>	<u>10,683</u>
Total liabilities and equity	<u>\$ 37,244</u>	<u>\$ 36,499</u>

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Table C

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in millions)	Years ended December 31,	
	2013	2012
Cash Flows from Operating Activities		
Net income	\$ 1,088	\$ 920
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,113	1,090
Deferred income taxes and investment tax credits	334	(43)
Gain on sale of assets	(114)	(7)
Loss from plant closure	200	-
Equity (earnings) losses	(55)	324
Fixed-price contracts and other derivatives	(21)	(26)
Other	13	41
Net change in other working capital components	(620)	(630)
Changes in other assets	(171)	219
Changes in other liabilities	17	130
Net cash provided by operating activities	<u>1,784</u>	<u>2,018</u>
Cash Flows from Investing Activities		
Expenditures for property, plant and equipment	(2,572)	(2,956)
Proceeds from sale of assets and investments	570	74
Expenditures for investments and acquisition of businesses, net of cash acquired	(22)	(445)
Proceeds from U.S. Treasury grants	238	-
Distributions from RBS Sempra Commodities LLP	50	-
Distributions from other investments	102	207
Purchases of nuclear decommissioning and other trust assets	(697)	(738)
Proceeds from sales by nuclear decommissioning and other trusts	695	733
Decrease in restricted cash	329	196
Increase in restricted cash	(356)	(218)
Advances to unconsolidated affiliates	(14)	-
Other	(12)	(11)
Net cash used in investing activities	<u>(1,689)</u>	<u>(3,158)</u>
Cash Flows from Financing Activities		
Common dividends paid	(606)	(550)
Redemption of preferred stock of subsidiary	(82)	-
Preferred dividends paid by subsidiaries	(5)	(6)
Issuances of common stock	62	78
Repurchases of common stock	(45)	(16)
Issuances of debt (maturities greater than 90 days)	2,081	3,097
Payments on debt (maturities greater than 90 days)	(1,788)	(1,112)
Proceeds from sale of noncontrolling interest, net of \$25 in offering costs	574	-
Increase (decrease) in short-term debt, net	256	(47)
Purchase of noncontrolling interests	-	(7)
Distributions to noncontrolling interests	(69)	(61)
Other	(40)	(21)
Net cash provided by financing activities	<u>338</u>	<u>1,355</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(4)</u>	<u>8</u>
Increase in cash and cash equivalents	429	223
Cash and cash equivalents, January 1	475	252
Cash and cash equivalents, December 31	<u>\$ 904</u>	<u>\$ 475</u>

SEMPRA ENERGY

Table D

SEGMENT EARNINGS AND CAPITAL EXPENDITURES & INVESTMENTS

(Dollars in millions)	Three months ended		Years ended	
	December 31,		December 31,	
	2013	2012	2013	2012
	(unaudited)			
Earnings (Losses)				
California Utilities:				
San Diego Gas & Electric	\$ 119	\$ 110	\$ 404	\$ 484
Southern California Gas	98	99	364	289
Sempra International:				
Sempra South American Utilities	43	46	153	164
Sempra Mexico	26	35	122	157
Sempra U.S. Gas & Power:				
Sempra Renewables	6	14	62	61
Sempra Natural Gas	9	19	64	(241)
Parent & Other	(19)	(30)	(168)	(55)
Earnings	<u>\$ 282</u>	<u>\$ 293</u>	<u>\$ 1,001</u>	<u>\$ 859</u>

(Dollars in millions)	Three months ended		Years ended	
	December 31,		December 31,	
	2013	2012	2013	2012
	(unaudited)			
Capital Expenditures and Investments				
California Utilities:				
San Diego Gas & Electric	\$ 299	\$ 239	\$ 978	\$ 1,237
Southern California Gas	241	177	762	639
Sempra International:				
Sempra South American Utilities	80	67	200	184
Sempra Mexico	91	32	371	45
Sempra U.S. Gas & Power:				
Sempra Renewables	58	228	193	1,089
Sempra Natural Gas	18	58	87	202
Parent & Other	1	-	3	5
Consolidated Capital Expenditures and Investments	<u>\$ 788</u>	<u>\$ 801</u>	<u>\$ 2,594</u>	<u>\$ 3,401</u>

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Table E

OTHER OPERATING STATISTICS (Unaudited)

UTILITIES	Three months ended		Years ended	
	December 31,		December 31,	
	2013	2012	2013	2012
California Utilities – SDG&E and SoCalGas				
Gas Sales (bcf) ⁽¹⁾	104	102	380	380
Transportation (bcf) ⁽¹⁾	172	181	699	736
Total Deliveries (bcf) ⁽¹⁾	<u>276</u>	<u>283</u>	<u>1,079</u>	<u>1,116</u>
Total Gas Customers (Thousands)			6,706	6,678
Electric Sales (Millions of kWh) ⁽¹⁾	3,858	4,220	16,163	16,626
Direct Access (Millions of kWh)	912	926	3,593	3,399
Total Deliveries (Millions of kWh) ⁽¹⁾	<u>4,770</u>	<u>5,146</u>	<u>19,756</u>	<u>20,025</u>
Total Electric Customers (Thousands)			1,408	1,401
Other Utilities				
Natural Gas Sales (bcf)				
Mexico	6	6	24	23
Mobile Gas	11	10	40	43
Willmut Gas ⁽²⁾	1	-	3	1
Natural Gas Customers (Thousands)				
Mexico			99	93
Mobile Gas			87	88
Willmut Gas ⁽²⁾			19	20
Electric Sales (Millions of kWh)				
Peru	1,763	1,672	6,984	6,668
Chile	729	683	2,856	2,698
Electric Customers (Thousands)				
Peru			996	959
Chile			640	623
ENERGY-RELATED BUSINESSES				
Sempra International				
Power Sold (Millions of kWh)				
Sempra Mexico	850	706	3,752	3,817
Sempra U.S. Gas & Power				
Power Sold (Millions of kWh)				
Sempra Renewables ⁽³⁾	628	440	2,470	1,207
Sempra Natural Gas ⁽⁴⁾	1,261	1,179	4,328	6,580

(1) Includes intercompany sales.

(2) Acquired in May 2012.

(3) Includes 50% of total power sold related to solar and 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.

SEMPRA ENERGY
Table F (Unaudited)

Statement of Operations Data by Segment

Three Months Ended December 31, 2013

(Dollars in millions)	SDG&E	SoCalGas	Sempra South American Utilities	Sempra Mexico	Sempra Renewables	Sempra Natural Gas	Consolidating Adjustments, Parent & Other	Total
Revenues	\$ 1,000	\$ 1,042	\$ 376	\$ 156	\$ 6	\$ 225	\$ (100)	\$ 2,705
Cost of Sales and Other Expenses	(647)	(817)	(292)	(110)	(15)	(195)	74	(2,002)
Depreciation & Amortization	(127)	(103)	(15)	(16)	(1)	(21)	(2)	(285)
Equity Earnings (Losses) Recorded Before Income Tax	-	-	-	-	-	14	(4)	10
Other Income (Expense), Net	10	2	3	19	-	(4)	31	61
Income (Loss) Before Interest & Tax ⁽¹⁾	236	124	72	49	(10)	19	(1)	489
Net Interest (Expense) Income ⁽²⁾	(50)	(17)	(4)	(11)	5	(5)	(59)	(141)
Income Tax (Expense) Benefit	(44)	(9)	(17)	(16)	11	(5)	41	(39)
Equity (Losses) Earnings Recorded Net of Income Tax	-	-	(1)	12	-	-	-	11
Earnings Attributable to Noncontrolling Interests	(23)	-	(7)	(8)	-	-	-	(38)
Earnings (Losses)	\$ 119	\$ 98	\$ 43	\$ 26	\$ 6	\$ 9	\$ (19)	\$ 282

Three Months Ended December 31, 2012

(Dollars in millions)	SDG&E	SoCalGas	Sempra South American Utilities	Sempra Mexico	Sempra Renewables	Sempra Natural Gas	Consolidating Adjustments, Parent & Other	Total
Revenues	\$ 988	\$ 954	\$ 380	\$ 170	\$ 19	\$ 170	\$ (13)	\$ 2,668
Cost of Sales and Other Expenses	(665)	(773)	(291)	(112)	(9)	(160)	(22)	(2,032)
Depreciation & Amortization	(131)	(94)	(14)	(16)	(6)	(24)	(2)	(287)
Equity Earnings Recorded Before Income Tax	-	-	-	-	1	54	1	56
Other Income (Expense), Net	10	3	6	(1)	(1)	6	12	35
Income (Loss) Before Interest & Tax ⁽¹⁾	202	90	81	41	4	46	(24)	440
Net Interest Expense ⁽²⁾	(50)	(17)	(6)	(1)	(6)	(12)	(40)	(132)
Income Tax (Expense) Benefit	(39)	26	(21)	(12)	16	(14)	33	(11)
Equity Earnings Recorded Net of Income Tax	-	-	-	7	-	-	-	7
(Earnings) Losses Attributable to Noncontrolling Interests	(3)	-	(8)	-	-	(1)	1	(11)
Earnings (Losses)	\$ 110	\$ 99	\$ 46	\$ 35	\$ 14	\$ 19	\$ (30)	\$ 293

⁽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.

SEMPRA ENERGY
Table F (Unaudited)

Statement of Operations Data by Segment

Year Ended December 31, 2013

(Dollars in millions)	SDG&E	SoCalGas	Sempra South American Utilities	Sempra Mexico	Sempra Renewables	Sempra Natural Gas	Consolidating Adjustments, Parent & Other	Total
Revenues	\$ 4,066	\$ 3,736	\$ 1,495	\$ 675	\$ 82	\$ 908	\$ (405)	\$ 10,557
Cost of Sales and Other Expenses	(2,590)	(2,814)	(1,169)	(452)	(52)	(818)	335	(7,560)
Depreciation & Amortization	(494)	(383)	(59)	(63)	(21)	(81)	(12)	(1,113)
Loss From Plant Closure	(200)	-	-	-	-	-	-	(200)
Gain on Sale of Assets	-	-	-	-	40	74	-	114
Equity (Losses) Earnings Recorded Before Income Tax	-	-	-	-	(12)	47	(4)	31
Other Income, Net	40	11	9	24	9	3	44	140
Income (Loss) Before Interest & Tax ⁽¹⁾	822	550	276	184	46	133	(42)	1,969
Net Interest Expense ⁽²⁾	(203)	(70)	(13)	(15)	(3)	(28)	(215)	(547)
Income Tax (Expense) Benefit	(191)	(116)	(67)	(60)	19	(40)	89	(366)
Equity (Losses) Earnings Recorded Net of Income Tax	-	-	(15)	39	-	-	-	24
Earnings Attributable to Noncontrolling Interests	(24)	-	(28)	(26)	-	(1)	-	(79)
Earnings (Losses)	\$ 404	\$ 364	\$ 153	\$ 122	\$ 62	\$ 64	\$ (168)	\$ 1,001

Year Ended December 31, 2012

(Dollars in millions)	SDG&E	SoCalGas	Sempra South American Utilities	Sempra Mexico	Sempra Renewables	Sempra Natural Gas	Consolidating Adjustments, Parent & Other	Total
Revenues	\$ 3,694	\$ 3,282	\$ 1,441	\$ 605	\$ 68	\$ 931	\$ (374)	\$ 9,647
Cost of Sales and Other Expenses	(2,395)	(2,500)	(1,111)	(359)	(37)	(889)	286	(7,005)
Depreciation & Amortization	(490)	(362)	(56)	(62)	(16)	(93)	(11)	(1,090)
Gain on Sale of Assets	-	-	-	-	7	-	-	7
Equity Losses Recorded Before Income Tax	-	-	-	-	(6)	(312) ⁽³⁾	(1)	(319)
Other Income (Expense), Net	69	17	13	16	(2)	9	50	172
Income (Loss) Before Interest & Tax ⁽¹⁾	878	437	287	200	14	(354)	(50)	1,412
Net Interest Expense ⁽²⁾	(178)	(69)	(17)	(6)	(16)	(43)	(146)	(475)
Income Tax (Expense) Benefit	(190)	(79)	(78)	(73)	63	157	141	(59)
Equity Earnings Recorded Net of Income Tax	-	-	-	36	-	-	-	36
Earnings Attributable to Noncontrolling Interests	(26)	-	(28)	-	-	(1)	-	(55)
Earnings (Losses)	\$ 484	\$ 289	\$ 164	\$ 157	\$ 61	\$ (241)	\$ (55)	\$ 859

⁽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, Preferred Dividends of Subsidiaries and Call Premium on Preferred Stock.

⁽³⁾ Includes Rockies Express Pipeline LLC impairment charge of \$400 million, partially offset by a \$41 million Kinder Morgan receipt.