

# SEMPRA ENERGY

Table A

## CONSOLIDATED STATEMENTS OF OPERATIONS

(Dollars in millions, except per share amounts)	Three months ended December 31,		Years ended December 31,	
	2011	2010	2011	2010
	(unaudited)			
<b>REVENUES</b>				
Utilities	\$ 2,389	\$ 1,869	\$ 8,322	\$ 7,019
Energy-related businesses	215	476	1,714	1,984
Total revenues	2,604	2,345	10,036	9,003
<b>EXPENSES AND OTHER INCOME</b>				
Utilities:				
Cost of natural gas	(499)	(523)	(1,866)	(2,012)
Cost of electric fuel and purchased power	(421)	(157)	(1,397)	(637)
Energy-related businesses:				
Cost of natural gas, electric fuel and purchased power	(52)	(245)	(746)	(1,046)
Other cost of sales	(14)	(21)	(137)	(88)
Litigation expense	(7)	15	(37)	(169)
Other operation and maintenance	(815)	(717)	(2,788)	(2,499)
Depreciation and amortization	(248)	(224)	(978)	(867)
Franchise fees and other taxes	(84)	(84)	(343)	(327)
Equity earnings (losses), before income tax:				
RBS Sempra Commodities LLP	-	(24)	(24)	(314)
Other	13	(2)	33	22
Remeasurement of equity method investments	-	-	277	-
Other income, net	44	58	130	140
Interest income	5	3	26	16
Interest expense	(121)	(113)	(465)	(436)
Income before income taxes and equity earnings of certain unconsolidated subsidiaries	405	311	1,721	786
Income tax expense	(97)	(17)	(366)	(102)
Equity earnings, net of income tax	7	7	52	49
Net income	315	301	1,407	733
(Earnings) losses attributable to noncontrolling interests	(21)	(18)	(42)	16
Preferred dividends of subsidiaries	(2)	(3)	(8)	(10)
Earnings	\$ 292	\$ 280	\$ 1,357	\$ 739
Basic earnings per common share	\$ 1.22	\$ 1.17	\$ 5.66	\$ 3.02
Weighted-average number of shares outstanding, basic (thousands)	239,803	239,465	239,720	244,736
Diluted earnings per common share	\$ 1.21	\$ 1.15	\$ 5.62	\$ 2.98
Weighted-average number of shares outstanding, diluted (thousands)	241,756	242,519	241,523	247,942
Dividends declared per share of common stock	\$ 0.48	\$ 0.39	\$ 1.92	\$ 1.56

# SEMPRA ENERGY

## Table A (Continued)

### **RECONCILIATION OF SEMPRA ENERGY GAAP EARNINGS TO SEMPRA ENERGY ADJUSTED EARNINGS AND 2011 EARNINGS PER SHARE GUIDANCE EXCLUDING GAIN FROM REMEASUREMENT OF EQUITY METHOD INVESTMENTS (Unaudited)**

Sempra Energy Adjusted Earnings and Adjusted Earnings Per Share and earnings per share guidance in 2011 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 are non-GAAP financial measures (GAAP represents accounting principles generally accepted in the United States). Adjusted Earnings and Adjusted Earnings Per Share in 2010 exclude a \$139 million write-down of our investment in RBS Sempra Commodities in the third quarter and a \$96 million charge for a litigation settlement in the first quarter. 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 December 31, 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 December		Years ended December 31,	
	2011	2010	2011	2010
Sempra Energy GAAP Earnings	\$ 292	\$ 280	\$ 1,357	\$ 739
Less: Remeasurement Gain in 2011	-	-	(277)	-
Add: Write-down of Joint Venture Investment in 2010	-	-	-	139
Add: Litigation Settlement Charge in 2010	-	-	-	96
Sempra Energy Adjusted Earnings	\$ 292	\$ 280	\$ 1,080	\$ 974
Diluted earnings per common share:				
Sempra Energy GAAP Earnings	\$ 1.21 <sup>(1)</sup>	\$ 1.15	\$ 5.62 <sup>(1)</sup>	\$ 2.98
Sempra Energy Adjusted Earnings	\$ 1.21 <sup>(2)</sup>	\$ 1.15	\$ 4.47 <sup>(2)</sup>	\$ 3.93
Weighted-average number of shares outstanding, diluted (thousands)	241,756	242,519	241,523	247,942

(1) Percentage increases from fourth quarter and year-to-date 2010 earnings per share were 5% and 89%, respectively.

(2) Percentage increases from fourth quarter and year-to-date 2010 earnings per share were 5% and 14%, respectively.

# SEMPRA ENERGY

## Table B

### CONSOLIDATED BALANCE SHEETS

(Dollars in millions)	December 31, 2011	December 31, 2010
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 252	\$ 912
Restricted cash	24	131
Accounts receivable, net	1,345	1,032
Due from unconsolidated affiliates	-	34
Income taxes receivable	-	248
Deferred income taxes	-	75
Inventories	346	258
Regulatory balancing accounts – undercollected	38	-
Regulatory assets	89	90
Fixed-price contracts and other derivatives	85	81
Settlements receivable related to wildfire litigation	10	300
Other	143	192
Total current assets	2,332	3,353
Investments and other assets:		
Restricted cash	22	27
Regulatory assets arising from pension and other postretirement benefit obligations	1,126	869
Regulatory assets arising from wildfire litigation costs	594	364
Other regulatory assets	1,060	934
Nuclear decommissioning trusts	804	769
Investment in RBS Sempra Commodities LLP	126	787
Other investments	1,545	2,164
Goodwill	1,036	87
Other intangible assets	448	453
Sundry	691	600
Total investments and other assets	7,452	7,054
Property, plant and equipment, net	23,572	19,876
Total assets	\$ 33,356	\$ 30,283
<b>Liabilities and Equity</b>		
Current liabilities:		
Short-term debt	\$ 449	\$ 158
Accounts payable	1,107	864
Due to unconsolidated affiliates	-	36
Income taxes payable	16	-
Deferred income taxes	173	-
Dividends and interest payable	219	188
Accrued compensation and benefits	323	311
Regulatory balancing accounts – overcollected	105	241
Current portion of long-term debt	336	349
Fixed-price contracts and other derivatives	92	106
Customer deposits	142	129
Reserve for wildfire litigation	586	639
Other	615	765
Total current liabilities	4,163	3,786
Long-term debt	10,078	8,980
Deferred credits and other liabilities:		
Customer advances for construction	142	154
Pension and other postretirement benefit obligations, net of plan assets	1,423	1,105
Deferred income taxes	1,554	1,561
Deferred investment tax credits	49	50
Regulatory liabilities arising from removal obligations	2,551	2,630
Asset retirement obligations	1,905	1,449
Other regulatory liabilities	87	138
Fixed-price contracts and other derivatives	301	290
Deferred credits and other	783	823
Total deferred credits and other liabilities	8,795	8,200
Contingently redeemable preferred stock of subsidiary	79	79
Equity:		
Total Sempra Energy shareholders' equity	9,838	9,027
Preferred stock of subsidiaries	20	100
Other noncontrolling interests	383	111
Total equity	10,241	9,238
Total liabilities and equity	\$ 33,356	\$ 30,283

# SEMPRA ENERGY

Table C

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in millions)	Years ended December 31,	
	2011	2010
<b>Cash Flows from Operating Activities</b>		
Net income	\$ 1,407	\$ 733
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	978	867
Deferred income taxes and investment tax credits	(24)	48
Equity (earnings) losses	(61)	243
Remeasurement of equity method investments	(277)	-
Fixed-price contracts and other derivatives	2	13
Other	(15)	(55)
Net change in other working capital components	(225)	58
Distributions from RBS Sempra Commodities LLP	53	198
Changes in other assets	34	54
Changes in other liabilities	(5)	(5)
Net cash provided by operating activities	<u>1,867</u>	<u>2,154</u>
<b>Cash Flows from Investing Activities</b>		
Expenditures for property, plant and equipment	(2,844)	(2,062)
Proceeds from sale of assets	2	303
Expenditures for investments and acquisition of businesses, net of cash acquired	(941)	(611)
Distributions from RBS Sempra Commodities LLP	570	849
Distributions from other investments	64	371
Purchases of nuclear decommissioning and other trust assets	(755)	(371)
Proceeds from sales by nuclear decommissioning and other trusts	753	372
Decrease in restricted cash	653	195
Increase in restricted cash	(541)	(318)
Other	(31)	(11)
Net cash used in investing activities	<u>(3,070)</u>	<u>(1,283)</u>
<b>Cash Flows from Financing Activities</b>		
Common dividends paid	(440)	(364)
Redemption of subsidiary preferred stock	(80)	-
Preferred dividends paid by subsidiaries	(8)	(10)
Issuances of common stock	28	40
Repurchases of common stock	(18)	(502)
Issuances of debt (maturities greater than 90 days)	2,098	1,125
Payments on debt (maturities greater than 90 days)	(482)	(905)
(Decrease) increase in short-term debt, net	(498)	568
Purchase of noncontrolling interests	(43)	-
Other	(23)	(21)
Net cash provided by (used in) financing activities	<u>534</u>	<u>(69)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>9</u>	<u>-</u>
(Decrease) increase in cash and cash equivalents	(660)	802
Cash and cash equivalents, January 1	912	110
Cash and cash equivalents, December 31	<u>\$ 252</u>	<u>\$ 912</u>

# SEMPRA ENERGY

Table D

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

(Dollars in millions)	Three months ended December 31,		Years ended December 31,	
	2011	2010	2011	2010
	(unaudited)			
<b>Earnings (Losses)</b>				
San Diego Gas & Electric	\$ 158	\$ 105	\$ 431	\$ 369
Southern California Gas	79	74	287	286
Sempra Generation	(6)	43	137	103
Sempra Pipelines & Storage	70	39	527	159
Sempra LNG	24	18	99	68
Parent & Other	(33)	1	(124)	(246)
<b>Earnings</b>	<u>\$ 292</u>	<u>\$ 280</u>	<u>\$ 1,357</u>	<u>\$ 739</u>

(Dollars in millions)	Three months ended December 31,		Years ended December 31,	
	2011	2010	2011	2010
	(unaudited)			
<b>Capital Expenditures and Investments</b>				
San Diego Gas & Electric	\$ 669	\$ 388	\$ 1,831	\$ 1,210
Southern California Gas	184	166	683	503
Sempra Generation	344	314	512	346
Sempra Pipelines & Storage	60	55	947	590
Sempra LNG	2	9	11	18
Parent & Other	4	2	6	6
Eliminations(1)	(205)	-	(205)	-
<b>Consolidated Capital Expenditures and Investments</b>	<u>\$ 1,058</u>	<u>\$ 934</u>	<u>\$ 3,785</u>	<u>\$ 2,673</u>

(1) Amount represents elimination of intercompany sale of El Dorado power plant in October 2011.

# SEMPRA ENERGY

Table E

## OTHER OPERATING STATISTICS (Unaudited)

UTILITIES	Three months ended December 31,		Years ended December 31,	
	2011	2010	2011	2010
<b><i>Sempra Utilities – SDG&amp;E and SoCalGas</i></b>				
Gas Sales (bcf) <sup>(1)</sup>	118	111	403	392
Transportation (bcf) <sup>(1)</sup>	155	176	620	641
Total Deliveries (bcf) <sup>(1)</sup>	273	287	1,023	1,033
Total Gas Customers (Thousands)			6,655	6,635
Electric Sales (Millions of kWh) <sup>(1)</sup>	4,026	4,170	16,247	16,281
Direct Access (Millions of kWh)	838	837	3,265	3,202
Total Deliveries (Millions of kWh) <sup>(1)</sup>	4,864	5,007	19,512	19,483
Total Electric Customers (Thousands)			1,394	1,386
<b><i>Sempra Pipelines &amp; Storage – Utilities</i></b> <sup>(2)</sup>				
Natural Gas Sales (bcf)				
Argentina	88	80	355	331
Mexico	6	5	22	21
Mobile Gas	11	10	40	37
Natural Gas Customers (Thousands)				
Argentina			1,810	1,756
Mexico			90	89
Mobile Gas			89	91
Electric Sales (Millions of kWh)				
Peru	1,596	1,513	6,309	5,958
Chile	658	613	2,520	2,349
Electric Customers (Thousands)				
Peru			926	890
Chile			609	593

(1) Includes 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)	2,165	5,614	13,814	20,886
------------------------------	-------	-------	--------	--------

**SEMPRA ENERGY**  
Table F (Unaudited)

**Statement of Operations Data by Business Unit**

**Three Months Ended December 31, 2011**

(Dollars in millions)	SDG&E	SoCalGas	Generation	Pipelines & Storage	LNG	Consolidating Adjustments, Parent & Other	Total
Revenues	\$ 968	\$ 1,040	\$ 90	\$ 463	\$ 162	\$ (119)	\$ 2,604
Cost of Sales and Other Expenses	(589)	(824)	(108)	(348)	(108)	92	(1,885)
Litigation (Expense) Adjustment	(4)	(2)	-	(1)	(2)	2	(7)
Depreciation & Amortization	(106)	(85)	(15)	(26)	(13)	(3)	(248)
Equity Earnings Recorded Before Income Tax	-	-	-	13	-	-	13
Other Income (Expense), Net	24	4	(1)	1	4	12	44
Income (Loss) Before Interest & Tax <sup>(1)</sup>	293	133	(34)	102	43	(16)	521
Net Interest Expense <sup>(2)</sup>	(39)	(17)	(1)	(14)	(9)	(38)	(118)
Income Tax (Expense) Benefit	(83)	(37)	29	(18)	(10)	22	(97)
Equity Earnings Recorded Net of Income Tax	-	-	-	7	-	-	7
Earnings Attributable to Noncontrolling Interests	(13)	-	-	(7)	-	(1)	(21)
Earnings (Losses)	\$ 158	\$ 79	\$ (6)	\$ 70	\$ 24	\$ (33)	\$ 292

**Three Months Ended December 31, 2010**

(Dollars in millions)	SDG&E	SoCalGas	Generation	Pipelines & Storage	LNG	Consolidating Adjustments, Parent & Other	Total
Revenues	\$ 804	\$ 1,030	\$ 293	\$ 88	\$ 157	\$ (27)	\$ 2,345
Cost of Sales and Other Expenses	(525)	(832)	(217)	(59)	(110)	(4)	(1,747)
Litigation (Expense) Adjustment	(6)	11	(2)	-	-	12	15
Depreciation & Amortization	(98)	(79)	(18)	(12)	(13)	(4)	(224)
Equity (Losses) Earnings Recorded Before Income Tax	-	-	(10)	11	-	(27)	(26)
Other Income (Expense), Net	28	4	(1)	2	1	24	58
Income (Loss) Before Interest & Tax <sup>(1)</sup>	203	134	45	30	35	(26)	421
Net Interest (Expense) Income <sup>(2)</sup>	(38)	(16)	3	(8)	(11)	(43)	(113)
Income Tax (Expense) Benefit	(42)	(44)	(5)	10	(6)	70	(17)
Equity Earnings Recorded Net of Income Tax	-	-	-	7	-	-	7
Earnings Attributable to Noncontrolling Interests	(18)	-	-	-	-	-	(18)
Earnings	\$ 105	\$ 74	\$ 43	\$ 39	\$ 18	\$ 1	\$ 280

<sup>(1)</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>(2)</sup> Net Interest (Expense) Income includes Interest Income, Interest Expense and Preferred Dividends of Subsidiaries.

**SEMPRA ENERGY**  
Table F (Unaudited)

**Statement of Operations Data by Business Unit**

**Year Ended December 31, 2011**

(Dollars in millions)	SDG&E	SoCalGas	Generation	Pipelines & Storage	LNG	Consolidating Adjustments, Parent & Other	Total
Revenues	\$ 3,373	\$ 3,816	\$ 886	\$ 1,443	\$ 714	\$ (196)	\$ 10,036
Cost of Sales and Other Expenses	(2,177)	(2,994)	(667)	(1,076)	(479)	116	(7,277)
Litigation (Expense) Adjustment	(19)	(5)	(4)	(2)	(8)	1	(37)
Depreciation & Amortization	(422)	(331)	(70)	(92)	(51)	(12)	(978)
Equity (Losses) Earnings Recorded Before Income Tax	-	-	(6)	43	-	(28)	9
Other Income, Net	79	13	-	297 <sup>(1)</sup>	3	15	407
Income (Loss) Before Interest & Tax <sup>(2)</sup>	834	499	139	613	179	(104)	2,160
Net Interest Expense <sup>(3)</sup>	(147)	(69)	(5)	(46)	(38)	(142)	(447)
Income Tax (Expense) Benefit	(237)	(143)	3	(70)	(42)	123	(366)
Equity Earnings Recorded Net of Income Tax	-	-	-	52	-	-	52
Earnings Attributable to Noncontrolling Interests	(19)	-	-	(22)	-	(1)	(42)
Earnings (Losses)	\$ 431	\$ 287	\$ 137	\$ 527	\$ 99	\$ (124)	\$ 1,357

**Year Ended December 31, 2010**

(Dollars in millions)	SDG&E	SoCalGas	Generation	Pipelines & Storage	LNG	Consolidating Adjustments, Parent & Other	Total
Revenues	\$ 3,049	\$ 3,822	\$ 1,172	\$ 350	\$ 711	\$ (101)	\$ 9,003
Cost of Sales and Other Expenses	(1,993)	(3,007)	(866)	(246)	(519)	22	(6,609)
Litigation (Expense) Adjustment	(18)	10	(145)	(1)	(4)	(11)	(169)
Depreciation & Amortization	(381)	(309)	(65)	(44)	(51)	(17)	(867)
Equity (Losses) Earnings Recorded Before Income Tax	-	-	(12)	43	-	(323) <sup>(4)</sup>	(292)
Other Income, Net	10	12	9	55	3	51	140
Income (Loss) Before Interest & Tax <sup>(2)</sup>	667	528	93	157	140	(379)	1,206
Net Interest (Expense) Income <sup>(3)</sup>	(141)	(66)	3	(21)	(47)	(158)	(430)
Income Tax (Expense) Benefit	(173)	(176)	7	(26)	(25)	291	(102)
Equity Earnings Recorded Net of Income Tax	-	-	-	49	-	-	49
Losses Attributable to Noncontrolling Interests	16	-	-	-	-	-	16
Earnings (Losses)	\$ 369	\$ 286	\$ 103	\$ 159	\$ 68	\$ (246)	\$ 739

<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) Income includes Interest Income, Interest Expense and Preferred Dividends of Subsidiaries.

<sup>(4)</sup> Includes \$305 million write-down of our investment in RBS Sempra Commodities.