

# SEMPRA ENERGY

Table A

## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Dollars in millions, except per share amounts)	Three months ended September 30,		Nine months ended September 30,	
	2011	2010	2011	2010
	(unaudited)			
<b>REVENUES</b>				
Utilities	\$ 2,065	\$ 1,609	\$ 5,933	\$ 5,150
Energy-related businesses	511	507	1,499	1,508
Total revenues	<u>2,576</u>	<u>2,116</u>	<u>7,432</u>	<u>6,658</u>
<b>EXPENSES AND OTHER INCOME</b>				
Utilities:				
Cost of natural gas	(322)	(305)	(1,367)	(1,489)
Cost of electric fuel and purchased power	(408)	(203)	(976)	(480)
Energy-related businesses:				
Cost of natural gas, electric fuel and purchased power	(252)	(273)	(694)	(801)
Other cost of sales	(68)	(22)	(123)	(67)
Litigation expense	(17)	(17)	(30)	(184)
Other operation and maintenance	(674)	(590)	(1,973)	(1,782)
Depreciation and amortization	(251)	(218)	(730)	(643)
Franchise fees and other taxes	(84)	(76)	(259)	(243)
Equity losses, before income tax	(12)	(273)	(4)	(266)
Remeasurement of equity method investments	-	-	277	-
Other income, net	12	66	86	82
Interest income	6	5	21	13
Interest expense	(118)	(111)	(344)	(323)
Income before income taxes and equity earnings (losses) of certain unconsolidated subsidiaries	388	99	1,316	475
Income tax (expense) benefit	(68)	32	(269)	(85)
Equity earnings (losses), net of income tax	6	(4)	45	42
Net income	<u>326</u>	<u>127</u>	<u>1,092</u>	<u>432</u>
(Earnings) losses attributable to noncontrolling interests	(29)	6	(21)	34
Preferred dividends of subsidiaries	(1)	(2)	(6)	(7)
Earnings	<u>\$ 296</u>	<u>\$ 131</u>	<u>\$ 1,065</u>	<u>\$ 459</u>
Basic earnings per common share	<u>\$ 1.23</u>	<u>\$ 0.53</u>	<u>\$ 4.44</u>	<u>\$ 1.86</u>
Weighted-average number of shares outstanding, basic (thousands)	<u>239,545</u>	<u>246,668</u>	<u>239,693</u>	<u>246,513</u>
Diluted earnings per common share	<u>\$ 1.22</u>	<u>\$ 0.53</u>	<u>\$ 4.40</u>	<u>\$ 1.84</u>
Weighted-average number of shares outstanding, diluted (thousands)	<u>241,880</u>	<u>249,811</u>	<u>241,955</u>	<u>249,773</u>
Dividends declared per share of common stock	<u>\$ 0.48</u>	<u>\$ 0.39</u>	<u>\$ 1.44</u>	<u>\$ 1.17</u>

# SEMPRA ENERGY

## Table A (Continued)

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

Sempra Energy Adjusted Earnings and Adjusted Earnings Per Share in the nine months ended September 30, 2011 and 2011 earnings per share guidance excluding a \$277 million gain from the remeasurement of equity method investments in Chilquinta Energía and Luz del Sur in the second quarter of 2011 are non-GAAP financial measures (GAAP represents accounting principles generally accepted in the United States). Adjusted Earnings and Adjusted Earnings Per Share in 2010 exclude a \$139 million write-down of our investment in RBS Sempra Commodities in the third quarter and a \$96 million charge for a litigation settlement in the first quarter. Statistics using these amounts, including percentage changes from period to period, also result in non-GAAP measures. Because of the significance and nature of these items, management believes that these non-GAAP financial measures provide a more meaningful comparison of the performance of Sempra Energy's business operations from 2011 to 2010 and to future periods. Accordingly, 2011 guidance of \$4 to \$4.30 per diluted share excludes the second quarter gain of \$277 million, or \$1.14 per diluted share, based on shares outstanding through September 30, 2011. Non-GAAP financial measures are supplementary information that should be considered in addition to, but not as a substitute for, the information prepared in accordance with GAAP. The table below reconciles for historical periods these non-GAAP financial measures to Sempra Energy Earnings and Diluted Earnings Per Common Share, which we consider to be the most directly comparable financial measures calculated in accordance with GAAP.

(Dollars in millions, except per share amounts)	Three months ended September 30,		Nine months ended September 30,	
	2011	2010	2011	2010
Sempra Energy GAAP Earnings	\$ 296	\$ 131	\$ 1,065	\$ 459
Less: Remeasurement Gain in 2011	-	-	(277)	-
Add: Write-down of Joint Venture Investment in 2010	-	139	-	139
Add: Litigation Settlement Charge in 2010	-	-	-	96
Sempra Energy Adjusted Earnings	<u>\$ 296</u>	<u>\$ 270</u>	<u>\$ 788</u>	<u>\$ 694</u>
Diluted earnings per common share:				
Sempra Energy GAAP Earnings	<u>\$ 1.22</u> <sup>(1)</sup>	<u>\$ 0.53</u>	<u>\$ 4.40</u> <sup>(1)</sup>	<u>\$ 1.84</u>
Sempra Energy Adjusted Earnings	<u>\$ 1.22</u> <sup>(2)</sup>	<u>\$ 1.09</u>	<u>\$ 3.26</u> <sup>(2)</sup>	<u>\$ 2.78</u>
Weighted-average number of shares outstanding, diluted (thousands)	<u>241,880</u>	<u>249,811</u>	<u>241,955</u>	<u>249,773</u>

(1) Percentage increases from third quarter and year-to-date 2010 earnings per share were 130% and 139%, respectively.

(2) Percentage increases from third quarter and year-to-date 2010 earnings per share were 12% and 17%, respectively.

# SEMPRA ENERGY

Table B

## CONDENSED CONSOLIDATED BALANCE SHEETS

(Dollars in millions)	September 30, 2011 (unaudited)	December 31, 2010(1)
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 657	\$ 912
Restricted cash	133	131
Accounts receivable	1,097	1,032
Due from unconsolidated affiliates	-	34
Income taxes receivable	301	248
Deferred income taxes	-	75
Inventories	369	258
Regulatory assets	83	90
Fixed-price contracts and other derivatives	77	81
Settlement receivable related to wildfire litigation	-	300
Other	221	192
Total current assets	2,938	3,353
Investments and other assets:		
Restricted cash	2	27
Regulatory assets arising from pension and other postretirement benefit obligations	824	869
Regulatory assets arising from wildfire litigation costs	500	364
Other regulatory assets	952	934
Nuclear decommissioning trusts	760	769
Investment in RBS Sempra Commodities LLP	322	787
Other investments	1,485	2,164
Goodwill	1,013	87
Other intangible assets	448	453
Sundry	669	600
Total investments and other assets	6,975	7,054
Property, plant and equipment, net	22,703	19,876
Total assets	\$ 32,616	\$ 30,283
<b>Liabilities and Equity</b>		
Current liabilities:		
Short-term debt	\$ 641	\$ 158
Accounts payable	1,008	864
Due to unconsolidated affiliates	-	36
Deferred income taxes	94	-
Dividends and interest payable	261	188
Accrued compensation and benefits	266	311
Regulatory balancing accounts, net	226	241
Current portion of long-term debt	137	349
Fixed-price contracts and other derivatives	86	106
Customer deposits	137	129
Reserve for wildfire litigation	507	639
Other	632	765
Total current liabilities	3,995	3,786
Long-term debt	10,033	8,980
Deferred credits and other liabilities:		
Customer advances for construction	142	154
Pension and other postretirement benefit obligations, net of plan assets	1,085	1,105
Deferred income taxes	1,852	1,561
Deferred investment tax credits	47	50
Regulatory liabilities arising from removal obligations	2,658	2,630
Asset retirement obligations	1,510	1,449
Other regulatory liabilities	103	138
Fixed-price contracts and other derivatives	310	290
Deferred credits and other	818	823
Total deferred credits and other liabilities	8,525	8,200
Contingently redeemable preferred stock of subsidiary	79	79
Equity:		
Total Sempra Energy shareholders' equity	9,630	9,027
Preferred stock of subsidiaries	20	100
Other noncontrolling interests	334	111
Total equity	9,984	9,238
Total liabilities and equity	\$ 32,616	\$ 30,283

(1) Derived from audited financial statements.

# SEMPRA ENERGY

## Table C

### CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in millions)	Nine months ended September 30,	
	2011	2010
	(unaudited)	
<b>Cash Flows from Operating Activities:</b>		
Net income	\$ 1,092	\$ 432
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	730	643
Deferred income taxes and investment tax credits	224	133
Equity (earnings) losses	(41)	224
Remeasurement of equity method investments	(277)	-
Fixed-price contracts and other derivatives	(7)	19
Other	(43)	(24)
Net change in other working capital components	(108)	(77)
Distributions from RBS Sempra Commodities LLP	53	198
Changes in other assets	31	76
Changes in other liabilities	(11)	(22)
Net cash provided by operating activities	<u>1,643</u>	<u>1,602</u>
<b>Cash Flows from Investing Activities:</b>		
Expenditures for property, plant and equipment	(2,031)	(1,354)
Expenditures for investments and acquisition of businesses, net of cash acquired	(696)	(385)
Distributions from RBS Sempra Commodities LLP	374	849
Distributions from other investments	47	259
Purchases of nuclear decommissioning and other trust assets	(399)	(261)
Proceeds from sales by nuclear decommissioning and other trusts	398	261
Decrease in restricted cash	473	55
Increase in restricted cash	(450)	(51)
Other	(20)	(6)
Net cash used in investing activities	<u>(2,304)</u>	<u>(633)</u>
<b>Cash Flows from Financing Activities:</b>		
Common dividends paid	(325)	(269)
Redemption of subsidiary preferred stock	(80)	-
Preferred dividends paid by subsidiaries	(6)	(7)
Issuances of common stock	22	29
Repurchases of common stock	(18)	(502)
Issuances of debt (maturities greater than 90 days)	1,525	771
Payments on debt (maturities greater than 90 days)	(366)	(727)
(Decrease) increase in short-term debt, net	(300)	184
Purchase of noncontrolling interests	(43)	-
Other	(5)	(11)
Net cash provided by (used in) financing activities	<u>404</u>	<u>(532)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>2</u>	<u>-</u>
(Decrease) increase in cash and cash equivalents	(255)	437
Cash and cash equivalents, January 1	912	110
Cash and cash equivalents, September 30	<u>\$ 657</u>	<u>\$ 547</u>

# SEMPRA ENERGY

Table D

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

(Dollars in millions)	Three months ended September 30,		Nine months ended September 30,	
	2011	2010	2011	2010
	(unaudited)			
<b>Earnings (Losses)</b>				
San Diego Gas & Electric	\$ 113	\$ 106	\$ 273	\$ 264
Southern California Gas	81	78	208	212
Sempra Generation	49	59	143	60
Sempra Pipelines & Storage	66	43	457	120
Sempra LNG	24	5	75	50
Parent & Other	(37)	(160)	(91)	(247)
Earnings	<u>\$ 296</u>	<u>\$ 131</u>	<u>\$ 1,065</u>	<u>\$ 459</u>

(Dollars in millions)	Three months ended September 30,		Nine months ended September 30,	
	2011	2010	2011	2010
	(unaudited)			
<b>Capital Expenditures and Investments</b>				
San Diego Gas & Electric	\$ 448	\$ 300	\$ 1,162	\$ 822
Southern California Gas	174	121	499	337
Sempra Generation	92	27	168	32
Sempra Pipelines & Storage	102	75	887	535
Sempra LNG	3	5	9	9
Parent & Other	1	2	2	4
Consolidated Capital Expenditures and Investments	<u>\$ 820</u>	<u>\$ 530</u>	<u>\$ 2,727</u>	<u>\$ 1,739</u>

# SEMPRA ENERGY

Table E

## OTHER OPERATING STATISTICS (Unaudited)

UTILITIES	Three months ended		Nine months ended	
	September 30,		September 30,	
	2011	2010	2011	2010
<b><i>Sempra Utilities - SDG&amp;E and SoCalGas</i></b>				
Gas Sales (bcf) <sup>(1)</sup>	62	64	285	281
Transportation (bcf) <sup>(1)</sup>	171	171	465	465
Total Deliveries (bcf) <sup>(1)</sup>	233	235	750	746
Total Gas Customers (Thousands)			6,649	6,629
Electric Sales (Millions of kWh) <sup>(1)</sup>	4,246	4,282	12,221	12,111
Direct Access (Millions of kWh)	859	881	2,427	2,365
Total Deliveries (Millions of kWh) <sup>(1)</sup>	5,105	5,163	14,648	14,476
Total Electric Customers (Thousands)			1,393	1,385
<b><i>Sempra Pipelines &amp; Storage - Utilities</i></b> <sup>(2)</sup>				
Natural Gas Sales (bcf)				
Argentina	110	104	267	251
Mexico	5	5	16	16
Mobile Gas	10	9	29	27
Natural Gas Customers (Thousands)				
Argentina			1,799	1,747
Mexico			89	89
Mobile Gas			90	90
Electric Sales (Millions of kWh)				
Peru	1,549	1,483	4,713	4,445
Chile	597	566	1,881	1,736
Electric Customers (Thousands)				
Peru			917	884
Chile			606	589

(1) Includes intercompany sales

(2) Represents 100% of the distribution operations of the subsidiary, although the subsidiary in Argentina is not consolidated within Sempra Energy and the related investments are accounted for under the equity method. The subsidiaries in Peru and Chile were also accounted for under the equity method until April 6, 2011, when they became consolidated entities upon our acquisition of additional ownership interests.

## ENERGY - RELATED BUSINESSES

<b><i>Sempra Generation</i></b>				
Power Sold (Millions of kWh)	4,008	5,350	11,649	15,272

# SEMPRA ENERGY

## Table F (Unaudited)

### Statement of Operations Data by Business Unit

Three Months Ended September 30, 2011

(Dollars in millions)	SDG&E	SoCalGas	Generation	Pipelines & Storage	LNG	Consolidating Adjustments, Parent & Other	Total
Revenues	\$ 868	\$ 844	\$ 259	\$ 426	\$ 207	\$ (28)	\$ 2,576
Cost of Sales and Other Expenses	(540)	(624)	(188)	(324)	(146)	14	(1,808)
Litigation Expense	(10)	(2)	(2)	(1)	(2)	-	(17)
Depreciation & Amortization	(108)	(83)	(18)	(27)	(13)	(2)	(251)
Equity (Losses) Earnings Recorded Before Income Tax	-	-	(6)	11	-	(17)	(12)
Other Income (Expense), Net	26	3	-	19	(4)	(32)	12
Income (Loss) Before Interest & Tax <sup>(1)</sup>	236	138	45	104	42	(65)	500
Net Interest Expense <sup>(2)</sup>	(39)	(16)	(4)	(14)	(9)	(31)	(113)
Income Tax (Expense) Benefit	(63)	(41)	8	(23)	(9)	60	(68)
Equity Earnings Recorded Net of Income Tax	-	-	-	6	-	-	6
Earnings Attributable to Noncontrolling Interests	(21)	-	-	(7)	-	(1)	(29)
Earnings (Losses)	\$ 113	\$ 81	\$ 49	\$ 66	\$ 24	\$ (37)	\$ 296

Three Months Ended September 30, 2010

(Dollars in millions)	SDG&E	SoCalGas	Generation	Pipelines & Storage	LNG	Consolidating Adjustments, Parent & Other	Total
Revenues	\$ 811	\$ 776	\$ 293	\$ 77	\$ 183	\$ (24)	\$ 2,116
Cost of Sales and Other Expenses	(505)	(564)	(199)	(55)	(150)	4	(1,469)
Litigation Expense	(12)	-	(2)	-	(2)	(1)	(17)
Depreciation & Amortization	(96)	(78)	(16)	(11)	(13)	(4)	(218)
Equity (Losses) Earnings Recorded Before Income Tax	-	-	(1)	10	-	(282) <sup>(3)</sup>	(273)
Other (Expense) Income, Net	(2)	2	2	55	2	7	66
Income (Loss) Before Interest & Tax <sup>(1)</sup>	196	136	77	76	20	(300)	205
Net Interest Expense <sup>(2)</sup>	(39)	(16)	2	(6)	(12)	(37)	(108)
Income Tax (Expense) Benefit	(56)	(42)	(20)	(23)	(3)	176	32
Equity Losses Recorded Net of Income Tax	-	-	-	(4)	-	-	(4)
Losses Attributable to Noncontrolling Interests	5	-	-	-	-	1	6
Earnings (Losses)	\$ 106	\$ 78	\$ 59	\$ 43	\$ 5	\$ (160)	\$ 131

<sup>(1)</sup> Management believes "Income (Loss) before Interest & Tax" is a useful measurement of our business units' performance because it can be used to evaluate the effectiveness of our operations exclusive of interest and income tax, neither of which is directly relevant to the efficiency of those operations.

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

<sup>(3)</sup> Includes \$305 million related to the write-down of our investment in RBS Sempra Commodities.

**SEMPRA ENERGY**  
Table F (Unaudited)

**Statement of Operations Data by Business Unit**

**Nine Months Ended September 30, 2011**

(Dollars in millions)	SDG&E	SoCalGas	Generation	Pipelines & Storage	LNG	Consolidating Adjustments, Parent & Other	Total
Revenues	\$ 2,405	\$ 2,776	\$ 796	\$ 980	\$ 552	\$ (77)	\$ 7,432
Cost of Sales and Other Expenses	(1,588)	(2,170)	(559)	(728)	(371)	24	(5,392)
Litigation Expense	(15)	(3)	(4)	(1)	(6)	(1)	(30)
Depreciation & Amortization	(316)	(246)	(55)	(66)	(38)	(9)	(730)
Equity Earnings (Losses) Recorded Before Income Tax	-	-	(6)	30	-	(28)	(4)
Other Income (Expense), Net	55	9	1	296 <sup>(1)</sup>	(1)	3	363
Income (Loss) Before Interest & Tax <sup>(2)</sup>	541	366	173	511	136	(88)	1,639
Net Interest Expense <sup>(3)</sup>	(108)	(52)	(4)	(32)	(29)	(104)	(329)
Income Tax (Expense) Benefit	(154)	(106)	(26)	(52)	(32)	101	(269)
Equity Earnings Recorded Net of Income Tax	-	-	-	45	-	-	45
Earnings Attributable to Noncontrolling Interests	(6)	-	-	(15)	-	-	(21)
Earnings (Losses)	\$ 273	\$ 208	\$ 143	\$ 457	\$ 75	\$ (91)	\$ 1,065

**Nine Months Ended September 30, 2010**

(Dollars in millions)	SDG&E	SoCalGas	Generation	Pipelines & Storage	LNG	Consolidating Adjustments, Parent & Other	Total
Revenues	\$ 2,245	\$ 2,792	\$ 879	\$ 262	\$ 554	\$ (74)	\$ 6,658
Cost of Sales and Other Expenses	(1,468)	(2,175)	(649)	(187)	(409)	26	(4,862)
Litigation Expense	(12)	(1)	(143)	(1)	(4)	(23)	(184)
Depreciation & Amortization	(283)	(230)	(47)	(32)	(38)	(13)	(643)
Equity (Losses) Earnings Recorded Before Income Tax	-	-	(2)	32	-	(296) <sup>(4)</sup>	(266)
Other (Expense) Income, Net	(18)	8	10	53	2	27	82
Income (Loss) Before Interest & Tax <sup>(2)</sup>	464	394	48	127	105	(353)	785
Net Interest Expense <sup>(3)</sup>	(103)	(50)	-	(13)	(36)	(115)	(317)
Income Tax (Expense) Benefit	(131)	(132)	12	(36)	(19)	221	(85)
Equity Earnings Recorded Net of Income Tax	-	-	-	42	-	-	42
Losses Attributable to Noncontrolling Interests	34	-	-	-	-	-	34
Earnings (Losses)	\$ 264	\$ 212	\$ 60	\$ 120	\$ 50	\$ (247)	\$ 459

<sup>(1)</sup> Includes gain of \$277 million related to remeasurement of equity method investments.

<sup>(2)</sup> Management believes "Income (Loss) before Interest & Tax" is a useful measurement of our business units' performance because it can be used to evaluate the effectiveness of our operations exclusive of interest and income tax, neither of which is directly relevant to the efficiency of those operations.

<sup>(3)</sup> Net Interest Expense includes Interest Income, Interest Expense and Preferred Dividends of Subsidiaries.

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