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**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**Form 8-K**

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**Current Report**  
**Pursuant to Section 13 or 15(d) of the**  
**Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): December 10, 2003

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**Southern California Gas Company**

(Exact name of registrant as specified in its charter)

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**California**  
(State or Other Jurisdiction  
of Incorporation)

**1-1402**  
(Commission File Number)

**95-1240705**  
(I.R.S. Employer Identification No.)

**555 West Fifth Street, Los Angeles, California**  
(Address of Principal Executive Offices)

**90013**  
(Zip Code)

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Registrant's telephone number, including area code: (213) 244-1200

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**Item 5. Other Events.**

On December 15, 2003, Southern California Gas Company closed the sale of \$250,000,000 4.375% First Mortgage Bonds, Series II, Due 2011 (the "Bonds"). The Bonds were issued pursuant to a Supplemental Indenture, dated as of December 15, 2003, which is attached hereto as Exhibit 4.1. Further information regarding the sale of the Bonds is contained in the underwriting agreement and pricing agreement, which are attached hereto as Exhibits 1.1 and 1.2, respectively.

**Item 7. Exhibits.**

(c) *Exhibits.*

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
1.1	Underwriting Agreement, dated December 10, 2003.
1.2	Pricing Agreement, dated December 10, 2003.
4.1	Supplemental Indenture, dated as of December 15, 2003.
4.2	Form of Bond. (Included in Exhibit 4.1 hereto.)

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**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 hereunto duly authorized.

Date: December 15, 2003

SOUTHERN CALIFORNIA GAS COMPANY

By: /s/ EDWIN A. GUILLES

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Edwin A. Guiles  
Chairman and Chief Executive Officer

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**EXHIBIT INDEX**

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Southern California Gas Company

First Mortgage Bonds

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Underwriting Agreement  

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December 10, 2003

To the Representatives of the several  
Underwriters named in the  
respective Pricing Agreements  
hereinafter described

Ladies and Gentlemen:

From time to time, Southern California Gas Company, a California corporation (the "Company"), proposes to enter into one or more Pricing Agreements (each a "Pricing Agreement") in the form of Annex I hereto, with such additions and deletions as the parties thereto may determine, and, subject to the terms and conditions stated herein and therein, to issue and sell to the firms named in Schedule I to the applicable Pricing Agreement (such firms constituting the "Underwriters" with respect to such Pricing Agreement and the securities specified therein) certain of its first mortgage bonds (the "First Mortgage Bonds") specified in Schedule II to such Pricing Agreement (with respect to such Pricing Agreement, the "Designated Bonds").

The terms and rights of any particular issuance of Designated Bonds shall be as specified in the Pricing Agreement relating thereto and in or pursuant to the indenture (the "Indenture") identified in such Pricing Agreement.

1. Particular sales of Designated Bonds may be made from time to time to the Underwriters of such First Mortgage Bonds, for whom the firms designated as representatives of the Underwriters of such First Mortgage Bonds in the Pricing Agreement relating thereto will act as representatives (the "Representatives"). The term "Representatives" also refers to a single firm acting as sole representative of the Underwriters and to an Underwriter or Underwriters who act without any firm being designated as its or their representatives. This Underwriting Agreement shall not be construed as an obligation of the Company to sell any of the First Mortgage Bonds or as an obligation of any of the Underwriters to purchase any of the First Mortgage Bonds. The obligation of the Company to issue and sell any of the First Mortgage Bonds and the obligation of any of the Underwriters to purchase any of the First Mortgage Bonds shall be evidenced by the Pricing Agreement with respect to the Designated Bonds specified therein. Each Pricing Agreement shall specify the aggregate principal amount of such Designated Bonds, the initial public offering price of such Designated Bonds, the purchase price to the Underwriters of such Designated Bonds, the names of the Underwriters of such Designated Bonds, the names of the Representatives of such Underwriters and the principal amount of such Designated Bonds to be purchased by each Underwriter and shall set forth the

date, time and manner of delivery of such Designated Bonds and payment therefor. The Pricing Agreement shall also specify (to the extent not set forth in the Indenture and the registration statement and prospectus with respect thereto) the terms of such Designated Bonds. A Pricing Agreement shall be in the form of an executed writing (which may be in counterparts), and may be evidenced by an exchange of telegraphic communications or any other rapid transmission device designed to produce a written record of communications transmitted. The obligations of the Underwriters under this Agreement and each Pricing Agreement shall be several and not joint.

2. The Company represents and warrants to, and agrees with, each of the Underwriters that:

(a) Registration statements on Forms S-3 (Files Nos. 333-70654 and 333-110004) (such registration statements, as amended, collectively, the "Initial Registration Statement") in respect of the First Mortgage Bonds have been filed with the Securities and Exchange Commission (the "Commission"); the Initial Registration Statement and any post-effective amendments thereto subsequent to the date hereof, each in the form heretofore delivered or to be delivered to the Representatives and, excluding exhibits to the Initial Registration Statement but including all documents incorporated by reference in the prospectus contained in such Initial Registration Statement, to the Representatives for each of the other Underwriters, have been declared effective by the Commission in such form; other than a registration statement, if any, increasing the size of the offering (a "Rule 462(b) Registration Statement"), filed pursuant to Rule 462(b) under the Securities Act of 1933, as amended (the "Act"), which, if so filed, became effective upon filing, no other document with respect to the Initial Registration Statement or any document incorporated by reference therein has heretofore been filed or transmitted for filing with the Commission (other than documents filed after the filing date of the Initial Registration Statement under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and prospectuses filed pursuant to Rule 424(b) of the rules and regulations of the Commission under the Act, each in the form heretofore delivered to the Representatives); and no stop order suspending the effectiveness of the Initial Registration Statement, any post-effective amendment thereto or the Rule 462(b) Registration Statement, if any, has been issued and no proceeding for that purpose has been initiated or threatened by the Commission (any preliminary prospectus included in the Initial Registration Statement or filed with the Commission pursuant to Rule 424(a) under the Act, is hereinafter called a "Preliminary Prospectus"; the various parts of the Initial Registration Statement, any post-effective amendment thereto and the Rule 462(b) Registration Statement, if any, including all exhibits thereto and the documents incorporated by reference in the prospectus contained in the Initial Registration Statement at the time such part of the Initial Registration Statement became effective but excluding any Form T-1, each as amended at the time such part of the Initial Registration Statement became effective or such part of the Rule 462(b) Registration Statement, if any, became or hereafter becomes effective, are hereinafter collectively called the "Registration Statement"; the prospectus relating to the First Mortgage Bonds, in the form in which it has most recently been filed, or transmitted for filing, with the Commission on or prior to the date of this Agreement, being hereinafter called the "Prospectus"; any reference herein to any Preliminary Prospectus or the Prospectus shall be deemed to refer to and

include the documents incorporated by reference therein pursuant to the applicable form under the Act, as of the date of such Preliminary Prospectus or Prospectus, as the case may be; any reference to any amendment or supplement to any Preliminary Prospectus or the Prospectus shall be deemed to refer to and include any documents filed after the date of such Preliminary Prospectus or Prospectus, as the case may be, under the Exchange Act, and incorporated by reference in such Preliminary Prospectus or Prospectus, as the case may be, as of the date of filing of such document; any reference to any amendment to the Initial Registration Statement shall be deemed to refer to and include any annual report of the Company filed pursuant to Sections 13(a) or 15(d) of the Exchange Act after the effective date of the Initial Registration Statement that is incorporated by reference in the Registration Statement; and any reference to the Prospectus shall be deemed to refer to the Prospectus as amended or supplemented in relation to the applicable Designated Bonds in the form in which it is filed with the Commission pursuant to Rule 424(b) under the Act in accordance with Section 5(a) hereof, including any documents incorporated by reference therein as of the date of such filing;

(b) The documents incorporated by reference in the Prospectus, when they became effective or were filed with the Commission, as the case may be, conformed in all material respects to the requirements of the Act or the Exchange Act, as applicable, and the rules and regulations of the Commission thereunder, and none of such documents contained an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and any further documents so filed and incorporated by reference in the Prospectus or any further amendment or supplement thereto, when such documents become effective or are filed with the Commission, as the case may be, will conform in all material respects to the requirements of the Act or the Exchange Act, as applicable, and the rules and regulations of the Commission thereunder and will not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with information furnished in writing to the Company by an Underwriter of Designated Bonds through the Representatives expressly for use in the Prospectus as amended or supplemented relating to such First Mortgage Bonds;

(c) The Registration Statement and the Prospectus conform, and any further amendments or supplements to the Registration Statement or the Prospectus will conform, in all material respects to the requirements of the Act and the rules and regulations of the Commission thereunder and the Registration Statement conforms, and any further amendments or supplements to the Registration Statement will conform, in all material respects to the requirements of the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"), and the rules and regulations of the Commission thereunder and do not and will not, as of the applicable effective date as to the Registration Statement and any amendments thereto and as of the applicable filing date and the applicable time of delivery as to the Prospectus and any amendment or supplement thereto, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances

under which they were made, not misleading; provided, however, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with information furnished in writing to the Company by an Underwriter of Designated Bonds through the Representatives expressly for use in the Prospectus as amended or supplemented relating to such First Mortgage Bonds;

(d) The Company and its subsidiaries taken as a whole have not sustained since the date of the latest audited financial statements included or incorporated by reference in the Prospectus any material loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, otherwise than as set forth or contemplated in the Prospectus; and, since the date as of which information is given in the Prospectus (excluding any Preliminary Prospectus), there has not been any material change in the capital stock or long-term debt of the Company or any of its subsidiaries or any material adverse change, or any development involving a prospective material adverse change, in or affecting the general affairs, management, financial position, shareholders' equity or results of operations of the Company and its subsidiaries, taken as a whole, otherwise than as set forth or contemplated in the Prospectus;

(e) The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of California, with power and authority (corporate and other) to own its properties and conduct its business as described in the Prospectus, and has been duly qualified as a foreign corporation for the transaction of business and is in good standing under the laws of each other jurisdiction in which it owns or leases properties or conducts any business so as to require such qualification, except where the failure to be so qualified would not subject it to material liability or disability; the subsidiaries of the Company, considered in the aggregate as a single subsidiary, do not constitute a "significant subsidiary" as defined in Rule 1-02 of Regulation S-X;

(f) The Company has an authorized capitalization as set forth in the Prospectus, and all of the issued shares of capital stock of the Company have been duly and validly authorized and issued and are fully paid and non-assessable;

(g) The First Mortgage Bonds have been duly authorized, and, when the Designated Bonds are issued and delivered pursuant to this Agreement and the Pricing Agreement with respect to such Designated Bonds, such Designated Bonds will have been duly executed, authenticated, issued and delivered and will constitute valid and legally binding obligations of the Company entitled to the benefits provided by the Indenture; the Indenture has been duly authorized and duly qualified under the Trust Indenture Act and, at the Time of Delivery for such Designated Bonds (as defined in Section 4 hereof), the Indenture will constitute a valid and legally binding instrument, enforceable in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, receivership, liquidation, fraudulent conveyance, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles; and the Indenture conforms, and the Designated Bonds will conform, to the descriptions thereof contained in the Prospectus as amended or supplemented with respect to such Designated Bonds;



(h) The issue and sale of the First Mortgage Bonds and the compliance by the Company with all of the provisions of the First Mortgage Bonds, the Indenture, this Agreement and any Pricing Agreement, and the consummation of the transactions herein and therein contemplated will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any material contract, indenture, mortgage, deed of trust, loan agreement, note, lease or other agreement or instrument to which the Company is a party or by which the Company is bound or to which any of the material properties or assets of the Company is subject, nor will such action result in any violation of the provisions of the Articles of Incorporation or By-laws of the Company or any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any of its material properties; and no consent, approval, authorization, order, registration or qualification of or with any such court or governmental agency or body is required for the issue and sale of the First Mortgage Bonds or the consummation by the Company of the transactions contemplated by this Agreement or any Pricing Agreement or the Indenture, except such as have been obtained under the Act, the Trust Indenture Act and from the Public Utilities Commission of the State of California and such consents, approvals, authorizations, registrations or qualifications as may be required under state securities or Blue Sky laws in connection with the purchase and distribution of the First Mortgage Bonds by the Underwriters;

(i) The statements set forth in the Prospectus as amended or supplemented under the captions “Description of First Mortgage Bonds” and “Supplemental Description of the First Mortgage Bonds,” insofar as they purport to constitute a summary of the terms of the First Mortgage Bonds or the Indenture, and under the captions “Plan of Distribution” and “Underwriting,” insofar as they purport to describe the provisions of the laws and documents referred to therein, are accurate, complete and fair in all material respects;

(j) The Company is not (i) in violation of its Articles of Incorporation or By-laws or (ii) in default in the performance or observance of any material obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, deed of trust, loan agreement, note, lease or other agreement or instrument to which it is a party or by which it or any of its properties may be bound, except in the case of clause (ii) for such defaults which, individually or in the aggregate, would not reasonably be expected to have a material adverse effect on the consolidated financial position, shareholders’ equity or results of operations of the Company and its subsidiaries, taken as a whole;

(k) Other than as set forth in the Prospectus, there are no governmental proceedings pending to which the Company or any of its subsidiaries is a party or of which any property of the Company or any of its subsidiaries is the subject except for such proceedings which, if determined adversely to the Company, would not reasonably be expected individually or in the aggregate to have a material adverse effect on the financial position, shareholders’ equity or results of operations of the Company and its subsidiaries, taken as a whole; and, to the best of the Company’s knowledge, no such proceedings are threatened or contemplated by governmental authorities;

(l) The Company is not and after giving effect to the offering and sale of the First Mortgage Bonds, will not be, an “investment company,” as such term is defined in the Investment Company Act of 1940, as amended (the “Investment Company Act”);

(m) Deloitte & Touche LLP, who have certified certain financial statements of the Company and its subsidiaries taken as a whole, are independent public accountants as required by the Act and the rules and regulations of the Commission thereunder;

(n) The financial statements of the Company and its consolidated subsidiaries included or incorporated by reference in the Registration Statement and Prospectus present fairly in all material respects the consolidated financial position of the Company and its consolidated subsidiaries as of the dates indicated and the consolidated results of their operations for the periods specified; and, except as stated therein, such financial statements have been prepared in conformity with generally accepted accounting principles in the United States applied on a consistent basis;

(o) The Company is exempt from all of the provisions of the Public Utility Holding Company Act of 1935, as amended (the “1935 Act”), except for Section 9(a)(2) thereof;

(p) The Company and its subsidiaries possess such certificates, authorities or permits issued by the appropriate state, federal, local or foreign regulatory agencies or bodies necessary to conduct the businesses now operated by them, except where the failure to possess such certificates, authorities or permits, individually or in the aggregate, would not have a material adverse effect on the consolidated financial position, shareholders’ equity or results of operations of the Company and its subsidiaries, taken as a whole; and neither the Company nor any of its subsidiaries has received any notice of proceedings relating to the revocation or modification of any such certificate, authority or permit which, individually or in the aggregate, if the subject of an unfavorable decision, ruling or finding would have a material adverse effect on the consolidated financial position, shareholders’ equity or results of operations of the Company and its subsidiaries, taken as a whole;

(q) The Company and its subsidiaries are in compliance with, and conduct their respective businesses in conformity with, all applicable state, federal, local and foreign laws and regulations relating to the operation and ownership of a public utility, including, without limitation, those relating to the distribution and transmission of natural gas, except to the extent that any failure so to comply or conform would not individually or in the aggregate have a material adverse effect on the consolidated financial position, shareholders’ equity or results of operations of the Company and its subsidiaries, taken as a whole;

(r) The Public Utilities Commission of the State of California has duly authorized the issuance and sale of the Designated Bonds by the Company on the terms

set forth in the Prospectus and in this Agreement, such authorizations are in full force and effect and no authorization of any other governmental agency having regulatory jurisdiction over the Company is required for such issuance and sale except such as may be required by the securities or blue sky laws of any jurisdiction;

(s) The Company and its subsidiaries hold all franchises, certificates of public convenience and necessity, permits, licenses and easements necessary to own, operate and maintain their properties as described in the Prospectus except to the extent that such failure, individually or in the aggregate, would not reasonably be expected to have a material adverse effect on the consolidated financial position, shareholders' equity or results of operations of the Company and its subsidiaries, taken as a whole;

(t) The Company and its subsidiaries have good and valid title to all the principal plants and other important units of their property and to all other real estate and fixed property (including plants, machinery and equipment) specifically described in the Indenture as subject to the lien thereof (except property theretofore retired or released from such lien in accordance with the terms of the Indenture) subject only to Permissible Encumbrances (as defined in the Indenture) and other liens and charges permitted by the Indenture and such liens, charges, encumbrances, defects, qualifications, exceptions and other matters affecting title, possession or use as are set forth or referred to in the Prospectus or which, individually or in the aggregate, would not reasonably be expected to have a material adverse effect on the consolidated financial position, shareholders' equity or results of operations of the Company and its subsidiaries, taken as a whole;

(u) The indenture originally dated as of October 1, 1940 (the "Base Indenture") between the Company and U.S. Bank Trust National Association, as successor trustee, as supplemented and amended by indentures supplemental thereto and amendatory thereof (each a "Supplemental Indenture" and the Base Indenture together with all Supplemental Indentures is referred to herein and in the Pricing Agreement as the "Indenture") has been duly recorded in all offices of county recorders or clerks of all counties in the State of California in which any real property subject to the lien of the Indenture is located and appropriate financing statements in respect of personal property and fixtures have been filed in the Office of the Secretary of State of the State of California and no other filing or recordation is necessary for the perfection and preservation of the lien created thereby except for recordations required in respect of after-acquired real property;

(v) The Indenture constitutes, as security for the Designated Bonds, a valid and subsisting lien to the extent that it purports to be such on all the present properties of the Company (including plants, machinery, equipment, real estate and fixed property), rights and franchises of the Company and its subsidiaries (other than those properties excepted or released from the lien of the Indenture by its terms) subject only to Permissible Encumbrances (as defined in the Indenture) and other liens and charges permitted by the Indenture and such liens, charges and encumbrances, defects, qualifications, exceptions and other matters as are set forth or referred to in the Prospectus, or which would not reasonably be expected materially to affect the security for the Designated Bonds, and upon acquisition thereafter by the Company of similar properties the Indenture will, subject to liens existing thereon at the time of acquisition, create such lien thereon; and

(w) Other than as set forth in the Prospectus, there are no legal proceedings pending to which the Company or any of its subsidiaries is a party or of which any property of the Company or any of its subsidiaries is the subject except for such proceedings which, if determined adversely to the Company, would not individually or in the aggregate have a material adverse effect on the financial position, shareholders' equity or results of operations of the Company and its subsidiaries, taken as a whole; and, to the best of the Company's knowledge, no such proceedings are threatened or contemplated.

3. Upon the execution of the Pricing Agreement applicable to any Designated Bonds and authorization by the Representatives of the release of such First Mortgage Bonds, the several Underwriters propose to offer such First Mortgage Bonds for sale upon the terms and conditions set forth in the Prospectus as amended or supplemented.

4. Designated Bonds to be purchased by each Underwriter pursuant to the Pricing Agreement relating thereto, in the form specified in such Pricing Agreement, and in such authorized denominations and registered in such names as the Representatives may request upon at least forty-eight hours' prior notice to the Company, shall be delivered through the facilities of the DTC by or on behalf of the Company to the Representatives for the account of such Underwriter, against payment by such Underwriter or on its behalf of the purchase price therefor by wire transfer of Federal (same-day) funds to the account specified by the Company to the Representatives at least forty-eight hours in advance or at such other place and time and date as the Representatives and the Company may agree upon in writing, such time and date being herein called the "Time of Delivery" for such First Mortgage Bonds.

5. The Company agrees with each of the Underwriters of any Designated Bonds:

(a) To prepare the Prospectus as amended or supplemented in relation to the applicable Designated Bonds in a form approved by the Representatives and to file such Prospectus pursuant to Rule 424(b) under the Act not later than the Commission's close of business on the second business day following the execution and delivery of the Pricing Agreement relating to the applicable Designated Bonds or, if applicable, such earlier time as may be required by Rule 424(b); to make no further amendment or any supplement to the Registration Statement or Prospectus as amended or supplemented after the date of the Pricing Agreement relating to such First Mortgage Bonds and prior to the Time of Delivery for such First Mortgage Bonds which shall be disapproved by the Representatives for such First Mortgage Bonds promptly after reasonable notice thereof; to advise the Representatives promptly of any such amendment or supplement after such Time of Delivery and furnish the Representatives with copies thereof; to file promptly all reports and any definitive proxy or information statements required to be filed by the Company with the Commission pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act for so long as the delivery of a prospectus is required in connection with the offering or sale of such First Mortgage Bonds, and during such same period to advise the Representatives, promptly after it receives notice thereof, of the time when any

amendment to the Registration Statement has been filed or becomes effective or any supplement to the Prospectus or any amended Prospectus has been filed with the Commission, of the issuance by the Commission of any stop order or of any order preventing or suspending the use of any prospectus relating to the First Mortgage Bonds, of the suspension of the qualification of such First Mortgage Bonds for offering or sale in any jurisdiction, of the initiation or threatening of any proceeding for any such purpose, or of any request by the Commission for the amending or supplementing of the Registration Statement or Prospectus or for additional information; and, in the event of the issuance of any such stop order or of any such order preventing or suspending the use of any prospectus relating to the First Mortgage Bonds or suspending any such qualification, to promptly use commercially reasonable efforts to obtain the withdrawal of such order;

(b) Promptly from time to time to take such action as the Representatives may reasonably request to qualify such First Mortgage Bonds for offering and sale under the securities laws of such jurisdictions as the Representatives may request and to comply with such laws so as to permit the continuance of sales and dealings therein in such jurisdictions for as long as may be necessary to complete the distribution of such First Mortgage Bonds, provided that in connection therewith the Company shall not be required to qualify as a foreign corporation or to file a general consent to service of process in any jurisdiction;

(c) Prior to 10:00 a.m., New York City time, on the New York business day next succeeding the date of any Pricing Agreement for such Designated Bonds, or such later time or date as agreed to by the Company and the Representatives, and from time to time, to furnish the Underwriters with copies of the Prospectus in New York City as amended or supplemented in such quantities as the Representatives may reasonably request, and, if the delivery of a prospectus is required at any time in connection with the offering or sale of such Designated Bonds and if at such time any event shall have occurred as a result of which the Prospectus as then amended or supplemented would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made when such Prospectus is delivered, not misleading, or, if for any other reason it shall be necessary during such same period to amend or supplement the Prospectus or to file under the Exchange Act any document incorporated by reference in the Prospectus in order to comply with the Act, the Exchange Act or the Trust Indenture Act, to notify the Representatives and upon their request to file such document and to prepare and furnish without charge to each Underwriter and to any dealer in securities as many copies as the Representatives may from time to time reasonably request of an amended Prospectus or a supplement to the Prospectus which will correct such statement or omission or effect such compliance;

(d) To make generally available to its securityholders as soon as practicable, but in any event not later than eighteen months after the effective date of the Registration Statement (as defined in Rule 158(c) under the Act), an earnings statement of the Company and its consolidated subsidiaries (which need not be audited) complying with Section 11(a) of the Act and the rules and regulations of the Commission thereunder (including, at the option of the Company, Rule 158);

(e) During the period beginning from the date of the Pricing Agreement for such Designated Bonds and continuing to and including the later of (i) the termination of trading restrictions for such First Mortgage Bonds, as notified to the Company by the Representatives and (ii) the Time of Delivery for such Designated Bonds, not to offer, sell, contract to sell or otherwise dispose of any First Mortgage Bonds, without the prior written consent of the Representatives; and

(f) If the Company elects to rely upon Rule 462(b), the Company shall file a Rule 462(b) Registration Statement with the Commission in compliance with Rule 462(b) by 10:00 P.M., Washington, D.C. time, on the date of this Agreement, and the Company shall at the time of filing either pay to the Commission the filing fee for the Rule 462(b) Registration Statement or give irrevocable instructions for the payment of such fee pursuant to Rule 111(b) under the Act.

6. The Company covenants and agrees with the several Underwriters that the Company will pay or cause to be paid the following: (i) the fees, disbursements and expenses of the Company's counsel and accountants in connection with the registration of the First Mortgage Bonds under the Act and all other expenses in connection with the preparation, printing and filing of the Registration Statement, any Preliminary Prospectus and the Prospectus and amendments and supplements thereto and the mailing and delivering of copies thereof to the Underwriters and dealers; (ii) the cost of printing or producing any Agreement among Underwriters, this Agreement, any Pricing Agreement, any Indenture, any Blue Sky and Legal Investment Memoranda, closing documents (including any compilations thereof) and any other documents in connection with the offering, purchase, sale and delivery of the First Mortgage Bonds; (iii) all expenses in connection with the qualification of the First Mortgage Bonds for offering and sale under state securities laws as provided in Section 5(b) hereof, including the reasonable fees and disbursements of counsel for the Underwriters in connection with such qualification and in connection with the Blue Sky and Legal Investment Surveys; (iv) any fees charged by securities rating services for rating the First Mortgage Bonds; (v) any filing fees incident to, and the reasonable fees and disbursements of counsel for the Underwriters in connection with, any required review by the NASD Regulation, Inc. of the terms of the sale of the First Mortgage Bonds; (vi) the cost of preparing the First Mortgage Bonds; (vii) the fees and expenses of any Trustee and any agent of any Trustee and the reasonable fees and disbursements of counsel for any Trustee in connection with any Indenture and the First Mortgage Bonds; (viii) any fees and expenses in connection with listing the First Mortgage Bonds and the cost of registering the First Mortgage Bonds under Section 12 of the Exchange Act; and (ix) all other costs and expenses incident to the performance of its obligations hereunder which are not otherwise specifically provided for in this Section. It is understood, however, that except as provided in this Section, and Sections 8 and 11 hereof, the Underwriters will pay all of their own costs and expenses, including the fees of their counsel, transfer taxes on resale of any of the First Mortgage Bonds by them and any advertising expenses connected with any offers they may make.

7. The obligations of the Underwriters of any Designated Bonds under the Pricing Agreement relating to such Designated Bonds shall be subject, in the discretion of the Representatives, to the condition that all representations and warranties and other statements of the Company in or incorporated by reference in the Pricing Agreement relating to such Designated Bonds are, at and as of the Time of Delivery for such Designated Bonds, true and correct, the condition that the Company shall have performed all of its obligations hereunder theretofore to be performed, and the following additional conditions:

(a) The Prospectus as amended or supplemented in relation to the applicable Designated Bonds shall have been filed with the Commission pursuant to Rule 424(b) within the applicable time period prescribed for such filing by the rules and regulations under the Act and in accordance with Section 5(a) hereof; if the Company has elected to rely upon Rule 462(b), the Rule 462(b) Registration Statement shall have become effective by 10:00 P.M., Washington, D.C. time, on the date of the applicable Pricing Agreement; no stop order suspending the effectiveness of the Registration Statement or any part thereof shall have been issued and no proceeding for that purpose shall have been initiated or threatened by the Commission; and all requests for additional information on the part of the Commission shall have been complied with to the Representatives' reasonable satisfaction;

(b) Counsel for the Underwriters shall have furnished to the Representatives such written opinion, dated the Time of Delivery for such Designated Bonds, with respect to the Registration Statement and the Prospectus as amended or supplemented, as well as such other related matters as the Representatives may reasonably request, and such counsel shall have received such papers and information as they may reasonably request to enable them to pass upon such matters;

(c) Gary W. Kyle, Chief Corporate Counsel of Sempra Energy, a California corporation and the ultimate parent of the Company, shall have furnished to the Representatives a written opinion, dated the Time of Delivery for such Designated Bonds, in form and substance satisfactory to the Representatives, to the effect that:

(i) The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of California, with power and authority (corporate and other) to own its properties and conduct its business as described in the Prospectus, and has been duly qualified as a foreign corporation for the transaction of business and is in good standing under the laws of each other jurisdiction in which it owns or leases properties or conducts any business so as to require such qualification, except where the failure to be so qualified would not subject it to material liability or disability;

(ii) The Company has an authorized capitalization as set forth in the Prospectus and all of the issued shares of capital stock of the Company have been duly and validly authorized and issued and are fully paid and non-assessable;

(iii) To the best of such counsel's knowledge and other than as set forth in the Prospectus, there are no legal or governmental proceedings pending to

which the Company or any of its subsidiaries is a party or of which any property of the Company or any of its subsidiaries is the subject except for such proceedings which, if determined adversely to the Company or any of its subsidiaries, would not reasonably be expected, individually or in the aggregate, to have a material adverse effect on the consolidated financial position, shareholders' equity or results of operations of the Company and its subsidiaries, taken as a whole; and, to the best of such counsel's knowledge, no such proceedings are threatened or contemplated by governmental authorities or threatened by others;

(iv) This Agreement and the Pricing Agreement with respect to the Designated Bonds have been duly authorized, executed and delivered by the Company;

(v) The Designated Bonds have been duly authorized, executed, authenticated, issued and delivered and the Designated Bonds and the Indenture conform to the descriptions thereof in the Prospectus;

(vi) The Indenture has been duly authorized, executed and delivered by the Company; and the Indenture has been duly qualified under the Trust Indenture Act;

(vii) The Company and its subsidiaries hold all franchises, certificates of public convenience and necessity, permits, licenses and easements necessary to own, operate and maintain their properties as described in the Prospectus except to the extent that such failure, individually or in the aggregate, would not reasonably be expected to have a material adverse effect on the consolidated financial position, shareholders' equity or results of operations of the Company and its subsidiaries, taken as a whole;

(viii) The Base Indenture and each Supplemental Indenture has been duly recorded (or arrangements have been made for the prompt recording) in all offices of county recorders or clerks of all counties in the State of California in which any real property subject to the lien of the Indenture is located and appropriate financing statements in respect of personal property and fixtures have been filed in the Office of the Secretary of State of the State of California and no other filing or recordation is necessary for the perfection and preservation of the lien created thereby except for recordations required in respect of after-acquired real property;

(ix) The Indenture constitutes, as security for the Designated Bonds, a valid and subsisting first lien to the extent that it purports to be such on all the present properties of the Company (including plants, machinery, equipment, real estate and fixed property described above), rights and franchises of the Company (other than those properties excepted or released from the lien of the Indenture by its terms) subject only to Permissible Encumbrances (as defined in the Indenture) and other liens and charges permitted by the Indenture and such liens, charges and



encumbrances, defects, qualifications, exceptions and other matters as are set forth or referred to in the Prospectus, or which do not, in such counsel's opinion, materially affect the security for the Designated Bonds, and upon acquisition thereafter by the Company of similar properties the Indenture will, subject to liens existing thereon at the time of acquisition, create such lien thereon;

(x) The issue and sale of the Designated Bonds and the compliance by the Company with all of the provisions of the Designated Bonds, the Indenture, this Agreement and the Pricing Agreement with respect to the Designated Bonds and the consummation of the transactions herein and therein contemplated will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any material contract, indenture, mortgage, deed of trust, loan agreement, note, lease or other agreement or instrument to which the Company is a party or by which the Company is bound or to which any of its material properties or assets is subject, nor will such actions result in any violation of the provisions of the Articles of Incorporation or By-laws of the Company or any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any of its material properties;

(xi) No consent, approval, authorization, order, registration or qualification of or with any court or governmental agency or body having jurisdiction over the Company or any of its material properties is required for the issue and sale of the Designated Bonds or the consummation by the Company of the transactions contemplated by this Agreement or such Pricing Agreement or the Indenture, except such as have been obtained under the Act, the Trust Indenture Act and from the Public Utilities Commission of the State of California and such consents, approvals, authorizations, orders, registrations or qualifications as may be required under state securities or Blue Sky laws in connection with the purchase and distribution of the Designated Bonds by the Underwriters; the Public Utilities Commission of the State of California has duly authorized the issuance and sale of the Designated Bonds by the Company on the terms set forth in the Prospectus and in this Agreement and such authorizations are in full force and effect;

(xii) The Company is not (i) in violation of its By-laws or Articles of Incorporation or (ii) in default in the performance or observance of any material obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, deed of trust, loan agreement, note, lease or other agreement or instrument to which it is a party or by which it or any of its properties may be bound, except in the case of clause (ii) for such defaults which, individually or in the aggregate, would not reasonably be expected to have a material adverse effect on the consolidated financial position, shareholders' equity or results of operations of the Company and its subsidiaries, taken as a whole;

(xiii) The statements set forth in the Prospectus as amended or supplemented under the captions "Description of First Mortgage Bonds" and "Supplemental Description of First Mortgage Bonds," insofar as they purport to

constitute a summary of the terms of the First Mortgage Bonds or the Indenture, and under the captions “Plan of Distribution” and “Underwriting,” insofar as they purport to describe the provisions of the laws and documents referred to therein, are accurate, complete and fair in all material respects;

(xiv) The Company is not, and after giving effect to the offering and sale of the Designated Bonds, will not be, an “investment company,” as such term is defined in the Investment Company Act;

(xv) The documents incorporated by reference in the Prospectus as amended or supplemented (other than the financial statements and related schedules therein, as to which such counsel need express no opinion), when they became effective or were filed with the Commission, as the case may be, complied as to form in all material respects with the requirements of the Act or the Exchange Act, as applicable, and the rules and regulations of the Commission thereunder, and such counsel has no reason to believe that any of such documents, when they became effective or were so filed, as the case may be, contained, in the case of a registration statement which became effective under the Act, an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or, in the case of other documents which were filed under the Act or the Exchange Act with the Commission, an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made when such documents were so filed, not misleading; it being understood that such counsel expresses no belief with respect to the financial statements or other financial data included or incorporated by reference in, or omitted from, the Prospectus as amended or supplemented;

(xvi) The Registration Statement and the Prospectus as amended or supplemented and any further amendments and supplements thereto made by the Company prior to the Time of Delivery for the Designated Bonds (in each case, excluding the documents incorporated by reference therein) comply as to form in all material respects with the requirements for registration statements on Form S-3 under the Act, and the requirements under the Trust Indenture Act and the rules and regulations of the Commission thereunder, it being understood, however, that such counsel expresses no opinion with respect to the financial statements, schedules or other financial data included or incorporated by reference in, or omitted from, the Registration Statement or the Prospectus as amended or supplemented or with respect to any Form T-1. In passing upon the compliance as to the form of the Registration Statement and the Prospectus as amended or supplemented (in each case, excluding the documents incorporated by reference therein), except for those statements referred to in the opinion in subsection (xiii) of this Section 7(c), such counsel has assumed that the statements made and incorporated by reference therein are correct and complete; and

(xvii) The Company is exempt from all of the provisions of the 1935 Act, except for Section 9(a)(2) thereof.

(d) Counsel for the Company satisfactory to the Representatives shall have furnished to the Representatives their written opinion or opinions, dated each Time of Delivery for such Designated Bonds, in form and substance satisfactory to the Representatives, to the effect that:

(i) The Indenture constitutes a legally valid and binding obligation of the Company, enforceable against the Company in accordance with its terms;

(ii) The Designated Bonds, when executed and authenticated in accordance with the terms of the Indenture, and when delivered to and paid for by the Underwriters in accordance with the terms of this Agreement and the Pricing Agreement, will constitute legally valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, and will be entitled to the benefits of the Indenture; and

(iii) The Registration Statement and the Prospectus as amended or supplemented (in each case, excluding the documents incorporated by reference therein) comply as to form in all material respects with the requirements for registration statements on Form S-3 under the Act, and the requirements under the Trust Indenture Act and the rules and regulations of the Commission thereunder; it being understood, however, that such counsel expresses no opinion with respect to the financial statements, schedules or other financial data included or incorporated by reference in, or omitted from, the Registration Statement or the Prospectus as amended or supplemented or with respect to any Form T-1. In passing upon the compliance as to form of the Registration Statement and the Prospectus as amended or supplemented (in each case, excluding the documents incorporated by reference therein), such counsel has assumed that the statements made and incorporated by reference therein are correct and complete.

In addition, such counsel shall provide a statement to the effect that such counsel has participated in telephone conferences with officers and other representatives of the Company, and representatives of the Underwriters, at which the contents of the Registration Statement and the Prospectus as amended or supplemented and related matters were discussed and, although such counsel is not passing upon, and does not assume any responsibility for, the accuracy, completeness or fairness of the statements contained or incorporated by reference in the Registration Statement and the Prospectus as amended or supplemented and has not made any independent check or verification thereof, during the course of such participation, no facts came to such counsel's attention that caused them to believe that the Registration Statement, at the time it became effective, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or that the Prospectus as amended or supplemented (including the documents incorporated by reference), as of its date and as of the date of such opinion, contained or contains an untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; it being understood that such counsel expresses no belief with respect to the financial statements or other financial data included or incorporated by reference in, or omitted from, the Registration Statement or Prospectus as amended or supplemented.

(e) On the date of the Pricing Agreement for such Designated Bonds at a time prior to the execution of the Pricing Agreement with respect to such Designated Bonds, and at the Time of Delivery for such Designated Bonds, the independent accountants of the Company who have certified the consolidated financial statements of the Company and its subsidiaries included or incorporated by reference in the Registration Statement shall have furnished to the Representatives a letter, dated the date of the Pricing Agreement to the effect set forth in Annex II hereto, and a letter dated such Time of Delivery reaffirming the statements made in their letter dated the date of the Pricing Agreement, except that the specified date referred to in such letter delivered on such Time of Delivery shall be a date not more than three days prior to the Time of Delivery, and with respect to such letter dated such Time of Delivery, as to such other matters as the Representatives may reasonably request and in form and substance satisfactory to the Representatives;

(f) (i) The Company and its subsidiaries, taken as a whole shall have not sustained since the date of the latest audited financial statements included or incorporated by reference in the Prospectus as amended prior to the date of the Pricing Agreement relating to the Designated Bonds any loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, otherwise than as set forth or contemplated in the Prospectus as amended prior to the date of the Pricing Agreement relating to the Designated Bonds, and (ii) since the respective dates as of which information is given in the Prospectus as amended prior to the date of the Pricing Agreement relating to the Designated Bonds there shall not have been any change in the capital stock or long-term debt of the Company or any change, or any development involving a prospective change, in or affecting the general affairs, management, consolidated financial position, shareholders' equity or results of operations of the Company and its subsidiaries, taken as a whole, otherwise than as set forth or contemplated in the Prospectus as amended prior to the date of the Pricing Agreement relating to the Designated Bonds, the effect of which, in any such case described in clause (i) or (ii), is in the judgment of the Representatives so material and adverse to the Company and its subsidiaries, taken as a whole, as to make it impracticable to proceed with the public offering or the delivery of the Designated Bonds on the terms and in the manner contemplated in the Prospectus as first amended or supplemented relating to the Designated Bonds;

(g) On or after the date of the Pricing Agreement relating to the Designated Bonds (i) no downgrading shall have occurred in the rating accorded any of the Company's secured debt by any "nationally recognized statistical rating organization," as that term is defined by the Commission for purposes of Rule 436(g)(2) under the Act, and (ii) no such organization shall have publicly announced that it has under surveillance or review, with possible negative implications, its rating of any of the Company's secured debt;

(h) On or after the date of the Pricing Agreement relating to the Designated Bonds there shall not have occurred any of the following: (i) a suspension or material limitation in trading in securities generally on the New York Stock Exchange; (ii) a suspension or material limitation in trading in the Company's securities on the New York Stock Exchange; (iii) a general moratorium on commercial banking activities declared by either Federal or New York or California State authorities or a material disruption in commercial banking or securities settlement or clearance services in the United States; or (iv) the outbreak or escalation of hostilities involving the United States or the declaration by the United States of a national emergency or war, or other calamity or crisis or any change or development involving a prospective change in national or international political, financial or economic conditions, if the effect of any such event specified in this clause (iv) in the judgment of the Representatives makes it impracticable to proceed with the public offering or the delivery of the Designated Bonds on the terms and in the manner contemplated in the Prospectus as first amended or supplemented relating to the Designated Bonds;

(i) The Company shall have complied with the provisions of Section 5(c) hereof with respect to the furnishing of prospectuses on the New York business day next succeeding the date of any Pricing Agreement for such Designated Bonds; and

(j) The Company shall have furnished or caused to be furnished to the Representatives at the Time of Delivery for the Designated Bonds a certificate of officers of the Company satisfactory to the Representatives as to the accuracy of the representations and warranties of the Company herein at and as of such Time of Delivery, as to the performance by the Company of all of its obligations hereunder to be performed at or prior to such Time of Delivery, as to the matters set forth in subsections (a) and (f) of this Section and as to such other matters as the Representatives may reasonably request.

8. (a) The Company will indemnify and hold harmless each Underwriter against any losses, claims, damages or liabilities, joint or several, to which such Underwriter may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in any Preliminary Prospectus, any preliminary prospectus supplement, the Registration Statement, the Prospectus as amended or supplemented or any other prospectus relating to the First Mortgage Bonds, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse each Underwriter for any legal or other expenses reasonably incurred by such Underwriter in connection with investigating or defending any such action or claim as such expenses are incurred; provided, however, that the Company shall not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in any Preliminary Prospectus, any preliminary prospectus supplement, the Registration Statement, the Prospectus as amended or supplemented or any other prospectus relating to the First Mortgage Bonds or any such amendment or supplement in reliance upon and in conformity with written information furnished to the Company by any Underwriter of Designated Bonds through the Representatives expressly for use in the Prospectus as amended or supplemented relating to such Designated Bonds.

(b) Each Underwriter will indemnify and hold harmless the Company against any losses, claims, damages or liabilities to which the Company may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in any Preliminary Prospectus, any preliminary prospectus supplement, the Registration Statement, the Prospectus as amended or supplemented or any other prospectus relating to the First Mortgage Bonds, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in any Preliminary Prospectus, any preliminary prospectus supplement, the Registration Statement, the Prospectus as amended or supplemented or any other prospectus relating to the First Mortgage Bonds or any such amendment or supplement in reliance upon and in conformity with written information furnished to the Company by such Underwriter through the Representatives expressly for use therein; and will reimburse the Company for any legal or other expenses reasonably incurred by the Company in connection with investigating or defending any such action or claim as such expenses are incurred.

(c) Promptly after receipt by an indemnified party under subsection (a) or (b) above of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such subsection, notify the indemnifying party in writing of the commencement thereof; but the omission so to notify the indemnifying party shall not relieve it from any liability which it may have to any indemnified party otherwise than under such subsection. In case any such action shall be brought against any indemnified party and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party under such subsection for any legal expenses of other counsel or any other expenses, in each case subsequently incurred by such indemnified party, in connection with the defense thereof other than reasonable costs of investigation. No indemnifying party shall, without the written consent of the indemnified party, effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified party is an actual or potential party to such action or claim) unless such settlement, compromise or judgment (i) includes an unconditional release of the indemnified party from all liability arising out of such action or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of any indemnified party.

(d) If the indemnification provided for in this Section 8 is unavailable to or insufficient to hold harmless an indemnified party under subsection (a) or (b) above in respect of

any losses, claims, damages or liabilities (or actions in respect thereof) referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Underwriters of the Designated Bonds on the other from the offering of the First Mortgage Bonds to which such loss, claim, damage or liability (or action in respect thereof) relates. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law or if the indemnified party failed to give the notice required under subsection (c) above, then each indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Company on the one hand and the Underwriters of the Designated Bonds on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and such Underwriters on the other shall be deemed to be in the same proportion as the total net proceeds from such offering (before deducting expenses) received by the Company bear to the total underwriting discounts and commissions received by such Underwriters. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company on the one hand or such Underwriters on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company and the Underwriters agree that it would not be just and equitable if contribution pursuant to this subsection (d) were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this subsection (d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above in this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this subsection (d), no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the applicable Designated Bonds underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The obligations of the Underwriters of Designated Bonds in this subsection (d) to contribute are several in proportion to their respective underwriting obligations with respect to such First Mortgage Bonds and not joint.

(e) The obligations of the Company under this Section 8 shall be in addition to any liability which the Company may otherwise have and shall extend, upon the same terms and conditions, to each person, if any, who controls any Underwriter within the meaning of the Act; and the obligations of the Underwriters under this Section 8 shall be in addition to any liability which the respective Underwriters may otherwise have and shall extend, upon the same terms and conditions, to each officer and director of the Company and to each person, if any, who controls the Company within the meaning of the Act.

9. (a) If any Underwriter shall default in its obligation to purchase the Designated Bonds which it has agreed to purchase under the Pricing Agreement relating to such Designated Bonds, the Representatives may in their discretion arrange for themselves or another party or other parties to purchase such Designated Bonds on the terms contained herein. If within thirty-six hours after such default by any Underwriter the Representatives do not arrange for the purchase of such Designated Bonds, then the Company shall be entitled to a further period of thirty-six hours within which to procure another party or other parties satisfactory to the Representatives to purchase such Designated Bonds on such terms. In the event that, within the respective prescribed period, the Representatives notify the Company that they have so arranged for the purchase of such Designated Bonds, or the Company notifies the Representatives that it has so arranged for the purchase of such Designated Bonds, the Representatives or the Company shall have the right to postpone the Time of Delivery for such Designated Bonds for a period of not more than seven days, in order to effect whatever changes may thereby be made necessary in the Registration Statement or the Prospectus as amended or supplemented, or in any other documents or arrangements, and the Company agrees to file promptly any amendments or supplements to the Registration Statement or the Prospectus which in the opinion of the Representatives may thereby be made necessary. The term "Underwriter" as used in this Agreement shall include any person substituted under this Section with like effect as if such person had originally been a party to the Pricing Agreement with respect to such Designated Bonds.

(b) If, after giving effect to any arrangements for the purchase of the Designated Bonds of a defaulting Underwriter or Underwriters by the Representatives and the Company as provided in subsection (a) above, the aggregate principal amount of such Designated Bonds which remains unpurchased does not exceed one-eleventh of the aggregate principal amount of the Designated Bonds, then the Company shall have the right to require each non-defaulting Underwriter to purchase the principal amount of Designated Bonds which such Underwriter agreed to purchase under the Pricing Agreement relating to such Designated Bonds and, in addition, to require each non-defaulting Underwriter to purchase its pro rata share (based on the principal amount of Designated Bonds which such Underwriter agreed to purchase under such Pricing Agreement) of the Designated Bonds of such defaulting Underwriter or Underwriters for which such arrangements have not been made; but nothing herein shall relieve a defaulting Underwriter from liability for its default.

(c) If, after giving effect to any arrangements for the purchase of the Designated Bonds of a defaulting Underwriter or Underwriters by the Representatives and the Company as provided in subsection (a) above, the aggregate principal amount of Designated Bonds which remains unpurchased exceeds one-eleventh of the aggregate principal amount of the Designated Bonds, as referred to in subsection (b) above, or if the Company shall not exercise the right described in subsection (b) above to require non-defaulting Underwriters to purchase Designated Bonds of a defaulting Underwriter or Underwriters, then the Pricing Agreement relating to such Designated Bonds shall thereupon terminate, without liability on the part of any non-defaulting Underwriter or the Company, except for the expenses to be borne by the Company and the Underwriters as provided in Section 6 hereof and the indemnity and contribution agreements in Section 8 hereof; but nothing herein shall relieve a defaulting Underwriter from liability for its default.



10. The respective indemnities, agreements, representations, warranties and other statements of the Company and the several Underwriters, as set forth in this Agreement or made by or on behalf of them, respectively, pursuant to this Agreement, shall remain in full force and effect, regardless of any investigation (or any statement as to the results thereof) made by or on behalf of any Underwriter or any controlling person of any Underwriter, or the Company or any officer or director or controlling person of the Company, and shall survive delivery of and payment for the First Mortgage Bonds.

11. If any Pricing Agreement shall be terminated pursuant to Section 9 hereof, the Company shall not then be under any liability to any Underwriter with respect to the Designated Bonds covered by such Pricing Agreement except as provided in Sections 6 and 8 hereof; but, if for any other reason Designated Bonds are not delivered by or on behalf of the Company as provided herein, the Company will reimburse the Underwriters through the Representatives for all out-of-pocket expenses approved in writing by the Representatives, including fees and disbursements of counsel, reasonably incurred by the Underwriters in making preparations for the purchase, sale and delivery of such Designated Bonds, but the Company shall then be under no further liability to any Underwriter with respect to such Designated Bonds except as provided in Sections 6 and 8 hereof.

12. In all dealings hereunder, the Representatives of the Underwriters of Designated Bonds shall act on behalf of each of such Underwriters, and the parties hereto shall be entitled to act and rely upon any statement, request, notice or agreement on behalf of any Underwriter made or given by such Representatives jointly or by such of the Representatives, if any, as may be designated for such purpose in the Pricing Agreement.

All statements, requests, notices and agreements hereunder shall be in writing, and if to the Underwriters shall be delivered or sent by mail, telex or facsimile transmission to the address of the Representatives as set forth in the Pricing Agreement; and if to the Company shall be delivered or sent by mail, telex or facsimile transmission to the address of the Company set forth in the Registration Statement, Attention: Secretary; provided, however, that any notice to an Underwriter pursuant to Section 8(c) hereof shall be delivered or sent by mail, telex or facsimile transmission to such Underwriter at its address set forth in its Underwriters' Questionnaire, or telex constituting such Questionnaire, which address will be supplied to the Company by the Representatives upon request. Any such statements, requests, notices or agreements shall take effect upon receipt thereof.

13. This Agreement and each Pricing Agreement shall be binding upon, and inure solely to the benefit of, the Underwriters, the Company and, to the extent provided in Sections 8 and 10 hereof, the officers and directors of the Company and each person who controls the Company or any Underwriter, and their respective heirs, executors, administrators, successors and assigns, and no other person shall acquire or have any right under or by virtue of this Agreement or any such Pricing Agreement. No purchaser of any of the First Mortgage Bonds from any Underwriter shall be deemed a successor or assign by reason merely of such purchase.

14. Time shall be of the essence of each Pricing Agreement. As used herein, "business day" shall mean, unless otherwise expressly stated, any day when the Commission's office in Washington, D.C. is open for business.

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15. This Agreement and each Pricing Agreement shall be governed by and construed in accordance with the laws of the State of New York.

16. This Agreement and each Pricing Agreement may be executed by any one or more of the parties hereto and thereto in any number of counterparts, each of which shall be deemed to be an original, but all such respective counterparts shall together constitute one and the same instrument.

(Signature Page Follows)

If the foregoing is in accordance with your understanding, please sign and return to us one for the Company and for each of the Representatives plus one for each counsel counterparts hereof.

Very truly yours,

Southern California Gas Company

By: /s/ TERRY M. FLESKES

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Name: Terry M. Fleskes  
Title: Vice President and Treasurer

Accepted as of the date hereof:

Merrill Lynch, Pierce, Fenner & Smith Incorporated

By: /s/ KARL NEWLIN  
\_\_\_\_\_  
Authorized Signatory

On behalf of each of the Underwriters

Pricing Agreement

\_\_\_\_\_  
As Representatives of the several  
Underwriters named in Schedule I hereto,

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_, 200\_

Ladies and Gentlemen:

Southern California Gas Company, a California corporation (the "Company"), proposes, subject to the terms and conditions stated herein and in the Underwriting Agreement, dated \_\_\_\_\_, 200\_ (the "Underwriting Agreement") between the Company on the one hand and \_\_\_\_\_, \_\_\_\_\_ and \_\_\_\_\_ on the other hand, to issue and sell to the Underwriters named in Schedule I hereto (the "Underwriters") the First Mortgage Bonds specified in Schedule II hereto (the "Designated Bonds"). Each of the provisions of the Underwriting Agreement is incorporated herein by reference in its entirety, and shall be deemed to be a part of this Agreement to the same extent as if such provisions had been set forth in full herein; and each of the representations and warranties set forth therein shall be deemed to have been made at and as of the date of this Pricing Agreement, except that each representation and warranty which refers to the Prospectus in Section 2 of the Underwriting Agreement shall be deemed to be a representation and warranty as of the date of the Underwriting Agreement in relation to the Prospectus (as therein defined), and also a representation and warranty as of the date of this Pricing Agreement in relation to the Prospectus as amended or supplemented relating to the Designated Bonds which are the subject of this Pricing Agreement. Each reference to the Representatives herein and in the provisions of the Underwriting Agreement so incorporated by reference shall be deemed to refer to you. Unless otherwise defined herein, terms defined in the Underwriting Agreement are used herein as therein defined. The Representatives designated to act on behalf of the Representatives and on behalf of each of the Underwriters of the Designated Bonds pursuant to Section 12 of the Underwriting Agreement and the address of the Representatives referred to in such Section 12 are set forth at the end of Schedule II hereto.

An amendment to the Registration Statement, or a supplement to the Prospectus, as the case may be, relating to the Designated Bonds, in the form heretofore delivered to you is now proposed to be filed with the Commission.

Subject to the terms and conditions set forth herein and in the Underwriting Agreement incorporated herein by reference, the Company agrees to issue and sell to each of the Underwriters, and each of the Underwriters agrees, severally and not jointly, to purchase from the Company, at the time and place and at the purchase price to the Underwriters set forth in Schedule II hereto, the principal amount of Designated Bonds set forth opposite the name of such Underwriter in Schedule I hereto.

If the foregoing is in accordance with your understanding, please sign and return to us one for the Company and for each of the Representatives plus one for each counsel counterparts hereof, and upon acceptance hereof by you, on behalf of each of the Underwriters, this letter and such acceptance hereof, including the provisions of the Underwriting Agreement incorporated herein by reference, shall constitute a binding agreement between each of the Underwriters, on the one hand, and the Company, on the other hand. It is understood that your acceptance of this letter on behalf of each of the Underwriters is or will be pursuant to the authority set forth in a form of Agreement among Underwriters, the form of which shall be submitted to the Company for examination upon request, but without warranty on the part of the Representatives as to the authority of the signers thereof.

Very truly yours,  
Southern California Gas Company

By: \_\_\_\_\_  
Name:  
Title:

Accepted as of the date hereof:  
\_\_\_\_\_

By: \_\_\_\_\_  
( \_\_\_\_\_ )

On behalf of each of the Underwriters

SCHEDULE I

<u>Underwriter</u>	<u>Principal Amount of Designated Bonds to be Purchased</u>
[Names of Co-Representatives]	\$
[Names of other Underwriters]	
<b>Total</b>	<b>\$</b>

Schedule I-1

SCHEDULE II

Title of Designated Bonds:

[\_\_\_\_%] [Floating Rate] [Zero Coupon] [First Mortgage Bonds] due 20\_\_

Aggregate principal amount:

\$\_\_\_\_

Price to Public:

\_\_\_\_% of the principal amount of the Designated Bonds, plus accrued interest[, if any,] from \_\_\_\_ to \_\_\_\_ [and accrued amortization[, if any,] from \_\_\_\_ to \_\_\_\_]

Purchase Price by Underwriters:

\_\_\_\_% of the principal amount of the Designated Bonds[, plus accrued interest from \_\_\_\_ to \_\_\_\_] [and accrued amortization[, if any,] from \_\_\_\_ to \_\_\_\_]

Form of Designated Bonds:

[Definitive form to be made available for checking and packaging at least twenty-four hours prior to the Time of Delivery at the office of [The Depository Trust Company or its designated custodian] [the Representatives]]

[Book-entry only form represented by one or more global securities deposited with The Depository Trust Company ("DTC") or its designated custodian, to be made available for checking by the Representatives at least twenty-four hours prior to the Time of Delivery at the office of DTC.]

Specified funds for payment of purchase price:

Federal (same day) funds

Time of Delivery:

\_\_\_\_\_ a.m. (New York City time), \_\_\_\_\_, 200\_\_

Indenture:

Indenture dated October 1, 1940, as amended and supplemented to date, including the Supplemental Indenture dated as of \_\_\_\_\_, 200\_\_, between the Company and U.S. Bank Trust National Association, as successor trustee

Maturity:

\_\_\_\_\_

Interest Rate:

[\_\_\_\_%] [Zero Coupon] [See Floating Rate Provisions] [See Adjustable Rate Provisions]

Interest Payment Dates:

[\_\_\_\_\_ and \_\_\_\_\_, commencing \_\_\_\_\_, 200\_] ]

Redemption Provisions:

[No provisions for redemption]

[The Designated Bonds may be redeemed, otherwise than through the sinking fund, in whole or in part at the option of the Company, in the amount of the greater of the following amounts: (a) 100% of the principal amount of the Designated Bonds being redeemed on the date fixed for such redemption (the "Redemption Date"); or (b) the sum of the present values of the remaining scheduled payments of principal and interest (as adjusted for any announced rating change as of the date of the notice of redemption, whether or not effective) on the bonds being redeemed on that Redemption Date (not including any portion of any payments of interest accrued to the Redemption Date) discounted to the Redemption Date on a semiannual basis,]

[on or after \_\_\_\_\_ at the following redemption prices (expressed in percentages of principal amount). If [redeemed on or before \_\_\_\_\_, \_\_\_\_\_%, and if] redeemed during the 12-month period beginning \_\_\_\_\_,

<u>Year</u>	<u>Redemption Price</u>
	____.____

and thereafter at 100% of their principal amount, together in each case with accrued interest to the redemption date.]

[on any interest payment date falling on or after \_\_\_\_\_, at the election of the Company, at a redemption price equal to the principal amount thereof, plus accrued interest to the date of redemption.]]

[Other possible redemption provisions, such as mandatory redemption upon occurrence of certain events or redemption for changes in tax law]

[Restriction on refunding]

Sinking Fund Provisions:

[No sinking fund provisions]



[The Designated Bonds are entitled to the benefit of a sinking fund to retire [\$\_\_\_\_\_] principal amount of Designated Bonds on \_\_\_\_\_ in each of the years \_\_ through \_\_ at 100% of their principal amount plus accrued interest[, together with [cumulative] [noncumulative] redemptions at the option of the Company to retire an additional [\$\_\_\_\_\_] principal amount of Designated Bonds in the years \_\_ through \_\_ at 100% of their principal amount plus accrued interest.]

[If Designated Bonds are floating rate debt securities, insert—

Floating rate provisions:

Initial annual interest rate will be \_\_\_\_% through \_\_\_\_\_ [and thereafter will be adjusted [monthly] [on each \_\_, \_\_, and ] [to an annual rate of \_\_\_\_% above the average rate for \_\_\_\_\_-year [month][securities][certificates of deposit] issued by \_\_ and \_\_ [insert names of banks]\_\_\_\_\_] [and the annual interest rate [thereafter] [from \_\_ through \_\_] will be the interest yield equivalent of the weekly average per annum market discount rate for \_\_-month Treasury bills plus \_\_\_\_% of Interest Differential (the excess, if any, of (i) the then current weekly average per annum secondary market yield for \_\_-month certificates of deposit over (ii) the then current interest yield equivalent of the weekly average per annum market discount rate for \_\_-month Treasury bills); [from \_\_ and thereafter the rate will be the then current interest yield equivalent plus \_\_\_\_% of Interest Differential].]

Adjustable rate provisions:

Initial annual interest rate will be \_\_\_\_% [and in the event of a downgrade in the First Mortgage Bonds rating of the Company by Moody's Investors Service, Inc. ("Moody's") or Standard & Poor's Rating Service ("S&P") below the specified ratings, and in the event of subsequent upgrades or downgrades, the interest rate on the Designated Bonds will be adjusted. Following an adjustment, the annual interest rate will be equal to the initial interest rate of \_\_\_\_% plus the sum of the applicable Moody's adjustment amount and the applicable S&P adjustment amount.

Beginning with the first Interest Payment Date for the Designated Bonds after a rating change, the Designated Bonds will bear interest at an adjusted interest rate. Subsequent interest rate adjustments, whether the adjustment is up or down, will also become effective on the first Interest Payment Date after such rating change. In no event will the annual interest rate on the Designated Bonds be less than the initial rate of \_\_\_\_% or greater than an annual interest rate of \_\_\_\_%.]

Defeasance provisions:

Closing location for delivery of Designated Bonds:

Additional Closing Conditions:

Names and addresses of Representatives:

Designated Representatives:

Address for Notices, etc.:

[Other Terms]:

## ANNEX II

Pursuant to Section 7(e) of the Underwriting Agreement, the accountants shall furnish letters to the Underwriters to the effect that:

(i) They are independent certified public accountants with respect to the Company and its subsidiaries within the meaning of the Act and the applicable rules and regulations adopted by the Commission;

(ii) In their opinion, the financial statements and any supplementary financial information and schedules audited (and, if applicable, financial forecasts and/or pro forma financial information) by them and included or incorporated by reference in the Registration Statement or the Prospectus comply as to form in all material respects with the applicable accounting requirements of the Act or the Exchange Act, as applicable, and the related rules and regulations; and, if applicable, they have made a review in accordance with standards established by the American Institute of Certified Public Accountants of the interim consolidated financial statements, selected financial data, pro forma financial information, financial forecasts and/or condensed financial statements derived from audited financial statements of the Company for the periods specified in such letter, as indicated in their reports thereon, copies of which have been furnished to the representative or representatives of the Underwriters (the "Representatives") such term to include an Underwriter or Underwriters who act without any firm being designated as its or their representatives and are attached to such letters;

(iii) They have made a review in accordance with standards established by the American Institute of Certified Public Accountants of the unaudited statements of consolidated income, consolidated balance sheets and condensed statements of consolidated cash flows included in the Company's Quarterly Reports on Form 10-Q incorporated by reference into the Prospectus as indicated in their reports thereon copies of which are attached to such letters; and on the basis of specified procedures including inquiries of officials of the Company who have responsibility for financial and accounting matters regarding whether the unaudited condensed consolidated financial statements referred to in paragraph (vi)(A)(i) below comply as to form in all material respects with the applicable accounting requirements of the Act and the Exchange Act and the related rules and regulations, nothing came to their attention that caused them to believe that the unaudited condensed consolidated financial statements do not comply as to form in all material respects with the applicable accounting requirements of the Act and the Exchange Act and the related rules and regulations adopted by the Commission;

(iv) The unaudited selected financial information with respect to the results of consolidated operations and financial position of the Company for the five most recent fiscal years included in the Prospectus and included or incorporated by reference in Item 6 of the Company's Annual Report on Form 10-K for the most recent fiscal year agrees with the corresponding amounts (after restatement where applicable) in the audited consolidated financial statements for five such fiscal years included or incorporated by reference in the Company's Annual Reports on Form 10-K for such fiscal years;

Annex II-1

(v) They have compared the information in the Prospectus under selected captions with the disclosure requirements of Regulation S-K and on the basis of limited procedures specified in such letter nothing came to their attention as a result of the foregoing procedures that caused them to believe that this information does not conform in all material respects with the disclosure requirements of Items 301, 302, 402 and 503(d), respectively, of Regulation S-K;

(vi) On the basis of limited procedures, not constituting an examination in accordance with generally accepted auditing standards, consisting of a reading of the unaudited financial statements and other information referred to below, a reading of the latest available interim financial statements of the Company and its subsidiaries, inspection of the minute books of the Company and its subsidiaries since the date of the latest audited financial statements included or incorporated by reference in the Prospectus, inquiries of officials of the Company and its subsidiaries responsible for financial and accounting matters and such other inquiries and procedures as may be specified in such letter, nothing came to their attention that caused them to believe that:

(A) (i) the unaudited statements of income, balance sheets and condensed statements of consolidated cash flows included in the Company's Quarterly Reports on Form 10-Q incorporated by reference in the Prospectus do not comply as to form in all material respects with the applicable accounting requirements of the Exchange Act and the published rules and regulations adopted by the Commission, or (ii) any material modifications should be made to the unaudited statements of consolidated income, consolidated balance sheets and condensed statements of consolidated cash flows included in the Company's Quarterly Reports on Form 10-Q incorporated by reference in the Prospectus for them to be in conformity with generally accepted accounting principles;

(B) any other unaudited income statement data and balance sheet items included in the Prospectus do not agree with the corresponding items in the unaudited consolidated financial statements from which such data and items were derived, and any such unaudited data and items were not determined on a basis substantially consistent with the basis for the corresponding amounts in the audited consolidated financial statements included or incorporated by reference in the Company's Annual Report on Form 10-K for the most recent fiscal year;

(C) the unaudited financial statements which were not included in the Prospectus but from which were derived the unaudited condensed financial statements referred to in clause (A) and any unaudited income statement data and balance sheet items included in the Prospectus and referred to in clause (B) were not determined on a basis substantially consistent with the basis for the audited financial statements included or incorporated by reference in the Company's Annual Report on Form 10-K for the most recent fiscal year;

(D) any unaudited pro forma consolidated condensed financial statements included or incorporated by reference in the Prospectus do not comply as to form in all material respects with the applicable accounting requirements of

the Act and the rules and regulations adopted by the Commission thereunder or the pro forma adjustments have not been properly applied to the historical amounts in the compilation of those statements;

(E) as of a specified date not more than five days prior to the date of such letter, there have been any changes in the consolidated capital stock (other than issuances of capital stock upon exercise of options and stock appreciation rights, upon earn-outs of performance shares and upon conversions of convertible securities, in each case which were outstanding on the date of the latest balance sheet included or incorporated by reference in the Prospectus) or any increase in the consolidated long-term debt of the Company and its subsidiaries, or any decreases in consolidated current assets or shareholders' equity or other items specified by the Representatives, or any increases in any items specified by the Representatives, in each case as compared with amounts shown in the latest balance sheet included or incorporated by reference in the Prospectus, except in each case for changes, increases or decreases which the Prospectus discloses have occurred or may occur or which are described in such letter; and

(F) for the period from the date of the latest financial statements included or incorporated by reference in the Prospectus to the specified date referred to in clause (E) there were any decreases in consolidated revenues or income before interest and income taxes or the total or per share amounts of consolidated net income or other items specified by the Representatives, or any increases in any items specified by the Representatives, in each case as compared with the comparable period of the preceding year and with any other period of corresponding length specified by the Representatives, except in each case for increases or decreases which the Prospectus discloses have occurred or may occur or which are described in such letter; and

(vii) In addition to the audit referred to in their report(s) incorporated by reference in the Prospectus and the limited procedures, inspection of minute books, inquiries and other procedures referred to in paragraphs (iii) and (vi) above, they have carried out certain specified procedures, not constituting an audit in accordance with generally accepted auditing standards, with respect to certain amounts, percentages and financial information specified by the Representatives which are derived from the general accounting records of the Company and its subsidiaries, which appear in the Prospectus (excluding documents incorporated by reference), or in Part II of, or in exhibits and schedules to, the Registration Statement specified by the Representatives or in documents incorporated by reference in the Prospectus specified by the Representatives, and have compared certain of such amounts, percentages and financial information with the accounting records of the Company and its subsidiaries and have found them to be in agreement.

All references in this Annex II to the Prospectus shall be deemed to refer to the Prospectus (including the documents incorporated by reference therein) as defined in the Underwriting Agreement as of the date of the letter delivered on the date of the Pricing Agreement for purposes of such letter and to the Prospectus as amended or supplemented (including the documents incorporated by reference therein) in relation to the applicable Designated Bonds for purposes of the letter delivered at the Time of Delivery for such Designated Bonds.

Pricing Agreement

Merrill Lynch, Pierce, Fenner & Smith  
Incorporated  
4 World Financial Center  
New York, New York 10080

As Representative of the several  
Underwriters named in Schedule I hereto,

December 10, 2003

Ladies and Gentlemen:

Southern California Gas Company, a California corporation (the "Company"), proposes, subject to the terms and conditions stated herein and in the Underwriting Agreement, dated December 10, 2003 (the "Underwriting Agreement") between the Company on the one hand and Merrill Lynch, Pierce, Fenner & Smith Incorporated on the other hand, to issue and sell to the Underwriters named in Schedule I hereto (the "Underwriters") the First Mortgage Bonds specified in Schedule II hereto (the "Designated Bonds"). Each of the provisions of the Underwriting Agreement is incorporated herein by reference in its entirety, and shall be deemed to be a part of this Agreement to the same extent as if such provisions had been set forth in full herein; and each of the representations and warranties set forth therein shall be deemed to have been made at and as of the date of this Pricing Agreement, except that each representation and warranty which refers to the Prospectus in Section 2 of the Underwriting Agreement shall be deemed to be a representation and warranty as of the date of the Underwriting Agreement in relation to the Prospectus (as therein defined), and also a representation and warranty as of the date of this Pricing Agreement in relation to the Prospectus as amended or supplemented relating to the Designated Bonds which are the subject of this Pricing Agreement. Each reference to the Representatives herein and in the provisions of the Underwriting Agreement so incorporated by reference shall be deemed to refer to you. Unless otherwise defined herein, terms defined in the Underwriting Agreement are used herein as therein defined. The Representatives designated to act on behalf of the Representatives and on behalf of each of the Underwriters of the Designated Bonds pursuant to Section 12 of the Underwriting Agreement and the address of the Representatives referred to in such Section 12 are set forth at the end of Schedule II hereto.

An amendment to the Registration Statement, or a supplement to the Prospectus, as the case may be, relating to the Designated Bonds, in the form heretofore delivered to you is now proposed to be filed with the Commission.

Subject to the terms and conditions set forth herein and in the Underwriting Agreement incorporated herein by reference, the Company agrees to issue and sell to each of the Underwriters, and each of the Underwriters agrees, severally and not jointly, to purchase from the Company, at the time and place and at the purchase price to the Underwriters set forth in Schedule II hereto, the principal amount of Designated Bonds set forth opposite the name of such Underwriter in Schedule I hereto.

If the foregoing is in accordance with your understanding, please sign and return to us one for the Company and for each of the Representatives plus one for each counsel counterparts hereof, and upon acceptance hereof by you, on behalf of each of the Underwriters, this letter and such acceptance hereof, including the provisions of the Underwriting Agreement incorporated herein by reference, shall constitute a binding agreement between each of the Underwriters, on the one hand, and the Company, on the other hand. It is understood that your acceptance of this letter on behalf of each of the Underwriters is or will be pursuant to the authority set forth in a form of Agreement among Underwriters, the form of which shall be submitted to the Company for examination upon request, but without warranty on the part of the Representatives as to the authority of the signers thereof.

Very truly yours,  
Southern California Gas Company

By: /s/ TERRY M. FLESKES  
\_\_\_\_\_  
Name: Terry M. Fleskes  
Title: Vice President and Treasurer

Accepted as of the date hereof:

Merrill Lynch, Pierce, Fenner & Smith Incorporated

By: /s/ KARL NEWLIN  
\_\_\_\_\_  
(Authorized Signatory)

On behalf of each of the Underwriters

SCHEDULE I

<u>Underwriter</u>	<u>Principal Amount of Designated Bonds to be Purchased</u>
Merrill Lynch, Pierce, Fenner & Smith Incorporated	\$ 100,000,000
A.G. Edwards & Sons, Inc.	25,000,000
Dresdner Kleinwort Wasserstein Securities LLC	25,000,000
KBC Financial Products USA Inc.	25,000,000
The Royal Bank of Scotland plc	25,000,000
Scotia Capital (USA) Inc.	25,000,000
UBS Securities LLC	25,000,000
<b>Total</b>	<b>\$ 250,000,000</b>

Schedule I-1

SCHEDULE II

Title of Designated Bonds:

4.375% First Mortgage Bonds, Series II, Due 2011

Aggregate principal amount:

\$250,000,000

Price to Public:

99.971% of the principal amount of the Designated Bonds

Purchase Price by Underwriters:

99.346% of the principal amount of the Designated Bonds

Form of Designated Bonds:

Book-entry only form represented by one or more global securities deposited with The Depository Trust Company ("DTC") or its designated custodian, to be made available for checking by the Representatives at least twenty-four hours prior to the Time of Delivery at the office of DTC.

Specified funds for payment of purchase price:

Federal (same day) funds

Time of Delivery:

10:00 a.m. (New York City time), December 15, 2003

Indenture:

Indenture dated October 1, 1940, as amended and supplemented to date, including the Supplemental Indenture dated as of December 15, 2003, between the Company and U.S. Bank Trust National Association, as successor trustee

Maturity:

January 15, 2011

Interest Rate:

4.375%



Interest Payment Dates:

January 15 and July 15, commencing July 15, 2004

Redemption Provisions:

The Designated Bonds may be redeemed, in whole or in part, at the option of the Company at any time or from time to time on the terms and subject to the conditions set forth in the final prospectus supplement dated December 10, 2003, relating to the Designated Bonds.

Sinking Fund Provisions:

No sinking fund provisions

Floating rate provisions:

Not applicable

Adjustable rate provisions:

Not applicable

Defeasance provisions:

The Designated Bonds shall be subject to defeasance on the terms and subject to the conditions set forth in the final prospectus supplement dated December 10, 2003 relating to the Designated Bonds.

Closing location for delivery of Designated Bonds:

Latham & Watkins LLP  
633 West Fifth Street  
Los Angeles, California 90071

Additional Closing Conditions:

Not applicable

Names and addresses of Representatives:

Designated Representatives:  
Merrill Lynch, Pierce, Fenner & Smith Incorporated

Address for Notices, etc.:

Merrill Lynch, Pierce, Fenner & Smith Incorporated  
4 World Financial Center  
New York, New York 10080

THIS SUPPLEMENTAL INDENTURE, dated as of December 15, 2003 (this "Supplemental Indenture"), is made and entered into in the City of Los Angeles, State of California by and between SOUTHERN CALIFORNIA GAS COMPANY, a corporation duly organized and existing under the laws of the State of California, and having its principal place of business in the City of Los Angeles, State of California (hereinafter sometimes called the "Corporation") and U.S. BANK NATIONAL ASSOCIATION (successor by merger to U.S. Bank Trust National Association, formerly known as First Trust of California, National Association), an association duly organized and existing under the laws of the United States of America and having a corporate trust office in the City and County of Los Angeles, State of California (hereinafter, together with its predecessors as trustees under the Indenture referred to below, sometimes called the "Trustee").

**WITNESSETH:**

WHEREAS, the Corporation has executed and delivered to the Trustee a certain Indenture (hereinafter referred to as the "Base Indenture") dated October 1, 1940, to secure bonds of the Corporation designated generally as its "First Mortgage Bonds" to be issued from time to time in one or more series, any of which series may vary from any other as to certain particulars specified in Section 2.01 of the Base Indenture, and the Corporation has executed and delivered to the Trustee supplemental indentures dated, respectively, as of July 1, 1947, May 1, 1948, June 1, 1950, April 1, 1952, August 1, 1955, June 1, 1956, December 1, 1956, July 1, 1957, October 1, 1959, July 1, 1963, September 1, 1964, June 1, 1965, December 1, 1966, October 1, 1970, August 1, 1972, September 1, 1972, October 1, 1974, May 1, 1976, October 1, 1977, November 1, 1979, February 1, 1981, September 15, 1981, April 1, 1982, August 15, 1983, May 18, 1984, December 16, 1985, March 1, 1986, November 15, 1986, December 1, 1986, January 15, 1988, June 15, 1988, November 1, 1988, December 1, 1990, October 1, 1991, August 15, 1992, December 15, 1992, March 1, 1993, June 15, 1993, November 1, 1993, November 15, 1993, October 1, 2002 and October 17, 2003 supplementing and amending the Base Indenture (each, a "Prior Supplemental Indenture," and the Base Indenture together with all Prior Supplemental Indentures and this Supplemental Indenture being herein collectively referred to as the "Indenture"); and

WHEREAS, the Base Indenture and the Prior Supplemental Indentures dated, respectively, as of July 1, 1947, May 1, 1948, June 1, 1950, April 1, 1952 and August 1, 1955, are recorded in the office of the County Recorder of each of the Counties listed below in the Official Records thereof, as stated in the Prior Supplemental Indenture dated as of June 1, 1956; the Prior Supplemental Indentures dated, respectively, as of June 1, 1956 and December 1, 1956, are so recorded as stated in the Prior Supplemental Indenture dated as of July 1, 1957; the Prior Supplemental Indenture dated as of July 1, 1957 and each subsequently dated Prior Supplemental Indenture (other than the Prior Supplemental Indenture dated October 17, 2003) is so recorded as stated in the Prior Supplemental Indenture dated as of the next succeeding date; and the Prior Supplemental Indenture dated as of October 17, 2003 is recorded in the offices of the County Recorders in the Counties of the State of California, as follows:

<u>County</u>	<u>Reference</u>	<u>Date</u>
Fresno	Official Records, Document 03-0287861	December 2, 2003
Imperial	Official Records, Document 03-038644	December 9, 2003
Kern	Official Records, Document 03-0203229014	October 21, 2003
Kings	Official Records, Document 03-30614	October 22, 2003
Los Angeles	Official Records, Document 03-3178339	October 23, 2003
Orange	Official Records, Document 03-001305591	October 23, 2003
Riverside	Official Records, Document 03-970240	December 11, 2003
San Bernardino	Official Records, Document 03-0800979	October 22, 2003
San Diego	Official Records, Document 03-1309741	October 28, 2003
San Luis Obispo	Official Records, Document 03-123983	October 24, 2003
Santa Barbara	Official Records, Document 03-0146116	October 22, 2003
Tulare	Official Records, Document 03-0104290	October 22, 2003
Ventura	Official Records, Document 03-0433039	November 12, 2003

WHEREAS, bonds of the Corporation of three (3) series designated, respectively, as its “First Mortgage Bonds, Series EE, due 2025,” “First Mortgage Bonds, Series GG, Due 2012” and “First Mortgage Bonds, Series HH, due 2018” are outstanding as a part of the First Mortgage Bonds referred to in the Indenture, each such series of bonds, unless and until the taking of further appropriate action by the Board of Directors of the Corporation, being without limitation as to aggregate authorized principal amount; and

WHEREAS, pursuant to the provisions of Sections 2.01 and 2.02 of the Indenture, the Board of Directors has, by resolution duly adopted and delivered to the Trustee, created, as a part of the First Mortgage Bonds referred to in the Indenture, a new series of bonds designated “First Mortgage Bonds, Series II, due 2011” (the “Series II Bonds”), to be of the form, terms and provisions provided in that resolution and herein, which new series of bonds, unless and until the taking of further appropriate action by the Board of Directors, is to be without limitation as to aggregate authorized principal amount and of which series of bonds in the aggregate principal amount of \$250,000,000 are to be presently issued; and

WHEREAS, it is provided in the Indenture that all the business, franchises and properties, real, personal, and mixed, of every kind and nature whatsoever and wheresoever situated, which might thereafter be acquired by the Corporation, shall be as fully embraced within the lien thereof as if said properties were owned by the Corporation at the date of the Base Indenture and were particularly described therein and specifically conveyed thereby, excepting certain properties expressly excepted by the provisions of the Indenture; and

WHEREAS, subsequent to the execution of the most recently recorded Prior Supplemental Indenture identifying after acquired property, the Corporation has acquired properties hereinafter mentioned or referred to, all of which properties, upon the acquisition thereof by the Corporation, became and now are subject to the lien, operation and effect of the Indenture by virtue of the after-acquired property clause or other clauses thereof; the Corporation, nevertheless, desires to execute, acknowledge, deliver and cause to be recorded this Supplemental Indenture for the purposes, among others, of expressly and specifically subjecting such after-acquired properties to the lien of the Indenture and of further assuring and confirming the lien of the Indenture on all of the properties of every kind and character, whether real or personal and regardless of the date of acquisition thereof by the Corporation, intended to be subjected to the lien thereof; and

WHEREAS, under the provisions of Sections 2.02 and 16.01 of the Indenture, the Corporation and the Trustee may execute and deliver a Supplemental Indenture (i) to set forth the particulars, permitted by Section 2.01 of the Indenture, as to which the Series II Bonds may vary from the bonds of the other series of the First Mortgage Bonds, and (ii) for any purpose not inconsistent with the terms of the Indenture; and

WHEREAS, the making, executing, delivering and recording of this Supplemental Indenture have been duly authorized by proper corporate action of the Corporation; and

WHEREAS, the issuance of the Series II Bonds and the encumbrances of the Corporation's property to secure the Series II Bonds pursuant to this Supplemental Indenture have been authorized by the Public Utilities Commission of the State of California:

NOW, THEREFORE, in consideration of the foregoing premises and of other good and valuable consideration, receipt of which is hereby acknowledged, and in order: (a) to set forth or specify (i) the form of the fully registered Series II Bonds, and the form of the certificate to be endorsed on all Series II Bonds, and (ii) the terms and provisions of the Series II Bonds, including the particulars thereof which vary from the bonds of the other series of the First Mortgage Bonds; and (b) further to secure the payment of both the principal of and interest on the bonds of the Corporation now or at any time hereafter outstanding under the Indenture, including specifically, but without limitation, all of the First Mortgage Bonds now outstanding and the \$250,000,000 aggregate principal amount of Series II Bonds and further to secure the observance and performance of all of the covenants, agreements and conditions contained in the Indenture, and without in any way limiting the generality or effect of the Indenture insofar as by any provision thereof any of the property therein or hereafter described or referred to is now subject or intended to be subject to the lien and operation thereof, but to such extent confirming such lien and operation, the Corporation has executed and delivered this Supplemental Indenture and has granted, bargained, sold, released, conveyed, mortgaged, assigned, transferred, pledged, set over and confirmed, and does hereby grant, bargain, sell, release, convey, mortgage, assign, transfer, pledge, set over and confirm unto U.S. Bank National Association, the Trustee, and to its successors or successors in the trust created by the Indenture, and to its and their assigns, forever, with power of sale, subject, to the extent applicable by the terms of the Indenture to any of the properties hereinafter referred to or described, to the exceptions (other than as expressly provided in the granting clauses of the Prior Supplemental Indentures dated respectively as of June 1, 1956, July 1, 1957, October 1, 1959, July 1, 1963, September 1, 1964 and December 1, 1966 with respect to exception (f) set forth on page 67 of the Base Indenture and reading as follows: "(f) Any gas and/or oil acreage, gas and/or oil wells, gas and/or oil reserves, or gas and/or oil leaseholds hereafter acquired by the Corporation, or any property or equipment now or hereafter owned by the Corporation and used for the development of gas and/or oil acreage or for the drilling for or production of gas and/or oil from such acreage;" which exception (f) is by said granting clauses expressly made inapplicable to certain therein specified parcels of property), reservations, conditions, terms and provisions provided in the Indenture with respect to properties subject or intended to be subject thereto, all of the properties and assets of the Corporation, real, personal and mixed, of every kind and character, whether now or hereafter owned by the Corporation and wheresoever situated, including, without in any way limiting or modifying the generality or effect of the foregoing, all and singular, the following properties:

FIRST: All and singular the plants, properties, equipment, real and personal property, estates, interests, goodwill, generating, transmission, feeding, storing, and distribution systems, and utilities of the Corporation situated in the Counties of Fresno, Imperial, Kern, Kings, Los Angeles, Orange, Riverside, San Bernardino, San Diego, San Luis Obispo, Santa Barbara, Tulare and Ventura, and elsewhere, in the State of California, with all and singular the franchises, ordinances, grants, easements, licenses, powers, immunities, permits, privileges, appurtenances, tenements and other rights and property thereunto appertaining or belonging, as the same now exist and as the same and any and all parts thereof may hereafter exist or be improved, added to, enlarged, extended or acquired in said counties or elsewhere in said state or any other state or states.

SECOND: All other property, real, personal and mixed, of every kind, nature and description (including, without in any way limiting the effect or the generality hereof, all facilities; all stocks, bonds and other securities from time to time conveyed, assigned, transferred, mortgaged or pledged on behalf of the Corporation, or with its consent, to the Trustee in the manner and for the purposes as provided in the Indenture; all gas manufacturing plants, boilers, engines, compressors, motors, pumps, generators, gasholders, tanks, appliances, oil storage facilities, gas storage facilities, wells, buildings, structures, plants, works and other improvements; all gas transmission and distributing lines and systems; all meters and regulators and all other apparatus, machinery, appliances, tools, furniture, fixtures, supplies, facilities and utilities and other personal property; or any right or interest in any thereof; all business and goodwill, rights, consents, franchises, ordinances, licenses, agreements, contracts, permits, easements, rights of way, leases and leasehold interests; powers, grants, privileges and immunities to construct, operate and maintain lines and other facilities or properties for conveying gas or other commodity or utility for any purpose or purposes through, under and over public streets or highways, or public or private places or property; all reversions, remainders, tolls, incomes, revenues, earnings, rents, issues and profits of any property, real, personal and mixed; and all other classes and types of property described or referred to in the Indenture), now or hereafter owned, held, possessed, acquired or enjoyed by or in any manner conferred upon or appertaining to the Corporation, including the interest of the Corporation in all leases now or hereafter owned by it, together with all and singular the tenements, hereditaments, and appurtenances belonging or in any way appertaining to each and every part of any and all property subject or intended to be subject to the lien and operation of the Indenture, and the reversion and reversions, remainder and remainders, tolls, incomes, revenues, earnings, rents, issues and profits thereof.

SAVING AND EXCEPTING, however, from the property hereby mortgaged, conveyed in trust and/or pledged, all property, whether now owned by the Corporation or hereafter acquired by it, expressly saved and excepted from the lien of the Indenture and therein referred to as the "excepted property" (except as otherwise expressly provided in any Prior Supplemental Indenture hereinabove mentioned with respect to exception (f) of said "excepted property"), unless and until, upon the occurrence of an event of default under the Indenture, the Trustee, or any receiver appointed thereunder, shall take possession of any or all of such excepted property.

TO HAVE AND TO HOLD in trust with power of sale for the equal and proportionate benefit and security of all holders of bonds of the Corporation, now or hereafter outstanding under the Indenture as from time to time in effect, and for the enforcement and payment of said bonds and interest thereon when payable, and the performance of and compliance with the covenants and conditions of the Indenture as from time to time in effect, without any preference, distinction or priority as to lien or otherwise of any of said bonds over any others thereof by reason of the difference in the time of the actual issue, sale or negotiation thereof, or for any other reason whatsoever, except as otherwise expressly provided in the Indenture as from time to time in effect, so that each and every such bond shall have the same lien and so that the principal and interest of every such bond shall, subject to the terms thereof, be equally and proportionately secured by said lien, as if such bond had been made, executed, delivered, sold and negotiated simultaneously with the execution and delivery of the Base Indenture.

IT IS HEREBY COVENANTED, DECLARED, AND AGREED by and between the parties hereto that all such bonds are issued, authenticated and delivered, or are to be issued, authenticated and delivered, and that all property subject, or to become subject, to the Indenture is to be held, subject to the covenants, conditions, uses and trusts therein set forth.

#### ARTICLE I

##### AMOUNT, FORM, NUMBERING, DENOMINATION, TRANSFER AND EXCHANGE OF SERIES II BONDS, DUE 2011

Section 1.01. The Series II Bonds may be issued at any time or from time to time upon and subject to the terms and provisions of the Indenture. Unless and until the taking of further appropriate action by the Board of Directors of the Corporation the Series II Bonds shall be without limitation as to aggregate authorized principal amount.

Section 1.02. The Series II Bonds shall be issued only as fully registered bonds without coupons. In addition, the Series II Bonds may be issuable in whole or in part in the form of one or more securities that evidences all or part of the bonds of such series which is issued to a depository or a nominee thereof for such series (a "Global Security") and, in such case, the Board of Directors shall appoint a clearing agency registered under the Exchange Act of 1934, as amended (the "Exchange Act"), designated to act as depository (a "depository") for such Global Securities.

Section 1.03. In the event the Series II Bonds are issued as a Global Security the following provisions, in addition to the provisions of the Indenture, shall apply:

(a) Each Global Security authenticated under the Indenture shall be registered in the name of the depository designated for such Global Security or a nominee thereof and delivered to such depository or a nominee thereof or custodian therefor, and each such Global Security shall constitute a single bond for all purposes of this Supplemental Indenture.

(b) Notwithstanding any other provision in this Supplemental Indenture, no Global Security may be exchanged in whole or in part for bonds registered, and no transfer of a Global Security in whole or in part may be registered, in the name of any person other than the depository for such Global Security or a nominee thereof unless (A) such depository has notified the Corporation that it is unwilling or unable to continue as depository for such Global Security and a successor depository has not been appointed by the Corporation within 90 days of receipt by the Corporation of such notification, (B) if at any time the depository ceases to be a clearing agency registered under the Exchange Act at a time when the depository is required to be so registered to act as such depository and no successor depository shall have been appointed by the Corporation within 90 days after it became aware of such cessation, (C) the Corporation, in its sole discretion, executes and delivers to the Trustee a written order signed in the name of the Corporation by its Chairman of the Board, its President or a Vice President, and by its Treasurer, an Assistant Treasurer, its Secretary or an Assistant Secretary to the effect that such Global Security, together with all other Global Securities of the same series, shall be exchangeable as described below, or (D) an Event of Default (as defined in Section 1.02 of the Indenture) has occurred and is continuing with respect to the Series II Bonds. If any of the events described in clauses (A) through (D) of the preceding sentence occur, the beneficial owners of interests in the relevant Global Securities will be entitled to exchange those interests for definitive bonds and, without unnecessary delay but in any event not later than the earliest date on which those interests may be so exchanged, the Corporation will deliver to the Trustee definitive bonds in such form and denominations as are required by or pursuant to this Indenture, and of the same series, containing identical terms and in an aggregate principal amount equal to the principal amount of such Global Securities, such bonds to be duly executed by the Corporation. On or after the earliest date on which such beneficial interests may be so exchanged, such Global Securities shall be surrendered from time to time by the depository as shall be specified in the order from the Corporation with respect thereto (which the Corporation agrees to deliver), and in accordance with any instructions given to the Trustee and the depository (which instructions shall be in writing but need not be contained in or accompanied by an officers' certificate or be accompanied by an opinion of counsel), as shall be specified in the order from the Corporation with respect thereto to the Trustee, as the Corporation's agent for such purpose, to be exchanged, in whole or in part, for definitive bonds as described above without charge. The Trustee shall authenticate and make available for delivery, in exchange for each portion of such surrendered Global Security, a like aggregate principal amount of definitive bonds of the same series of authorized denominations and of like tenor as the portion of such Global Security to be exchanged. Promptly following any such exchange in part, such Global Security shall be returned by the Trustee to such depository or its custodian. If a definitive bond is issued in exchange for any portion of a Global Security after the close of business at the place where such exchange occurs on or after (i) any regular record date for the date the interest is due (the "Interest Payment Date") for such bond and before the opening of business at that place of payment on the next Interest Payment Date, or (ii) any special record date for the payment of interest for such bond and before the opening of business at such place of payment on the related proposed date for the payment of the interest which was not punctually paid or duly provided for on any Interest Payment Date ("Defaulted Interest"),

as the case may be, interest shall not be payable on such Interest Payment Date or proposed date for payment, as the case may be, in respect of such definitive bond, but shall be payable on the Interest Payment Date or proposed date for payment, as the case may be, only to the person to whom interest in respect of such portion of such Global Security shall be payable in accordance with the provisions of this Indenture.

(c) Subject to Clause (b) above, any exchange or transfer of a Global Security for other bonds may be made in whole or in part, and all bonds issued in exchange for or upon transfer of a Global Security or any portion thereof shall be registered in such names as the depository for such Global Security shall direct.

(d) Every bond authenticated and delivered upon registration of transfer of, or in exchange for or in lieu of, a Global Security or any portion thereof, shall be authenticated and delivered in the form of, and shall be, a Global Security, unless such bond is registered in the name of a person other than the depository for such Global Security or a nominee thereof.

Section 1.04. Unless otherwise specified as contemplated by Section 2.01 for the bonds evidenced thereby, every Global Security authenticated and delivered hereunder shall bear a legend in substantially the following form:

THIS SECURITY IS A GLOBAL SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE THEREOF. THIS SECURITY MAY NOT BE EXCHANGED IN WHOLE OR IN PART FOR A SECURITY REGISTERED, AND NO TRANSFER OF THIS SECURITY IN WHOLE OR IN PART MAY BE REGISTERED, IN THE NAME OF ANY PERSON OTHER THAN SUCH DEPOSITARY OR A NOMINEE THEREOF, EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE. ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF HAS AN INTEREST HEREIN.

Section 1.05. The fully registered bonds without coupons and the certificate of authentication to be endorsed on all Series II Bonds shall be substantially in the form set forth on Exhibit A.

Section 1.06. The Series II Bonds may contain or have imprinted thereon such provisions or specifications not inconsistent with the Indenture as may be required to comply with the rules of any stock exchange or any federal or state authority or commission, or to comply with usage with respect thereto, and may bear such other appropriate endorsements or notations as are authorized or permitted by the Indenture.

Section 1.07. The fully registered Series II Bonds shall be issuable in denominations of \$1,000, \$5,000, \$10,000, \$25,000 or multiples of \$25,000 and shall be dated as provided in paragraph 1 of Section 2.01 of the Indenture. The definitive Series II Bonds shall be numbered in such manner as the Corporation shall at any time or from time to time determine.



Section 1.08. In the manner and subject to certain conditions and limitations specified herein and in the Indenture, Series II Bonds may be exchanged without a service charge for a like aggregate principal amount of such Series II Bonds of other authorized denomination or denominations; provided that the Corporation may require payment of a sum or sums sufficient to reimburse it for any stamp tax or other governmental charge payable in connection therewith.

Section 1.09. The Corporation shall maintain in the City and County of San Francisco, State of California, and in such other place or places as the Corporation may designate at any time or from time to time, an office or agency where Series II Bonds may be presented for payment, registration, transfer and exchange as provided therein or in the Indenture. Such office or agency in the City and County of San Francisco shall be the corporate trust office of the Trustee unless and until the Corporation shall designate another office or agency by notice in writing delivered to the Trustee. Notwithstanding the foregoing, if and when definitive bonds are issued, the Corporation shall maintain in the Borough of Manhattan, City and County of New York, State of New York, an office or agency where Series II Bonds may be presented for payment, registration, transfer and exchange as provided therein or in the Indenture.

Section 1.10. No transfer or exchange of any Series II Bonds pursuant to any of the provisions of this Article I shall be made except upon and in accordance with all of the applicable terms, provisions and conditions of said bonds and of the Indenture.

## ARTICLE II

### INTEREST, MATURITY DATE, REDEMPTION AND CERTAIN OTHER PROVISIONS OF SERIES II BONDS, DUE 2011

Section 2.01. The Series II Bonds shall bear interest at the rate, shall be expressed to mature as to principal, and shall be payable as to principal and interest at such place or places and in such money, all as provided in the form of Series II Bond set forth on Exhibit A hereto and by the applicable provisions of the Indenture. In addition, December 15, 2003 shall be an Interest Payment Date for the Series II Bonds for purposes of Section 2.01 of the Base Indenture (as supplemented by the Prior Supplemental Indentures), provided that no interest shall be payable on such date.

Section 2.02. The Series II Bonds shall be subject to redemption prior to maturity as set forth in the form of Series II Bond set forth on Exhibit A, upon notice, in the manner and otherwise upon the terms and conditions and with the effect, as provided herein and by the applicable provisions of the Indenture.

Section 2.03. The Corporation may at any time deliver to the Trustee for cancellation any Series II Bonds previously authenticated and delivered under the Indenture which the Corporation may have acquired in any manner whatsoever and all Series II Bonds so delivered shall be promptly cancelled by the Trustee upon the request of the Corporation.

Section 2.04. The Series II Bonds shall, except as in this Supplemental Indenture otherwise expressly provided, be on the terms and provisions, and shall represent such rights and be entitled to such benefits, as are applicable thereto by the terms of the Indenture.

Section 2.05. The Series II Bonds shall be entitled to the benefits of the Renewal Fund as provided in the Indenture.

Section 2.06. The following Section 11.01A shall apply to the Series II Bonds in lieu of Section 11.01 of the Indenture:

“Section 11.01A If the Corporation, its successors or assigns, shall

(a) pay or cause to be paid the principal of and interest on the bonds and coupons and claims for interest thereon to become due at the time and in the manner stipulated therein and herein, and/or

(b) provide for the payment of the bonds and interest thereon by depositing in cash with the Trustee or other depository satisfactory to it at any time at or before maturity the entire amount due or to become due thereon for principal and interest to maturity of all the bonds outstanding, and/or

(c) in case of a call of all of the bonds then outstanding for redemption, deposit with the Trustee on or before the date on which all of such bonds (other than those which shall have matured by their terms) shall have been called for redemption, as provided in Article VII, the entire amount of the redemption price thereof, including interest and premium, if any, and shall deliver to the Trustee (1) proof satisfactory to the Trustee that notice of redemption as provided in Article VII has been given, or (2) proof satisfactory to the Trustee that arrangements have been made insuring that such notice will be given, or (3) a written instrument executed by the Corporation under its corporate seal, and expressed to be irrevocable, authorizing the Trustee to give such notice for and on behalf of the Corporation, and/or

(d) surrender to the Trustee for cancellation all the bonds and coupons thereto appertaining for which payment is not so provided,

and shall also pay, or satisfactorily provide, all other sums due and payable hereunder by the Corporation, including the compensation and expenses of the Trustee, then and in that case,

(i) at the request of the Corporation all the mortgaged property shall revert to the Corporation and the entire estate, right, title and interest of the Trustee and of the holders and registered owners of the bonds and coupons in respect of the mortgaged property shall thereupon cease, determine and become void; and

(ii) the Trustee in such case, upon the cancellation of all outstanding bonds and coupons for the payment of which cash shall not have been deposited in accordance with the provisions of this Indenture, shall upon request of the Corporation, and at its cost and expense (A) and upon delivery to it of an opinion of counsel stating that (x) the Corporation has received from, or there has been published by, the Internal Revenue Service a ruling, or (y) since December 10, 2003 there has been a change in applicable federal income tax law, in either case to the effect that, and based thereon such opinion of counsel shall confirm that, the holders of Series II Bonds will not recognize income, gain or loss for federal income tax purposes as a result of such defeasance and will be subject

to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such defeasance had not occurred, execute to the Corporation, or its order, proper instruments acknowledging satisfaction of this Indenture and (B) shall surrender to the Corporation, or its order, all cash and deposited securities, if any, which shall then be held by it hereunder as a part of the mortgaged property (exclusive of cash held in trust as provided in Section 5.03); provided, however, that if any such property shall have been delivered to the Trustee by any person or corporation other than the Corporation, the same shall be delivered or otherwise disposed of in accordance with any reservations, limitations, conditions or provisions which may have been set forth in the instrument in writing then executed, if any, respecting the use, management or disposition thereof; and provided further that if the Corporation pursuant to clauses (1) or (2) of subdivision (c) above shall have delivered to the Trustee proof satisfactory to it that notice of redemption as provided in Article VII has been given or that arrangements have been made insuring that such notice will be given, there shall also be delivered to the Trustee an officers' certificate stating that all conditions precedent to the satisfaction and discharge of this Indenture have been complied with and an opinion of counsel stating that in his opinion such conditions precedent have been complied with."

### ARTICLE III

#### SUNDRY PROVISIONS

Section 3.01. The recitals of fact contained herein shall be taken as the statements of the Corporation, and the Trustee assumes no responsibility for the correctness of the same. The Corporation hereby covenants and agrees that it will cause this Supplemental Indenture to be kept recorded and/or filed as may be required by law, in such manner and in such places as may be necessary fully to preserve and protect the security of the bondholders and all of the rights of the Trustee hereunder, and that it will with all reasonable dispatch deposit with the Trustee counterparts of this Supplemental Indenture bearing official notation or endorsements showing such recordation and/or filing, or in case such counterparts are not returned to the Corporation, furnish to the Trustee the best official evidence of such recordation and/or filing reasonably obtainable by the Corporation, or evidence of the taking of such other action, if any, but the Trustee, subject to the provisions of Sections 14.02 and 14.03 of the Indenture, shall in no way be liable for any failure or omission in this regard.

Section 3.02. The date of this Supplemental Indenture and the date of the Series II Bonds are intended as and for a date for the convenient identification of this Supplemental Indenture and of the Series II Bonds, and are not intended to indicate that this Supplemental Indenture was executed and delivered or that the Series II Bonds were executed, delivered or issued on said date; it being hereby provided that this Supplemental Indenture may be executed and delivered, and that the Series II Bonds may be executed, delivered or issued, either on said date or before or after said date, and that this Supplemental Indenture is in fact executed and delivered by each party hereto on the date of its certificate of acknowledgment hereto attached.

Section 3.03. This Supplemental Indenture shall be deemed to be part of the Base Indenture, and the Corporation agrees to conform to and comply with all and singular the terms, provisions, conditions and covenants set forth therein and herein. This Supplemental Indenture shall be construed in connection with and as a part of the Indenture.

Section 3.04. It is further agreed that the Trustee accepts the trust imposed upon it by this Supplemental Indenture, upon and subject to the same terms and conditions as are expressed in Article XIV of the Base Indenture.

Section 3.05. In order to facilitate the recording of this Supplemental Indenture, the same may be, executed in several counterparts, each of which so executed shall be deemed to be an original, and such counterparts shall collectively constitute one and the same instrument.

Section 3.06. All terms used in this Supplemental Indenture which are defined in the Indenture are not defined herein shall have the meaning assigned to them in the Indenture.

Section 3.07. To the extent any provision in this Supplemental Indenture conflicts with any provision in the Indenture, the provisions of this Supplemental Indenture shall govern; provided however, that in the event such conflict would require bondholder consent, the terms and provisions of the Indenture shall govern.

Section 3.08. This Supplemental Indenture and the Series II Bonds shall be governed by and construed in accordance with the laws of the State of California, without regard to conflicts of laws principles thereof.

Section 3.09. To the extent not otherwise addressed in this Supplemental Indenture, this Supplemental Indenture shall be subject to the provisions of Article XVII of the Indenture, the terms of which are hereby incorporated by reference into this Indenture Supplement.

IN WITNESS WHEREOF, Southern California Gas Company has caused this Supplemental Indenture to be signed in its corporate name by one of its Vice Presidents or its Treasurer and its Secretary or an Assistant Secretary and its corporate seal to be hereunto duly affixed, and U.S. Bank National Association, in token of its acceptance of the trust hereby established, has caused this Supplemental Indenture to be signed in its corporate name by two of its authorized officers, including one or more of its Vice Presidents, all as of December 15, 2003.

SOUTHERN CALIFORNIA GAS COMPANY

Attest:

/s/ CATHERINE C. LEE

By /s/ TERRY M. FLESKES

\_\_\_\_\_  
Name: Catherine C. Lee  
Title: Secretary  
(SEAL)

\_\_\_\_\_  
Name: Terry M. Fleskes  
Title: Vice President and Treasurer

U.S. BANK NATIONAL ASSOCIATION

Attest:

/s/ ALICIA ESTRADA

By /s/ FONDA HALL

\_\_\_\_\_  
Authorized Signatory

\_\_\_\_\_  
Name: Fonda Hall  
Title: Vice President

STATE OF CALIFORNIA  
COUNTY OF SAN DIEGO

} ss.:

On this \_\_\_\_ day of December, 2003, before me, \_\_\_\_\_, Notary Public, personally appeared Terry M. Fleskes, personally known to me to be one of the persons whose names are subscribed to the within instrument and acknowledged to me that such person executed the same in the person's authorized capacity, and that by the person's signature on the instrument, the entity upon behalf of which the person acted executed the instrument.

WITNESS my hand and official seal.

---

Notary Public

My Commission expires \_\_\_\_\_

STATE OF CALIFORNIA  
COUNTY OF SAN DIEGO

} ss.:

On this \_\_\_\_ day of December, 2003, before me, \_\_\_\_\_, Notary Public, personally appeared Catherine C. Lee, personally known to me to be one of the persons whose names are subscribed to the within instrument and acknowledged to me that such person executed the same in the person's authorized capacity, and that by the person's signature on the instrument, the entity upon behalf of which the person acted executed the instrument.

WITNESS my hand and official seal.

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Notary Public

My Commission expires \_\_\_\_\_

STATE OF CALIFORNIA  
COUNTY OF \_\_\_\_\_

} ss.:

On this \_\_\_\_ day of December, 2003, before me, \_\_\_\_\_, Notary Public, personally appeared \_\_\_\_\_ and \_\_\_\_\_, personally known to me to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities, and that by their signatures on the instrument the persons, or the entity upon behalf of which the persons acted, executed the instrument.

WITNESS my hand and official seal.

---

Notary Public

My Commission expires \_\_\_\_\_



STATE OF CALIFORNIA  
COUNTY OF \_\_\_\_\_

} ss.:

On this \_\_\_\_ day of December, 2003, before me, \_\_\_\_\_, Notary Public, personally appeared \_\_\_\_\_ and \_\_\_\_\_, personally known to me to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities, and that by their signatures on the instrument the persons, or the entity upon behalf of which the persons acted, executed the instrument.

WITNESS my hand and official seal.

---

Notary Public

My Commission expires \_\_\_\_\_

**EXHIBIT A**

[FORM OF REGISTERED BOND WITHOUT COUPONS, SERIES II, DUE 2011]

[If this bond is issued as a global security, insert the following legend: THIS SECURITY IS A GLOBAL SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE THEREOF. THIS SECURITY MAY NOT BE EXCHANGED IN WHOLE OR IN PART FOR A SECURITY REGISTERED, AND NO TRANSFER OF THIS SECURITY IN WHOLE OR IN PART MAY BE REGISTERED, IN THE NAME OF ANY PERSON OTHER THAN SUCH DEPOSITARY OR A NOMINEE THEREOF, EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE. ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF HAS AN INTEREST HEREIN.]

**SOUTHERN CALIFORNIA GAS COMPANY**  
(Incorporated under the laws of the State of California)

FIRST MORTGAGE BOND, SERIES II, DUE 2011

4.375%

No. \_\_\_\_

\$ \_\_\_\_\_  
CUSIP No. \_\_\_\_\_

SOUTHERN CALIFORNIA GAS COMPANY, a corporation organized and existing under the laws of the State of California (hereinafter called the "Corporation", which term shall include any successor corporation, as defined in the Indenture hereinafter referred to), for value received, hereby promises to pay to \_\_\_\_\_ [If this bond is issued as a global security, insert "CEDE & CO." in the foregoing space] or registered assigns, the principal sum of \_\_\_\_\_ in lawful money of the United States of America, on the fifteenth day of January, 2011, and to pay interest thereon from the date of this bond, at the rate of 4.375% per annum in like lawful money, payable semi-annually, on the fifteenth day of January and July in each year, to the holder of record of this bond on the immediately preceding first day of January and July, respectively, commencing July 15, 2004, until the Corporation's obligation with respect to the payment of such principal shall be discharged as provided in the Indenture hereinafter mentioned. Both the principal of and interest on this bond will be paid at the corporate trust office of U.S. Bank National Association, or its successor trustee under said Indenture, in the City and County of San Francisco, State of California [if this bond is a definitive bond, insert: ", or at the office or agency in the Borough of Manhattan, City and County of New York, State of New York, that the Corporation maintains for such purpose"]. Notwithstanding the foregoing, so long as the holder of the Series II Bonds is a depositary, or its nominee, payment of the principal of (and premium, if any) and interest on this bond will be made by wire transfer of immediately available funds.

The provisions of this bond are continued on the reverse hereof and such continued provisions shall for all purposes have the same effect as though set forth at this place.

IN WITNESS WHEREOF, SOUTHERN CALIFORNIA GAS COMPANY has caused this bond to be signed in its corporate name by the facsimile signature of its authorized officer and a facsimile of its corporate seal to be hereto affixed and attested by its Secretary or an Assistant Secretary.

Dated:

SOUTHERN CALIFORNIA GAS COMPANY

By \_\_\_\_\_  
*Vice President*

(CORPORATE SEAL)

Attest:

\_\_\_\_\_  
*Secretary*

[REVERSE SIDE - FORM OF REGISTERED BOND  
WITHOUT COUPONS, SERIES II, DUE 2011]

This bond is one of a duly authorized issue of bonds of the Corporation (herein called the "bonds"), of the series hereinafter specified, all issued and to be issued under and all equally and ratably secured by a mortgage and deed of trust dated October 1, 1940, between the Corporation and U.S. Bank National Association, as successor trustee, to which mortgage and deed of trust and all indentures supplemental thereto, including Supplemental Indentures dated, respectively, as of July 1, 1947, August 1, 1955, June 1, 1956, December 1, 1956, June 1, 1965, August 1, 1972, May 1, 1976, September 15, 1981, May 18, 1984, November 15, 1986, January 15, 1988, August 15, 1992, October 1, 2002, October 17, 2003 and December 15, 2003 (herein collectively referred to as the "Indenture"), reference is hereby made for a description of the property conveyed in trust, mortgaged and pledged, the nature and extent of the security, the rights of the registered owners of the bonds and of the Trustee or trustees in respect thereof, the terms and conditions upon which the bonds are, and are to be, secured and the circumstances under which additional bonds may be issued. The bonds may be issued for various principal sums, and may be issued in series, which may mature at different times, may bear interest at different times, may bear interest at different rates and may otherwise vary as in the Indenture provided. This bond is one of a series designated as the "First Mortgage Bonds, Series II, due 2011" (herein called "Series II" Bonds) of the Corporation, issued under and secured by the Indenture. Terms used but not defined herein shall have the respective meanings assigned thereto in the Indenture.

As provided in the Indenture, by any indenture or indentures supplemental thereto executed by the Corporation and the Trustee and consented to by the holders of not less than two-thirds ( $\frac{2}{3}$ ) in principal amount of the bonds at the time outstanding, and, in case one or more, but less than all, of the series of bonds then outstanding are affected by such supplemental indenture, consented to by the holders of at least two-thirds ( $\frac{2}{3}$ ) in principal amount of the bonds of each series so affected, the Indenture or any indenture supplemental thereto and the rights and obligations of the Corporation and the holders of bonds, may be modified or altered from time to time, as provided in the Indenture; provided, however, (a) that the right of any holder of any bond to receive payment of the principal of and interest on such bond, on or after the respective due dates expressed in such bond, or to institute suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected by any such supplemental indenture without the consent of such holder, and (b) that no such modification or alteration shall reduce the proportions of bondholders' consents required as aforesaid; such proportions to be determined in each case as provided in the Indenture.

The Series II Bonds are entitled to the benefits of the Renewal Fund as provided in the Indenture.

All or a portion of the Series II Bonds may be redeemed at the Corporation's option at any time or from time to time.

The price at which the Series II Bonds will be redeemed (the "Redemption Price") on the date fixed for such redemption (the "Redemption Date") will be equal to the greater of the following amounts: (a) 100% of the principal amount of the bonds being redeemed on the

Redemption Date; or (b) the sum of the present values of the remaining scheduled payments of principal and interest on the Series II Bonds being redeemed on that Redemption Date (not including any portion of any payments of accrued and unpaid interest to the Redemption Date) discounted to the Redemption Date on a semiannual basis at the Adjusted Treasury Rate (as defined below) plus 20 basis points, as determined by the Reference Treasury Dealer (as defined below), plus, in each case, accrued and unpaid interest thereon to the Redemption Date. Notwithstanding the foregoing, installments of interest on Series II Bonds that are due and payable on Interest Payment Dates falling on or prior to a Redemption Date will be payable on such Interest Payment Dates to the registered holders of such Series II Bonds as of the close of business on the relevant record date. The Redemption Price will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

Unless the Corporation defaults in payment of the Redemption Price, on and after the Redemption Date interest will cease to accrue on the Series II Bonds or portions thereof called for redemption.

“Adjusted Treasury Rate” means, with respect to any Redemption Date, the rate per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such Redemption Date.

“Comparable Treasury Issue” means the United States Treasury security selected by the Reference Treasury Dealer as having a maturity comparable to the remaining term of the Series II Bonds to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such Series II Bonds.

“Comparable Treasury Price” means, with respect to any Redemption Date, (A) the average of the Reference Treasury Dealer Quotations for such Redemption Date, or (B) if only one Reference Treasury Dealer Quotation is received, such Quotation.

“Reference Treasury Dealer” means (A) Merrill Lynch, Pierce, Fenner & Smith Incorporated (or its affiliates which are Primary Treasury Dealers) and its successors; provided, however, that if any of the foregoing shall cease to be a primary U.S. Government securities dealer in New York City (a “Primary Treasury Dealer”), the Corporation will substitute therefor another Primary Treasury Dealer; and (B) any other Primary Treasury Dealer(s) selected by the Corporation.

“Reference Treasury Dealer Quotation” means, with respect to each Reference Treasury Dealer and any Redemption Date, the average, as determined by the Corporation, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Corporation by such Reference Treasury Dealer at 5:00 p.m. (New York City time) on the third business day preceding such Redemption Date.

In the event of redemption of this bond in part only, a new bond or Series II Bonds of like tenor for the unredeemed portion hereof will be issued in the name of the holder hereof upon the cancellation hereof.

Notice of any such redemption will be mailed to the registered owners of the Series II Bonds to be redeemed not less than 30 nor more than 60 days before the Redemption Date. Once notice of redemption is mailed, the Series II Bonds called for redemption will become due and payable on the Redemption Date and at the applicable redemption price, plus accrued and unpaid interest to the Redemption Date. Upon the Corporation's election to redeem all or a portion of the Series II Bonds, that redemption will not be conditional upon receipt by the paying agent or the Trustee of monies sufficient to pay the Redemption Price.

In case an event of default, as defined in the Indenture, shall occur, the principal of all bonds then outstanding under the Indenture may be declared or become due and payable upon the conditions and in the manner and with the effect provided in the Indenture.

This bond is transferable by the registered owner hereof at the office or agency of the Corporation in said City and County of San Francisco [if this bond is a definitive bond, insert: ", or at the office or agency in the Borough of Manhattan, City and County of New York, State of New York, that the Corporation maintains for such purpose"] and in such other place or places as the Corporation may designate at any time or from time to time, and thereupon a new fully registered bond or bonds of said series, without coupons, of authorized denomination or denominations, of a like aggregate principal amount, will be issued to the transferee or transferees in exchange for this bond; and at any of said offices or agencies fully registered Series II Bonds without coupons, are exchangeable for a like aggregate principal amount of other such fully registered bonds of authorized denominations; all in the manner and subject to the conditions as provided in the Indenture.

No recourse shall be had for the payment of the principal of or the interest on this bond or for any claim based hereon or on the Indenture or any indenture supplemental thereto, against any incorporator, stockholder, director or officer, past, present or future, of the Corporation, or of any predecessor or successor corporation, either directly or through the Corporation, or any such predecessor or successor corporation, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability being waived and released by every registered owner hereof by the acceptance of this bond and as part of the consideration for the issue hereof, and being likewise waived and released by the terms of the Indenture.

This bond shall not become valid or obligatory for any purpose or be entitled to any benefit under the Indenture until U.S. Bank National Association, or its successor as Trustee under the Indenture, shall have signed the form of certificate endorsed hereon.

This bond shall be governed by and construed in accordance with the laws of the State of California, without regard to conflicts of laws principles thereof.

**CERTIFICATE**

This bond is one of the bonds, of the series designated therein, described in the within-mentioned Indenture.

U.S. BANK NATIONAL ASSOCIATION  
*Trustee*

By

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*Authorized Officer*