

SEMPRA ENERGY

Table A

STATEMENTS OF CONSOLIDATED INCOME

(Dollars in millions, except per share amounts)	Three months ended December 31,		Years ended December 31,	
	2008	2007	2008	2007
	(unaudited)			
Revenues				
Sempra Utilities	\$ 1,782	\$ 1,859	\$ 7,972	\$ 7,053
Sempra Global and parent	511	1,251	2,786	4,385
Total revenues	<u>2,293</u>	<u>3,110</u>	<u>10,758</u>	<u>11,438</u>
Expenses and Other Income				
Sempra Utilities:				
Cost of natural gas	(536)	(721)	(3,244)	(2,763)
Cost of electric fuel and purchased power	(206)	(203)	(900)	(699)
Sempra Global and parent:				
Cost of natural gas, electric fuel and purchased power	(318)	(357)	(1,671)	(1,302)
Other cost of sales	(14)	(192)	(182)	(988)
Operation and maintenance	(720)	(892)	(2,536)	(3,032)
Depreciation and amortization	(179)	(172)	(687)	(686)
Franchise fees and other taxes	(82)	(74)	(312)	(295)
Gains on sale of assets	-	-	114	6
Equity earnings (losses):				
RBS Sempra Commodities LLP	241	-	383	-
Other	8	2	37	(9)
Other income (expense), net	(77)	18	(54)	90
Interest income	9	10	45	72
Interest expense	(88)	(68)	(253)	(272)
Preferred dividends of subsidiaries	(3)	(3)	(10)	(10)
Income from continuing operations before income taxes and equity earnings of certain unconsolidated subsidiaries	328	458	1,488	1,550
Income tax expense	(15)	(183)	(438)	(524)
Equity earnings, net of income tax	6	13	63	99
Income from continuing operations	<u>319</u>	<u>288</u>	<u>1,113</u>	<u>1,125</u>
Discontinued operations, net of income tax	-	1	-	(26)
Net income	<u>\$ 319</u>	<u>\$ 289</u>	<u>\$ 1,113</u>	<u>\$ 1,099</u>
Basic earnings per share:				
Income from continuing operations	\$ 1.32	\$ 1.12	\$ 4.50	\$ 4.34
Discontinued operations, net of income tax	-	-	-	(0.10)
Net income	<u>\$ 1.32</u>	<u>\$ 1.12</u>	<u>\$ 4.50</u>	<u>\$ 4.24</u>
Weighted-average number of shares outstanding (thousands)	<u>241,660</u>	<u>257,864</u>	<u>247,387</u>	<u>259,269</u>
Diluted earnings per share:				
Income from continuing operations	\$ 1.30	\$ 1.10	\$ 4.43	\$ 4.26
Discontinued operations, net of income tax	-	-	-	(0.10)
Net income	<u>\$ 1.30</u>	<u>\$ 1.10</u>	<u>\$ 4.43</u>	<u>\$ 4.16</u>
Weighted-average number of shares outstanding (thousands)	<u>244,531</u>	<u>262,839</u>	<u>251,159</u>	<u>264,004</u>
Dividends declared per share of common stock	<u>\$ 0.35</u>	<u>\$ 0.31</u>	<u>\$ 1.37</u>	<u>\$ 1.24</u>

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Table B

CONSOLIDATED BALANCE SHEETS

(Dollars in millions)	December 31, 2008	December 31, 2007
Assets		
Current assets:		
Cash and cash equivalents	\$ 331	\$ 668
Short-term investments	176	-
Restricted cash	27	1
Accounts receivable, net	981	1,074
Income taxes receivable	195	99
Deferred income taxes	31	247
Trading-related receivables and deposits, net	-	2,719 *
Derivative trading instruments	-	2,170 *
Commodities owned	-	2,231
Inventories	320	224
Regulatory assets	121	106
Fixed-price contracts and other derivatives	160	28 *
Other	134	397
Total current assets	2,476	9,964
Investments and other assets:		
Regulatory assets arising from fixed-price contracts and other derivatives	264	309
Regulatory assets arising from pension and other postretirement benefit obligations	1,188	162
Other regulatory assets	534	460
Nuclear decommissioning trusts	577	739
Investment in RBS Sempra Commodities LLP	2,082	-
Other investments	1,166	1,243
Goodwill and intangible assets	539	179
Sundry	709	777
Total investments and other assets	7,059	3,869
Property, plant and equipment, net	16,865	14,884
Total assets	\$ 26,400	\$ 28,717
Liabilities and Shareholders' Equity		
Current liabilities:		
Short-term debt	\$ 503	\$ 1,064
Accounts payable	856	1,563
Due to unconsolidated affiliates	38	60
Trading-related payables	-	2,265 *
Derivative trading instruments	-	1,672 *
Commodities sold with agreement to repurchase	-	500
Dividends and interest payable	156	145
Accrued compensation and benefits	280	265
Regulatory balancing accounts, net	335	481
Current portion of long-term debt	410	7
Fixed-price contracts and other derivatives	180	53 *
Customer deposits	170	143
Other	684	802
Total current liabilities	3,612	9,020
Long-term debt	6,544	4,553
Deferred credits and other liabilities:		
Due to unconsolidated affiliate	102	102
Customer advances for construction	155	153
Pension and other postretirement benefit obligations, net of plan assets	1,487	434
Deferred income taxes	946	531
Deferred investment tax credits	57	61
Regulatory liabilities arising from removal obligations	2,430	2,522
Asset retirement obligations	1,159	1,129
Other regulatory liabilities	219	265
Fixed-price contracts and other derivatives	392	332
Deferred credits and other	909	949
Total deferred credits and other liabilities	7,856	6,478
Preferred stock of subsidiaries	179	179
Minority interests	240	148
Shareholders' equity	7,969	8,339
Total liabilities and shareholders' equity	\$ 26,400	\$ 28,717

* December 31, 2007 amounts have been reclassified due to the adoption of FASB Staff Position FIN 39-1.

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Table C

CONDENSED STATEMENTS OF CONSOLIDATED CASH FLOWS

(Dollars in millions)	Years ended	
	December 31,	
	2008	2007
Cash Flows from Operating Activities:		
Net income	\$ 1,113	\$ 1,099
Adjustments to reconcile net income to net cash provided by operating activities:		
Discontinued operations	--	26
Depreciation and amortization	687	686
Gains on sale of assets, net	(114)	(6)
Deferred income taxes and investment tax credits	324	149
Noncash rate-reduction bond expense	--	55
Equity earnings	(483)	(90)
Other	141	46
Net changes in other working capital components	(483)	25
Distributions from RBS Sempra Commodities LLP	85	--
Changes in other assets	(15)	22
Changes in other liabilities	(74)	79
Net cash provided by continuing operations	1,181	2,091
Net cash used in discontinued operations	-	(3)
Net cash provided by operating activities	1,181	2,088
Cash Flows from Investing Activities:		
Expenditures for property, plant and equipment	(2,061)	(2,011)
Proceeds from sale of assets from continuing operations, net of cash sold	2,295	103
Expenditures for investments and acquisition of business, net of cash acquired	(2,675)	(121)
Distributions from investments	34	18
Purchases of nuclear decommissioning and other trust assets	(485)	(646)
Proceeds from sales by nuclear decommissioning and other trusts	469	613
Decrease in notes receivable from unconsolidated affiliates	60	--
Other	(23)	(29)
Net cash used in investing activities	(2,386)	(2,073)
Cash Flows from Financing Activities:		
Common dividends paid	(339)	(316)
Issuances of common stock	18	40
Repurchases of common stock	(1,018)	(185)
Issuance of long-term debt	1,706	404
Payments on long-term debt	(79)	(1,072)
Increase in short-term debt, net	564	812
Other	16	21
Net cash provided by (used in) financing activities	868	(296)
Decrease in cash and cash equivalents	(337)	(281)
Cash and cash equivalents, January 1	668	920
Cash assumed in connection with FIN 46(R) initial consolidation	-	29
Cash and cash equivalents, December 31	\$ 331	\$ 668

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Table D

BUSINESS UNIT EARNINGS AND CAPITAL EXPENDITURES & INVESTMENTS

(Dollars in millions)	Three months ended		Years ended	
	December 31,		December 31,	
	2008	2007	2008	2007
	(unaudited)			
Net Income (Loss)				
San Diego Gas & Electric	\$ 81	\$ 47	\$ 339	\$ 283
Southern California Gas	54	58	244	230
Sempra Commodities ⁽¹⁾	164	186	345	499
Sempra Generation	60	40	222	162
Sempra Pipelines & Storage	22	14	106	64
Sempra LNG	(13)	(19)	(46)	(46)
Parent & Other	(49)	(38)	(97)	(67)
Continuing Operations	319	288	1,113	1,125
Discontinued Operations, Net of Income Tax	-	1	-	(26)
Consolidated Net Income	<u>\$ 319</u>	<u>\$ 289</u>	<u>\$ 1,113</u>	<u>\$ 1,099</u>

⁽¹⁾ Includes the company's portion of RBS Sempra Commodities' joint venture earnings since the formation of the joint venture on April 1, 2008, and 100% of the commodities-marketing businesses prior to April 1, 2008. Also includes the operating results of Sempra Rockies Marketing, as well as interest, income taxes, cost allocations and other items associated with the joint venture.

(Dollars in millions)	Three months ended		Years ended	
	December 31,		December 31,	
	2008	2007	2008	2007
	(unaudited)			
Capital Expenditures and Investments⁽¹⁾				
San Diego Gas & Electric	\$ 430 ⁽²⁾	\$ 235	\$ 1,372 ⁽²⁾	\$ 714
Southern California Gas	104	157	454	457
Sempra Commodities	-	15	37	64
Sempra Generation	44	5	59	13
Sempra Pipelines & Storage ⁽³⁾	564	187	909	367
Sempra LNG	55	152	365	498
Parent & Other	229 ⁽²⁾	7	655 ⁽²⁾	19
Eliminations	(411) ⁽⁴⁾	-	(715) ⁽⁴⁾	-
Consolidated Capital Expenditures and Investments	<u>\$ 1,015</u>	<u>\$ 758</u>	<u>\$ 3,136</u>	<u>\$ 2,132</u>

⁽¹⁾ Investments do not include the \$1.6 billion contribution to RBS Sempra Commodities in the second quarter of 2008.

⁽²⁾ Purchases of industrial development bonds for SDG&E and Parent & Other were \$184 and \$227, respectively, in the three months ended December 31, 2008 and \$488 and \$640, respectively, for year ended December 31, 2008.

⁽³⁾ Amounts for the three months and the year ended December 31, 2008 include \$495 for the acquisition of EnergySouth, which is net of cash acquired.

⁽⁴⁾ Represents purchases and sales of industrial development bonds between SDG&E and Parent & Other.

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Table E

OTHER OPERATING STATISTICS (Unaudited)

	Three months ended		Years ended	
	December 31,		December 31,	
SEMPRA UTILITIES	2008	2007	2008	2007
Revenues (Dollars in millions)				
SDG&E (excludes intercompany sales)	\$ 801	\$ 765	\$ 3,240	\$ 2,839
SoCalGas (excludes intercompany sales)	\$ 981	\$ 1,094	\$ 4,732	\$ 4,214
Gas Sales (Bcf)	103	114	391	404
Transportation and Exchange (Bcf)	156	145	601	566
Total Deliveries (Bcf)	<u>259</u>	<u>259</u>	<u>992</u>	<u>970</u>
Total Gas Customers (Thousands)			6,575	6,531
Electric Sales (Millions of kWhs)	4,386	4,198	17,398	17,045
Direct Access (Millions of kWhs)	939	819	3,235	3,220
Total Deliveries (Millions of kWhs)	<u>5,325</u>	<u>5,017</u>	<u>20,633</u>	<u>20,265</u>
Total Electric Customers (Thousands)			1,372	1,365
SEMPRA GENERATION				
Power Sold (Millions of kWhs)	5,903	5,613	22,728	20,856
SEMPRA PIPELINES & STORAGE				
(Represents 100% of these subsidiaries, although only the Mexican subsidiaries are 100% owned by Sempra Energy.)				
Natural Gas Sales (Bcf)				
Argentina	78	79	332	320
Mexico	11	11	47	46
Chile	-	-	-	1
Natural Gas Customers (Thousands)				
Argentina			1,670	1,603
Mexico			95	96
Chile			- *	39
Electric Sales (Millions of kWhs)				
Peru	1,352	1,278	5,415	5,078
Chile	620	632	2,417	2,500
Electric Customers (Thousands)				
Peru			837	809
Chile			562	549

* The decrease from 2007 is due to the sale of interests in certain South American operations in the fourth quarter of 2008.

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Table E (Continued)

SEMPRA COMMODITIES

The following information for the Sempra Commodities segment includes information related to RBS Sempra Commodities LLP. RBS Sempra Commodities LLP acquired the commodities-marketing businesses of Sempra Energy on April 1, 2008. For the three and nine months ended December 31, 2008, the Sempra Commodities segment is composed primarily of the company's equity interest in RBS Sempra Commodities LLP, but also includes the results of Sempra Rockies Marketing. The margin and financial data below represent the total results of RBS Sempra Commodities LLP as calculated under International Financial Reporting Standards (IFRS).

RBS Sempra Commodities LLP

Operating Statistics

(in millions of US dollars)

<i>RBS Sempra Commodities LLP - Joint Venture level margin*</i>	Three months ended December 31, 2008	Nine months ended December 31, 2008
Geographical:		
North America	\$ 373	\$ 816
Europe/Asia	340	603
Total	<u>\$ 713</u>	<u>\$ 1,419</u>
Product Line:		
Natural Gas	\$ 171	\$ 534
Oil - Crude & Products	243	357
Metals	149	253
Power	129	222
Other	21	53
Total	<u>\$ 713</u>	<u>\$ 1,419</u>

* Margin consists of operating revenues less cost of sales (primarily transportation and storage costs) reduced by certain transaction-related execution costs (primarily brokerage and other fees) and net interest income/expense.

Financial Information

(in millions of US dollars)

<i>RBS Sempra Commodities LLP</i>	Three months ended December 31, 2008	
	Joint Venture Total	Sempra Share**
Fee income and trading revenue, net of selling costs	\$ 713	
Operating and other expenses	(339)	
Joint Venture distributable income	<u>\$ 374</u>	
Preferred return on capital	\$ 103	\$ 61
1st allocation - 70% Sempra / 30% RBS***	271	192
2nd allocation - 30% Sempra / 70% RBS	-	-
Distributable income	<u>\$ 374</u>	<u>\$ 253</u>
	Nine months ended December 31, 2008	
	Joint Venture Total	Sempra Share**
Fee income and trading revenue, net of selling costs	\$ 1,419	
Operating and other expenses	(744)	
Joint Venture distributable income	<u>\$ 675</u>	
Preferred return on capital	\$ 382	\$ 181
1st allocation - 70% Sempra / 30% RBS***	293	208
2nd allocation - 30% Sempra / 70% RBS	-	-
Distributable income	<u>\$ 675</u>	<u>\$ 389</u>

Sempra Earnings from RBS Sempra Commodities LLP

<i>(in millions of US dollars)</i>	Three months ended December 31, 2008	Nine months ended December 31, 2008
Sempra share of distributable income - IFRS basis	\$ 253	\$ 389
U.S. GAAP conversion impact	(12)	(6)
Sempra equity earnings - U.S. GAAP basis	241	383
Income tax expense	(79)	(131)
Sempra equity earnings from RBS Sempra Commodities LLP	<u>\$ 162</u>	<u>\$ 252</u>

** After a 15% preferred return to Sempra and then a 15% return to RBS, Sempra receives 70% of the next \$500 million and 30% of any remaining income on an annual basis.

*** Includes certain transition costs specifically allocated to Sempra and RBS.

SEMPRA ENERGY
Table F (Unaudited)

Income Statement Data by Business Unit

Three Months Ended December 31, 2008

(Dollars in millions)	SDG&E	SoCalGas	Commodities	Generation	Pipelines & Storage	LNG	Consolidating Adjustments, Parent & Other	Total
Revenues	\$ 802	\$ 992	\$ 14	\$ 358	\$ 119	\$ 30	\$ (22)	\$ 2,293
Cost of Sales and Other Expenses	(590)	(829)	(18)	(278)	(99)	(55)	(7)	(1,876)
Depreciation & Amortization	(75)	(71)	-	(14)	(10)	(7)	(2)	(179)
Equity Earnings (Losses) Recorded Before Income Tax	-	-	241	(2)	13	-	(3)	249
Other Income (Expense), Net	7	1	-	(2)	-	(2)	(81)	(77)
Income (Loss) Before Interest & Tax ⁽¹⁾	144	93	237	62	23	(34)	(115)	410
Net Interest Expense ⁽²⁾	(23)	(16)	(4)	-	(4)	(2)	(33)	(82)
Income Tax (Expense) Benefit	(40)	(23)	(69)	(2)	(3)	23	99	(15)
Equity Earnings Recorded Net of Income Tax	-	-	-	-	6	-	-	6
Net Income (Loss)	\$ 81	\$ 54	\$ 164	\$ 60	\$ 22	\$ (13)	\$ (49)	\$ 319

Three Months Ended December 31, 2007

(Dollars in millions)	SDG&E	SoCalGas	Commodities	Generation	Pipelines & Storage	LNG	Consolidating Adjustments, Parent & Other	Total
Revenues	\$ 768	\$ 1,114	\$ 773	\$ 412	\$ 72	\$ (11)	\$ (18)	\$ 3,110
Cost of Sales and Other Expenses	(590)	(936)	(469)	(327)	(70)	(14)	(33)	(2,439)
Depreciation & Amortization	(76)	(71)	(7)	(15)	(2)	-	(1)	(172)
Equity Earnings (Losses) Recorded Before Income Tax	-	-	-	3	1	-	(2)	2
Other Income (Expense), Net	1	1	-	-	1	-	15	18
Income (Loss) Before Interest & Tax ⁽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 Earnings Recorded Net of Income Tax	-	-	-	-	13	-	-	13
Discontinued Operations	-	-	-	-	-	-	1	1
Net Income (Loss)	\$ 47	\$ 58	\$ 186	\$ 40	\$ 14	\$ (19)	\$ (37)	\$ 289

⁽¹⁾ Management believes "Income (Loss) before Interest & Taxes" 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, 2008

(Dollars in millions)	SDG&E	SoCalGas	Commodities	Generation	Pipelines & Storage	LNG	Consolidating Adjustments, Parent & Other	Total
Revenues	\$ 3,251	\$ 4,768	\$ 500	\$ 1,784	\$ 457	\$ 74	\$ (76)	\$ 10,758
Cost of Sales and Other Expenses	(2,386)	(4,054)	(428)	(1,409)	(413)	(130)	(25)	(8,845)
Depreciation & Amortization	(298)	(280)	(6)	(56)	(20)	(15)	(12)	(687)
Gains (Losses) on Sale of Assets	3	-	110	2	-	-	(1)	114
Equity Earnings (Losses) Recorded Before Income Tax	-	-	383	8	43	-	(14)	420
Other Income (Expense), Net	25	2	-	(1)	2	11	(93)	(54)
Income (Loss) Before Interest & Tax ⁽¹⁾	595	436	559	328	69	(60)	(221)	1,706
Net Interest (Expense) Income ⁽²⁾	(95)	(52)	(16)	(6)	-	(7)	(42)	(218)
Income Tax (Expense) Benefit	(161)	(140)	(201)	(100)	(23)	21	166	(438)
Equity Earnings Recorded Net of Income Tax	-	-	3	-	60	-	-	63
Net Income (Loss)	\$ 339	\$ 244	\$ 345	\$ 222	\$ 106	\$ (46)	\$ (97)	\$ 1,113

Year Ended December 31, 2007

(Dollars in millions)	SDG&E	SoCalGas	Commodities	Generation	Pipelines & Storage	LNG	Consolidating Adjustments, Parent & Other	Total
Revenues	\$ 2,852	\$ 4,282	\$ 2,674	\$ 1,476	\$ 314	\$ (22)	\$ (138)	\$ 11,438
Cost of Sales and Other Expenses	(2,053)	(3,566)	(1,906)	(1,169)	(297)	(44)	(44)	(9,079)
Depreciation & Amortization	(301)	(281)	(26)	(56)	(11)	-	(11)	(686)
Gains on Sale of Assets	2	2	-	-	-	-	2	6
Equity Earnings (Losses) Recorded Before Income Tax	-	-	-	9	(4)	-	(14)	(9)
Other Income (Expense), Net	11	(3)	-	-	3	-	79	90
Income (Loss) Before Interest & Tax ⁽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 Earnings Recorded Net of Income Tax	-	-	40	-	59	-	-	99
Discontinued Operations	-	-	-	-	-	-	(26)	(26)
Net Income (Loss)	\$ 283	\$ 230	\$ 499	\$ 162	\$ 64	\$ (46)	\$ (93)	\$ 1,099

⁽¹⁾ Management believes "Income (Loss) before Interest & Taxes" 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.