

2020 Statistical Report

SEMPRA ENERGY

Unaudited Supplement to the Financial Report



2020 Statistical Report

Unaudited Supplement to the 2020 Annual Report

Sempra Energy[®] is a California-based holding company with energy infrastructure investments in North America with 2020 revenues of approximately \$11.4 billion. Sempra Energy's mission is to be North America's premier energy infrastructure company. The company is focused on transmission and distribution investments among other areas that the company believes are capable of producing stable cash flows and improved earnings visibility, with the goal of delivering safe and reliable energy to customers and increasing shareholder value. Additional information is available on the web at www.sempra.com.

Shareholder Services

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Sempra Energy Common Stock:
Trading Symbol: SRE
New York Stock Exchange

Sempra Energy Preferred Stock
Trading Symbol: SREPRB
New York Stock Exchange

Series C preferred stock is not listed on any national securities exchange

Sempra Energy Junior Subordinated Notes:
Trading Symbol: SREA
New York Stock Exchange

Southern California Gas Co. Preferred Stock:
SoCalGas preferred stock is not listed on any national securities exchange and trades over-the-counter.

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Selected Financial Data



| (In millions, except per share amounts) | At December 31 or for the years then ended, | | |
|---|---|------------------|------------------|
| | 2020 | 2019 | 2018 |
| Revenues: | | | |
| Utilities | | | |
| Natural gas | \$ 5,411 | \$ 5,185 | \$ 4,540 |
| Electric | 4,614 | 4,263 | 3,999 |
| Energy-related businesses | 1,345 | 1,381 | 1,563 |
| Total revenues | <u>\$ 11,370</u> | <u>\$ 10,829</u> | <u>\$ 10,102</u> |
| Earnings attributable to common shares | \$ 3,764 | \$ 2,055 | \$ 924 |
| Earnings per common share (EPS), diluted | \$ 12.88 | \$ 7.29 | \$ 3.42 |
| Adjusted earnings for adjusted EPS ⁽¹⁾ | \$ 2,454 | \$ 1,911 | \$ 1,503 |
| Adjusted EPS, diluted ⁽¹⁾ | \$ 8.03 | \$ 6.78 | \$ 5.57 |
| Weighted-average common shares outstanding, diluted – adjusted ⁽¹⁾ | 305.7 | 282.0 | 269.9 |
| Dividends declared per common share | \$ 4.18 | \$ 3.87 | \$ 3.58 |
| Dividend yield per common share | 3.3 % | 2.6 % | 3.3 % |
| Dividend payout ratio per common share, diluted | 32.5 % | 53.1 % | 104.7 % |
| Ratio of market closing price to book value per common share | 1.82 | 2.50 | 1.99 |
| Book value per common share | \$ 70.11 | \$ 60.58 | \$ 54.35 |
| Common shares outstanding | 288.5 | 291.7 | 273.8 |
| Total assets | \$ 66,623 | \$ 65,665 | \$ 60,638 |
| Long-term debt and finance leases (excludes current portion) ⁽²⁾ | \$ 21,781 | \$ 20,785 | \$ 20,903 |
| Short-term debt ⁽³⁾ | \$ 2,425 | \$ 5,031 | \$ 3,668 |
| Sempra Energy shareholder's equity | \$ 23,373 | \$ 19,929 | \$ 17,138 |
| Effective income tax rate from continuing operations | 14 % | 18 % | (10)% |

(1) Please refer to pages 16, 17 and 18 for an explanation and reconciliation of these non-GAAP measures.

(2) Excludes discontinued operations.

(3) Includes long-term debt due within one year and current portion of finance lease obligations. Excludes discontinued operations.

Consolidated Statements of Operations



| (Dollars in millions, except per share amounts; shares in thousands) | Years ended December 31, | | |
|---|--------------------------|-----------------|---------------|
| | 2020 | 2019 | 2018 |
| REVENUES | | | |
| Utilities | \$ 10,025 | \$ 9,448 | \$ 8,539 |
| Energy-related businesses | 1,345 | 1,381 | 1,563 |
| Total revenues | <u>11,370</u> | <u>10,829</u> | <u>10,102</u> |
| EXPENSES AND OTHER INCOME | | | |
| Utilities: | | | |
| Cost of natural gas | (925) | (1,139) | (1,208) |
| Cost of electric fuel and purchased power | (1,187) | (1,188) | (1,358) |
| Energy-related businesses cost of sales | (276) | (344) | (357) |
| Operation and maintenance | (3,940) | (3,466) | (3,150) |
| Aliso Canyon litigation and regulatory matters | (307) | — | — |
| Depreciation and amortization | (1,666) | (1,569) | (1,491) |
| Franchise fees and other taxes | (543) | (496) | (472) |
| Impairment losses | (1) | (43) | (1,122) |
| (Loss) gain on sale of assets | (3) | 63 | 513 |
| Other (expense) income, net | (48) | 77 | 58 |
| Interest income | 96 | 87 | 85 |
| Interest expense | (1,081) | (1,077) | (886) |
| Income from continuing operations before income taxes and equity earnings | <u>1,489</u> | <u>1,734</u> | <u>714</u> |
| Income tax (expense) benefit | (249) | (315) | 49 |
| Equity earnings | 1,015 | 580 | 175 |
| Income from continuing operations, net of income tax | <u>2,255</u> | <u>1,999</u> | <u>938</u> |
| Income from discontinued operations, net of income tax | <u>1,850</u> | <u>363</u> | <u>188</u> |
| Net income | <u>4,105</u> | <u>2,362</u> | <u>1,126</u> |
| Earnings attributable to noncontrolling interests | (172) | (164) | (76) |
| Preferred dividends | (168) | (142) | (125) |
| Preferred dividends of subsidiary | (1) | (1) | (1) |
| Earnings attributable to common shares | <u>\$ 3,764</u> | <u>\$ 2,055</u> | <u>\$ 924</u> |
| Basic EPS: | | | |
| Earnings from continuing operations | \$ 6.61 | \$ 6.22 | \$ 2.86 |
| Earnings from discontinued operations | \$ 6.32 | \$ 1.18 | \$ 0.59 |
| Earnings | \$ 12.93 | \$ 7.40 | \$ 3.45 |
| Weighted-average common shares outstanding | 291,077 | 277,904 | 268,072 |
| Diluted EPS: | | | |
| Earnings from continuing operations | \$ 6.58 | \$ 6.13 | \$ 2.84 |
| Earnings from discontinued operations | \$ 6.30 | \$ 1.16 | \$ 0.58 |
| Earnings | \$ 12.88 | \$ 7.29 | \$ 3.42 |
| Weighted-average common shares outstanding | 292,252 | 282,033 | 269,852 |

Consolidated Balance Sheets



| (Dollars in millions) | December 31, | | |
|--|------------------|------------------|------------------|
| | 2020 | 2019 | 2018 |
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 960 | \$ 108 | \$ 102 |
| Restricted cash | 22 | 31 | 35 |
| Accounts receivable – trade, net | 1,578 | 1,261 | 1,215 |
| Accounts receivable – other, net | 403 | 455 | 320 |
| Due from unconsolidated affiliates | 20 | 32 | 37 |
| Income taxes receivable | 113 | 112 | 60 |
| Inventories | 308 | 277 | 258 |
| Regulatory assets | 190 | 222 | 138 |
| Greenhouse gas allowances | 553 | 72 | 59 |
| Assets held for sale | — | — | 713 |
| Assets held for sale in discontinued operations | — | 445 | 459 |
| Other current assets | 364 | 324 | 249 |
| Total current assets | <u>4,511</u> | <u>3,339</u> | <u>3,645</u> |
| Other assets: | | | |
| Restricted cash | 3 | 3 | 21 |
| Due from unconsolidated affiliates | 780 | 742 | 644 |
| Regulatory assets | 1,822 | 1,930 | 1,589 |
| Nuclear decommissioning trusts | 1,019 | 1,082 | 974 |
| Investment in Oncor Holdings | 12,440 | 11,519 | 9,652 |
| Other investments | 1,388 | 2,103 | 2,320 |
| Goodwill | 1,602 | 1,602 | 1,602 |
| Other intangible assets | 202 | 213 | 224 |
| Dedicated assets in support of certain benefit plans | 512 | 488 | 416 |
| Insurance receivable for Aliso Canyon costs | 445 | 339 | 461 |
| Deferred income taxes | 136 | 155 | 141 |
| Greenhouse gas allowances | 101 | 470 | 289 |
| Right-of-use assets – operating leases | 543 | 591 | — |
| Wildfire fund | 363 | 392 | — |
| Assets held for sale in discontinued operations | — | 3,513 | 3,259 |
| Other long-term assets | 753 | 732 | 962 |
| Total other assets | <u>22,109</u> | <u>25,874</u> | <u>22,554</u> |
| Property, plant and equipment: | | | |
| Property, plant and equipment | 53,928 | 49,329 | 46,615 |
| Less accumulated depreciation and amortization | <u>(13,925)</u> | <u>(12,877)</u> | <u>(12,176)</u> |
| Property, plant and equipment, net | <u>40,003</u> | <u>36,452</u> | <u>34,439</u> |
| Total assets | <u>\$ 66,623</u> | <u>\$ 65,665</u> | <u>\$ 60,638</u> |

Consolidated Balance Sheets (continued)



| (Dollars in millions) | December 31, | | |
|---|------------------|------------------|------------------|
| | 2020 | 2019 | 2018 |
| LIABILITIES AND EQUITY | | | |
| Current liabilities: | | | |
| Short-term debt | \$ 885 | \$ 3,505 | \$ 2,024 |
| Accounts payable – trade | 1,359 | 1,234 | 1,160 |
| Accounts payable – other | 154 | 179 | 138 |
| Due to unconsolidated affiliates | 45 | 5 | 10 |
| Dividends and interest payable | 551 | 515 | 480 |
| Accrued compensation and benefits | 446 | 476 | 440 |
| Regulatory liabilities | 140 | 319 | 105 |
| Current portion of long-term debt and finance leases | 1,540 | 1,526 | 1,644 |
| Reserve for Aliso Canyon costs | 150 | 9 | 160 |
| Greenhouse gas obligations | 553 | 72 | 59 |
| Liabilities held for sale in discontinued operations | — | 444 | 368 |
| Other current liabilities | 1,016 | 866 | 935 |
| Total current liabilities | <u>6,839</u> | <u>9,150</u> | <u>7,523</u> |
| Long-term debt and finance leases | <u>21,781</u> | <u>20,785</u> | <u>20,903</u> |
| Deferred credits and other liabilities: | | | |
| Due to unconsolidated affiliates | 234 | 195 | 37 |
| Pension and other postretirement benefit plan obligations, net of plan assets | 1,059 | 1,067 | 1,143 |
| Deferred income taxes | 2,871 | 2,577 | 2,321 |
| Regulatory liabilities | 3,372 | 3,741 | 4,016 |
| Reserve for Aliso Canyon costs | 301 | 7 | — |
| Asset retirement obligations | 3,113 | 2,923 | 2,786 |
| Greenhouse gas obligations | — | 301 | 131 |
| Liabilities held for sale in discontinued operations | — | 1,052 | 1,013 |
| Deferred credits and other | 2,119 | 2,062 | 1,517 |
| Total deferred credits and other liabilities | <u>13,069</u> | <u>13,925</u> | <u>12,964</u> |
| Equity: | | | |
| Preferred stock | 3,147 | 2,258 | 2,258 |
| Common stock | 7,053 | 7,480 | 5,540 |
| Retained earnings | 13,673 | 11,130 | 10,104 |
| Accumulated other comprehensive income (loss) | (500) | (939) | (764) |
| Total Sempra Energy shareholders' equity | <u>23,373</u> | <u>19,929</u> | <u>17,138</u> |
| Preferred stock of subsidiary | 20 | 20 | 20 |
| Other noncontrolling interests | 1,541 | 1,856 | 2,090 |
| Total equity | <u>24,934</u> | <u>21,805</u> | <u>19,248</u> |
| Total liabilities and equity | <u>\$ 66,623</u> | <u>\$ 65,665</u> | <u>\$ 60,638</u> |

Consolidated Statements of Cash Flows



| (Dollars in millions) | Years ended December 31, | | |
|---|--------------------------|----------|----------|
| | 2020 | 2019 | 2018 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Net income | \$ 4,105 | \$ 2,362 | \$ 1,126 |
| Less: Income from discontinued operations, net of income tax | (1,850) | (363) | (188) |
| Income from continuing operations, net of income tax | 2,255 | 1,999 | 938 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation and amortization | 1,666 | 1,569 | 1,491 |
| Deferred income taxes and investment tax credits | 159 | 189 | (242) |
| Impairment losses | 1 | 43 | 1,122 |
| Loss (gain) on sale of assets | 3 | (63) | (513) |
| Equity earnings | (1,015) | (580) | (175) |
| Foreign currency transaction losses (gains), net | 25 | (21) | 6 |
| Share-based compensation expense | 71 | 75 | 83 |
| Other | 132 | 47 | 106 |
| Net change in other working capital components: | | | |
| Accounts receivable | (315) | (91) | (145) |
| Income taxes receivable/payable, net | (94) | (166) | 88 |
| Inventories | (35) | (22) | 32 |
| Other current assets | 38 | (88) | (79) |
| Accounts payable | 73 | 12 | 96 |
| Regulatory balancing accounts | (231) | 13 | 263 |
| Reserve for Aliso Canyon costs | 141 | (144) | 56 |
| Other current liabilities | (127) | (99) | 52 |
| Intercompany activities with discontinued operations, net | — | 378 | 70 |
| Distributions from investments | 651 | 247 | 202 |
| Insurance receivable for Aliso Canyon costs | (106) | 122 | (43) |
| Wildfire fund, current and noncurrent | — | (323) | — |
| Reserve for Aliso Canyon costs, noncurrent | 294 | — | — |
| Changes in other noncurrent assets and liabilities, net | 56 | (399) | (188) |
| Net cash provided by continuing operations | 3,642 | 2,698 | 3,220 |
| Net cash (used in) provided by discontinued operations | (1,051) | 390 | 296 |
| Net cash provided by operating activities | 2,591 | 3,088 | 3,516 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Expenditures for property, plant and equipment | (4,676) | (3,708) | (3,544) |
| Expenditures for investments and acquisitions | (652) | (1,797) | (10,168) |
| Proceeds from sale of assets | 19 | 899 | 1,580 |
| Distributions from investments | 761 | 9 | 10 |
| Purchases of nuclear decommissioning trust assets | (1,439) | (914) | (890) |
| Proceeds from sales of nuclear decommissioning trust assets | 1,439 | 914 | 890 |
| Advances to unconsolidated affiliates | (92) | (16) | (95) |
| Repayments of advances to unconsolidated affiliates | 7 | 3 | 3 |
| Intercompany activities with discontinued operations, net | — | 8 | (22) |
| Other | 15 | 21 | 31 |
| Net cash used in continuing operations | (4,618) | (4,581) | (12,205) |
| Net cash provided by (used in) discontinued operations | 5,171 | (12) | (265) |
| Net cash provided by (used in) investing activities | 553 | (4,593) | (12,470) |

Consolidated Statements of Cash Flows (continued)



| (Dollars in millions) | Years ended December 31, | | |
|--|--------------------------|---------------|---------------|
| | 2020 | 2019 | 2018 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Common dividends paid | (1,174) | (993) | (877) |
| Preferred dividends paid | (157) | (142) | (89) |
| Issuances of preferred stock, net | 891 | — | 2,258 |
| Issuances of common stock, net | 11 | 1,830 | 2,272 |
| Repurchases of common stock | (566) | (26) | (21) |
| Issuances of debt (maturities greater than 90 days) | 6,051 | 4,296 | 8,927 |
| Payments on debt (maturities greater than 90 days) and finance leases | (5,864) | (3,667) | (3,342) |
| (Decrease) increase in short-term debt, net | (1,759) | 656 | (84) |
| Advances from unconsolidated affiliates | 64 | 155 | — |
| Proceeds from sale of noncontrolling interests, net | 26 | 5 | 90 |
| Purchases of noncontrolling interests | (248) | (30) | (7) |
| Contributions from (distributions to) noncontrolling interests, net | 1 | 98 | (26) |
| Intercompany activities with discontinued operations, net | — | (266) | (109) |
| Other | (50) | (49) | (117) |
| Net cash (used in) provided by continuing operations | (2,774) | 1,867 | 8,875 |
| Net cash provided by (used in) discontinued operations | 401 | (392) | (25) |
| Net cash (used in) provided by financing activities | (2,373) | 1,475 | 8,850 |
| Effect of exchange rate changes in continuing operations | — | — | (2) |
| Effect of exchange rate changes in discontinued operations | (3) | 1 | (12) |
| Effect of exchange rate changes on cash, cash equivalents and restricted cash | (3) | 1 | (14) |
| Increase (decrease) in cash, cash equivalents and restricted cash, including discontinued operations | 768 | (29) | (118) |
| Cash, cash equivalents and restricted cash, including discontinued operations, January 1 | 217 | 246 | 364 |
| Cash, cash equivalents and restricted cash, including discontinued operations, December 31 | <u>\$ 985</u> | <u>\$ 217</u> | <u>\$ 246</u> |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION | | | |
| Interest payments, net of amounts capitalized | \$ 1,046 | \$ 1,051 | \$ 773 |
| Income tax payments, including discontinued operations, net of refunds | 1,385 | 360 | 174 |

Consolidated Statements of Comprehensive Income (Loss) and Changes in Equity



Years ended December 31, 2020, 2019 and 2018

| (Dollars in millions) | Preferred stock | Common stock | Retained earnings | Accumulated other comprehensive income (loss) | Sempra Energy shareholders' equity | Non-controlling interests | Total equity |
|---|-----------------|--------------|-------------------|---|------------------------------------|---------------------------|--------------|
| Balance at December 31, 2017 | \$ — | \$ 3,149 | \$ 10,147 | \$ (626) | \$ 12,670 | \$ 2,470 | \$ 15,140 |
| Adoption of ASU 2017-12 | | | 2 | (3) | (1) | | (1) |
| Adjusted balance at December 31, 2017 | — | 3,149 | 10,149 | (629) | 12,669 | 2,470 | 15,139 |
| Net income | | | 1,050 | | 1,050 | 76 | 1,126 |
| Other comprehensive (loss) income: | | | | | | | |
| Foreign currency translation adjustments | | | | (144) | (144) | (11) | (155) |
| Financial instruments | | | | 43 | 43 | 13 | 56 |
| Pension and other postretirement benefits | | | | (34) | (34) | | (34) |
| Comprehensive income | | | 1,050 | (135) | 915 | 78 | 993 |
| Share-based compensation expense | | 83 | | | 83 | | 83 |
| Dividends declared: | | | | | | | |
| Series A preferred stock (\$6.10/share) | | | (105) | | (105) | | (105) |
| Series B preferred stock (\$3.41/share) | | | (20) | | (20) | | (20) |
| Common stock (\$3.58/share) | | | (969) | | (969) | | (969) |
| Preferred dividends of subsidiary | | | (1) | | (1) | | (1) |
| Issuance of series A preferred stock | 1,693 | | | | 1,693 | | 1,693 |
| Issuance of series B preferred stock | 565 | | | | 565 | | 565 |
| Issuances of common stock | | 2,326 | | | 2,326 | | 2,326 |
| Repurchases of common stock | | (21) | | | (21) | | (21) |
| Noncontrolling interest activities: | | | | | | | |
| Contributions | | | | | | 66 | 66 |
| Distributions | | | | | | (110) | (110) |
| Purchases | | (1) | | | (1) | (7) | (8) |
| Sales, net of offering costs | | 4 | | | 4 | 86 | 90 |
| Acquisition | | | | | | 13 | 13 |
| Deconsolidations | | | | | | (486) | (486) |
| Balance at December 31, 2018 | \$ 2,258 | \$ 5,540 | \$ 10,104 | \$ (764) | \$ 17,138 | \$ 2,110 | \$ 19,248 |

**Consolidated Statements of Comprehensive Income (Loss)
and Changes in Equity (continued)**



Years ended December 31, 2020, 2019 and 2018

| (Dollars in millions) | Preferred stock | Common stock | Retained earnings | Accumulated other comprehensive income (loss) | Sempra Energy shareholders' equity | Non- controlling interests | Total equity |
|---|--------------------|-----------------|----------------------|--|---|----------------------------------|------------------|
| Balance at December 31, 2018 | \$ 2,258 | \$ 5,540 | \$ 10,104 | \$ (764) | \$ 17,138 | \$ 2,110 | \$ 19,248 |
| Adoption of ASU 2016-02 | | | 17 | | 17 | | 17 |
| Adoption of ASU 2018-02 | | | 40 | (42) | (2) | | (2) |
| Adjusted balance at December 31, 2018 | <u>2,258</u> | <u>5,540</u> | <u>10,161</u> | <u>(806)</u> | <u>17,153</u> | <u>2,110</u> | <u>19,263</u> |
| Net income | | | 2,198 | | 2,198 | 164 | 2,362 |
| Other comprehensive (loss) income: | | | | | | | |
| Foreign currency translation adjustments | | | | (43) | (43) | 3 | (40) |
| Financial instruments | | | | (108) | (108) | (10) | (118) |
| Pension and other postretirement benefits | | | | 18 | 18 | | 18 |
| Comprehensive income | | | <u>2,198</u> | <u>(133)</u> | <u>2,065</u> | <u>157</u> | <u>2,222</u> |
| Share-based compensation expense | | 75 | | | 75 | | 75 |
| Dividends declared: | | | | | | | |
| Series A preferred stock (\$6.00/share) | | | (103) | | (103) | | (103) |
| Series B preferred stock (\$6.75/share) | | | (39) | | (39) | | (39) |
| Common stock (\$3.87/share) | | | (1,086) | | (1,086) | | (1,086) |
| Preferred dividends of subsidiary | | | (1) | | (1) | | (1) |
| Issuances of common stock | | 1,885 | | | 1,885 | | 1,885 |
| Repurchases of common stock | | (26) | | | (26) | | (26) |
| Noncontrolling interest activities: | | | | | | | |
| Contributions | | | | | | 175 | 175 |
| Distributions | | 5 | | | 5 | (103) | (98) |
| Purchases | | (3) | | | (3) | (27) | (30) |
| Sale | | 4 | | | 4 | 1 | 5 |
| Acquisition | | | | | | 3 | 3 |
| Deconsolidations | | | | | | (440) | (440) |
| Balance at December 31, 2019 | <u>\$ 2,258</u> | <u>\$ 7,480</u> | <u>\$ 11,130</u> | <u>\$ (939)</u> | <u>\$ 19,929</u> | <u>\$ 1,876</u> | <u>\$ 21,805</u> |

Consolidated Statements of Comprehensive Income (Loss) and Changes in Equity (continued)



Years ended December 31, 2020, 2019 and 2018

| (Dollars in millions) | Preferred stock | Common stock | Retained earnings | Accumulated other comprehensive income (loss) | Sempra Energy shareholders' equity | Non-controlling interests | Total equity |
|--|-----------------|-----------------|-------------------|---|------------------------------------|---------------------------|------------------|
| Balance at December 31, 2019 | \$ 2,258 | \$ 7,480 | \$ 11,130 | \$ (939) | \$ 19,929 | \$ 1,876 | \$ 21,805 |
| Adoption of ASU 2016-13 | | | (7) | — | (7) | (2) | (9) |
| Adjusted balance at December 31, 2019 | 2,258 | 7,480 | 11,123 | (939) | 19,922 | 1,874 | 21,796 |
| Net income | | | 3,933 | | 3,933 | 172 | 4,105 |
| Other comprehensive income (loss): | | | | | | | |
| Foreign currency translation adjustments | | | | 547 | 547 | (12) | 535 |
| Financial instruments | | | | (113) | (113) | (12) | (125) |
| Pension and other postretirement benefits | | | | 12 | 12 | | 12 |
| Comprehensive income | | | 3,933 | 446 | 4,379 | 148 | 4,527 |
| Share-based compensation expense | | 71 | | | 71 | | 71 |
| Dividends declared: | | | | | | | |
| Series A preferred stock (\$6.00/share) | | | (104) | | (104) | | (104) |
| Series B preferred stock (\$6.75/share) | | | (39) | | (39) | | (39) |
| Series C preferred stock (\$27.90/share) | | | (25) | | (25) | | (25) |
| Common stock (\$4.18/share) | | | (1,214) | | (1,214) | | (1,214) |
| Preferred dividends of subsidiary | | | (1) | | (1) | | (1) |
| Issuance of series C preferred stock | 889 | | | | 889 | | 889 |
| Issuances of common stock | | 33 | | | 33 | | 33 |
| Repurchases of common stock | | (566) | | | (566) | | (566) |
| Noncontrolling interest activities: | | | | | | | |
| Contributions | | | | | | 1 | 1 |
| Distributions | | | | | | (1) | (1) |
| Purchases | | 34 | | (7) | 27 | (275) | (248) |
| Sale | | 1 | | | 1 | 27 | 28 |
| Acquisition | | | | | | 1 | 1 |
| Equitization of long-term debt for deficit held by NCI | | | | | | 22 | 22 |
| Deconsolidation | | | | | | (236) | (236) |
| Balance at December 31, 2020 | <u>\$ 3,147</u> | <u>\$ 7,053</u> | <u>\$ 13,673</u> | <u>\$ (500)</u> | <u>\$ 23,373</u> | <u>\$ 1,561</u> | <u>\$ 24,934</u> |

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Segment Earnings (Losses) and Capital Expenditures, Investments and Acquisitions



| (Dollars in millions) | Years ended December 31, | | |
|---|--------------------------|-----------------|------------------|
| | 2020 | 2019 | 2018 |
| EARNINGS (LOSSES) ATTRIBUTABLE TO COMMON SHARES | | | |
| SDG&E | \$ 824 | \$ 767 | \$ 669 |
| SoCalGas | 504 | 641 | 400 |
| Sempra Texas Utilities | 579 | 528 | 371 |
| Sempra Mexico | 259 | 253 | 237 |
| Sempra LNG | 320 | (6) | (617) |
| Sempra Renewables | — | 59 | 328 |
| Parent and other | (562) | (515) | (620) |
| Discontinued operations | 1,840 | 328 | 156 |
| Total | <u>\$ 3,764</u> | <u>\$ 2,055</u> | <u>\$ 924</u> |
| CAPITAL EXPENDITURES, INVESTMENTS AND ACQUISITIONS | | | |
| SDG&E | \$ 1,942 | \$ 1,522 | \$ 1,542 |
| SoCalGas | 1,843 | 1,439 | 1,538 |
| Sempra Texas Utilities | 648 | 1,685 | 9,457 |
| Sempra Mexico | 611 | 624 | 468 |
| Sempra LNG | 272 | 222 | 306 |
| Sempra Renewables | — | 2 | 56 |
| Parent and other | 12 | 11 | 345 |
| Total | <u>\$ 5,328</u> | <u>\$ 5,505</u> | <u>\$ 13,712</u> |

Schedule of Capitalization



| (Dollars in millions) | December 31, | | | | | |
|--|--------------|---------|-----------|---------|-----------|---------|
| | 2020 | | 2019 | | 2018 | |
| CAPITALIZATION | | | | | | |
| Short-term debt | \$ 885 | 1.8 % | \$ 3,505 | 7.4 % | \$ 2,024 | 4.6 % |
| Current portion of long-term debt and finance leases | 1,540 | 3.1 | 1,526 | 3.2 | 1,644 | 3.8 |
| Long-term debt and finance leases | 21,781 | 44.4 | 20,785 | 43.6 | 20,903 | 47.7 |
| Total debt | 24,206 | 49.3 | 25,816 | 54.2 | 24,571 | 56.1 |
| Equity: | | | | | | |
| Preferred stock | 3,147 | 6.4 | 2,258 | 4.8 | 2,258 | 5.1 |
| Common stock | 7,053 | 14.4 | 7,480 | 15.7 | 5,540 | 12.6 |
| Retained earnings | 13,673 | 27.8 | 11,130 | 23.4 | 10,104 | 23.1 |
| Accumulated other comprehensive loss | (500) | (1.0) | (939) | (2.0) | (764) | (1.7) |
| Total Sempra Energy shareholders' equity | 23,373 | 47.6 | 19,929 | 41.9 | 17,138 | 39.1 |
| Preferred stock of subsidiary | 20 | — | 20 | — | 20 | — |
| Other noncontrolling interests | 1,541 | 3.1 | 1,856 | 3.9 | 2,090 | 4.8 |
| Total equity | 24,934 | 50.7 | 21,805 | 45.8 | 19,248 | 43.9 |
| Total capitalization | \$ 49,140 | 100.0 % | \$ 47,621 | 100.0 % | \$ 43,819 | 100.0 % |

Schedule of Long-Term Debt



| (Dollars in millions) | Outstanding at December 31, 2020 |
|--|-------------------------------------|
| SDG&E: | |
| First mortgage bonds (collateralized by plant assets): | |
| 3% August 15, 2021 | \$ 350 |
| 1.914% payable 2015 through February 2022 | 53 |
| 3.6% September 1, 2023 | 450 |
| 2.5% May 15, 2026 | 500 |
| 6% June 1, 2026 | 250 |
| 1.7% October 1, 2030 | 800 |
| 5.35% May 15, 2035 | 250 |
| 6.125% September 15, 2037 | 250 |
| 6% June 1, 2039 | 300 |
| 5.35% May 15, 2040 | 250 |
| 4.5% August 15, 2040 | 500 |
| 3.95% November 15, 2041 | 250 |
| 4.3% April 1, 2042 | 250 |
| 3.75% June 1, 2047 | 400 |
| 4.15% May 15, 2048 | 400 |
| 4.1% June 15, 2049 | 400 |
| 3.32 % April 15, 2050 | 400 |
| Other long-term debt (uncollateralized): | |
| Variable rate (0.95% at December 31, 2020) 364-day term loan March 18, 2021 ⁽¹⁾ | 200 |
| Finance lease obligations: | |
| Purchased-power contracts | 1,237 |
| Other | 39 |
| SoCalGas: | |
| First mortgage bonds (collateralized by plant assets): | |
| 3.15% September 15, 2024 | 500 |
| 3.2% June 15, 2025 | 350 |
| 2.6% June 15, 2026 | 500 |
| 2.55% February 1, 2030 | 650 |
| 5.75% November 15, 2035 | 250 |
| 5.125% November 15, 2040 | 300 |
| 3.75% September 15, 2042 | 350 |
| 4.45% March 15, 2044 | 250 |
| 4.125% June 1, 2048 | 400 |
| 4.3% January 15, 2049 | 550 |
| 3.95% February 15, 2050 | 350 |
| Other long-term debt (uncollateralized): | |
| Notes at variable rates (0.57% at December 31, 2020) September 14, 2023 ⁽¹⁾ | 300 |
| 1.875% Notes May 14, 2026 ⁽¹⁾ | 4 |
| 5.67% Notes January 18, 2028 | 5 |
| Finance lease obligations | 54 |

Schedule of Long-Term Debt (continued)

| (Dollars in millions) | Outstanding at December 31, 2020 |
|---|-------------------------------------|
| Sempra Energy: | |
| Notes at variable rates (3.069% after floating-to-fixed rate swaps effective 2019) March 15, 2021 | 850 |
| 2.875% Notes October 1, 2022 | 500 |
| 2.9% Notes February 1, 2023 | 500 |
| 4.05% Notes December 1, 2023 | 500 |
| 3.55% Notes June 15, 2024 | 500 |
| 3.75% Notes November 15, 2025 | 350 |
| 3.25% Notes June 15, 2027 | 750 |
| 3.4% Notes February 1, 2028 | 1,000 |
| 3.8% Notes February 1, 2038 | 1,000 |
| 6% Notes October 15, 2039 | 750 |
| 4% Notes February 1, 2048 | 800 |
| 5.75% Junior Subordinated Notes July 1, 2079 ⁽¹⁾ | 758 |
| Sempra Mexico: | |
| Other long-term debt (uncollateralized unless otherwise noted): | |
| 6.3% Notes February 2, 2023 (4.124% after cross-currency swap effective 2013) | 197 |
| Notes at variable rates (4.88% after floating-to-fixed rate swaps effective 2014), payable 2016 through December 2026, collateralized by plant assets | 196 |
| 3.75% Notes January 14, 2028 | 300 |
| Bank loans including \$234 at a weighted-average fixed rate of 6.87%, \$130 at variable rates (weighted-average rate of 6.54% after floating-to-fixed rate swaps effective 2014) and \$34 at variable rates (3.45% at December 31, 2020), payable 2016 through March 2032, collateralized by plant assets | 398 |
| 4.875% Notes January 14, 2048 | 540 |
| Loan at variable rates (4.0275% after floating-to-fixed rate swap effective 2019) payable 2022 through November 2034 ⁽¹⁾ | 200 |
| 4.75% notes September 15, 2051 | 800 |
| Loan at variable rates (2.38% after floating-to-fixed rate swap effective 2020) payable November 2034 ⁽¹⁾ | 100 |
| 2.90% loan November 15, 2034 ⁽¹⁾ | 241 |
| Sempra LNG: | |
| Loan at variable rates (2.82% at December 31, 2020) December 9, 2025 ⁽¹⁾ | 17 |
| Total long-term debt outstanding | 23,589 |
| Current portion of long-term debt | (1,540) |
| Unamortized discount on long-term debt | (76) |
| Unamortized debt issuance costs | (192) |
| Total | <u>\$ 21,781</u> |

(1) Callable long-term debt not subject to make-whole provisions.

At the option of Sempra Energy, SDG&E and SoCalGas, \$1.8 billion of debt is callable subject to premiums. In addition, \$19.0 billion of bonds are callable subject to make-whole provisions.

Excluding finance lease obligations, discounts and debt issuance costs, maturities of long-term debt are \$1.5 billion in 2021, \$0.6 billion in 2022, \$2.0 billion in 2023, \$1.1 billion in 2024, \$0.8 billion in 2025 and \$16.2 billion thereafter.

Reconciliation of Sempra Energy Adjusted Earnings to Sempra Energy GAAP Earnings (Unaudited)



Sempra Energy Adjusted Earnings and Adjusted Earnings Per Common Share (EPS) exclude items (after the effects of income taxes and, if applicable, noncontrolling interests) as follows:

In 2020:

- \$(233) million from impacts associated with Aliso Canyon natural gas storage facility litigation and regulatory matters at SoCalGas
- \$(100) million equity losses at RBS Sempra Commodities LLP, which represent an estimate of our obligations to settle pending tax matters and related legal costs at our equity method investment at Parent and Other
- \$1,747 million gain on the sale of our South American businesses

In 2019:

- \$45 million gain on the sale of certain Sempra Renewables assets
- Associated with holding the South American businesses for sale:
 - \$89 million income tax benefit from outside basis differences in our South American businesses primarily related to the change in our indefinite reinvestment assertion from our decision in January 2019 to hold those businesses for sale and a change in the anticipated structure of the sale
 - \$10 million income tax benefit to reduce a valuation allowance against certain net operating loss (NOL) carryforwards as a result of our decision to sell our South American businesses

In 2018:

- \$(22) million impacts associated with Aliso Canyon natural gas storage facility litigation at SoCalGas
- \$(145) million other-than-temporary impairment of certain U.S. wind equity method investments at Sempra Renewables
- \$367 million gain on the sale of certain Sempra Renewables assets
- \$(629) million impairment of certain non-utility natural gas storage assets at Sempra LNG
- \$(65) million impairment of RBS Sempra Commodities LLP equity method investment at Parent and Other
- \$(85) million income tax expense in 2018 to adjust the Tax Cuts and Jobs Act of 2017 (TCJA) provisional amounts recorded in 2017

Sempra Energy Adjusted Earnings, Weighted-Average Common Shares Outstanding – Adjusted and Adjusted EPS are non-GAAP financial measures (GAAP represents accounting principles generally accepted in the United States of America). Because of the significance and/or nature of the excluded items, management believes that these non-GAAP financial measures provide a meaningful comparison of the performance of Sempra Energy's business operations to prior and future periods. Non-GAAP financial measures are supplementary information that should be considered in addition to, but not as a substitute for, the information prepared in accordance with GAAP. The table below reconciles for historical periods these non-GAAP financial measures to Sempra Energy GAAP Earnings, Weighted-Average Common Shares Outstanding – GAAP and GAAP EPS, which we consider to be the most directly comparable financial measures calculated in accordance with GAAP.

Reconciliation of Sempra Energy Adjusted Earnings to Sempra Energy GAAP Earnings (Unaudited) (continued)



| | Pretax amount | Income tax (benefit) expense ⁽¹⁾ | Noncontrolling interests | Earnings |
|---|---------------|---|--------------------------|-----------------|
| (Dollars in millions, except per share amounts; shares in thousands) | | | | |
| Year ended December 31, 2020 | | | | |
| Sempra Energy GAAP Earnings | | | | \$ 3,764 |
| Excluded items: | | | | |
| Impacts associated with Aliso Canyon litigation and regulatory matters | \$ 307 | \$ (74) | \$ — | 233 |
| Losses from investment in RBS Sempra Commodities LLP | 100 | — | — | 100 |
| Gain on sale of South American businesses | (2,899) | 1,152 | — | (1,747) |
| Sempra Energy Adjusted Earnings | | | | <u>\$ 2,350</u> |
| Diluted EPS: | | | | |
| Weighted-average common shares outstanding, diluted – GAAP | | | | 292,252 |
| Sempra Energy GAAP EPS | | | | <u>\$ 12.88</u> |
| Sempra Energy Adjusted Earnings | | | | \$ 2,350 |
| Add back dividends for dilutive series A preferred stock | | | | 104 |
| Sempra Energy Adjusted Earnings for Adjusted EPS | | | | <u>\$ 2,454</u> |
| Weighted-average common shares outstanding, diluted – Adjusted ⁽²⁾ | | | | <u>305,669</u> |
| Sempra Energy Adjusted EPS | | | | <u>\$ 8.03</u> |
| Year ended December 31, 2019 | | | | |
| Sempra Energy GAAP Earnings | | | | \$ 2,055 |
| Excluded items: | | | | |
| Gain on sale of certain Sempra Renewables assets | \$ (61) | \$ 16 | \$ — | (45) |
| Associated with holding the South American businesses for sale: | | | | |
| Change in indefinite reinvestment assertion of basis differences and structure of sale of discontinued operations | — | (89) | — | (89) |
| Reduction in tax valuation allowance against certain NOL carryforwards | — | (10) | — | (10) |
| Sempra Energy Adjusted Earnings | | | | <u>\$ 1,911</u> |
| Diluted EPS: | | | | |
| Weighted-average common shares outstanding, diluted – GAAP | | | | 282,033 |
| Sempra Energy GAAP EPS | | | | <u>\$ 7.29</u> |
| Sempra Energy Adjusted EPS | | | | <u>\$ 6.78</u> |

**Reconciliation of Sempra Energy Adjusted Earnings to
Sempra Energy GAAP Earnings (Unaudited) (continued)**



| | Pretax amount | Income tax expense (benefit) ⁽¹⁾ | Noncontrolling interests | Earnings |
|--|---------------|---|-----------------------------|-----------------|
| (Dollars in millions, except per share amounts; shares in thousands) | | | | |
| Year ended December 31, 2018 | | | | |
| Sempra Energy GAAP Earnings | | | | \$ 924 |
| Excluded items: | | | | |
| Impacts associated with Aliso Canyon litigation | \$ 1 | \$ 21 | \$ — | 22 |
| Impairment of U.S. wind equity method investments | 200 | (55) | — | 145 |
| Gain on sale of certain Sempra Renewables assets | (513) | 146 | — | (367) |
| Impairment of non-utility natural gas storage assets | 1,117 | (452) | (36) | 629 |
| Impairment of investment in RBS Sempra Commodities LLP | 65 | — | — | 65 |
| Impact from the TCJA | — | 85 | — | 85 |
| Sempra Energy Adjusted Earnings | | | | <u>\$ 1,503</u> |
| Diluted EPS: | | | | |
| Weighted-average common shares outstanding, diluted – GAAP | | | | 269,852 |
| Sempra Energy GAAP EPS | | | | <u>\$ 3.42</u> |
| Sempra Energy Adjusted EPS | | | | <u>\$ 5.57</u> |

- (1) Except for adjustments that are solely income tax and tax related to outside basis differences, income taxes on pretax amounts were primarily calculated based on applicable statutory tax rates. We did not record an income tax benefit for the equity losses from our investment in RBS Sempra Commodities LLP in 2020 because, even though a portion of the liabilities may be deductible under United Kingdom tax law, it is not probable that the deduction will reduce United Kingdom taxes.
- (2) In the year ended December 31, 2020, because the assumed conversion of the series A preferred stock is dilutive for Adjusted Earnings, 13,417 series A preferred stock shares are added back to the denominator used to calculate Adjusted EPS.

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Selected Financial Data and Comparative Statistics



| (Dollars in millions) | Years ended December 31, | | |
|---|--------------------------|-----------|----------|
| | 2020 | 2019 | 2018 |
| Net income | \$ 824 | \$ 774 | \$ 676 |
| Earnings attributable to common shares | \$ 824 | \$ 767 | \$ 669 |
| Common dividends to parent | \$ 200 | \$ — | \$ 250 |
| Capital expenditures | \$ 1,942 | \$ 1,522 | \$ 1,542 |
| Weighted average rate base | \$ 11,109 | \$ 10,467 | \$ 9,619 |
| CPUC-authorized rate of return: | | | |
| Rate base | 7.55 % | 7.55 % | 7.55 % |
| Common equity | 10.20 % | 10.20 % | 10.20 % |
| Achieved return on common equity | 11.11 % | 11.70 % | 11.52 % |
| Electric volumes (millions of kilowatt hours) | | | |
| Residential | 6,606 | 5,982 | 6,336 |
| Commercial | 5,873 | 6,295 | 6,539 |
| Industrial | 1,842 | 2,044 | 2,169 |
| Street and highway lighting | 77 | 76 | 81 |
| | 14,398 | 14,397 | 15,125 |
| Community choice aggregation and direct access | 3,482 | 3,549 | 3,628 |
| Total | 17,880 | 17,946 | 18,753 |
| Cooling degree days | 1,153 | 869 | 1,469 |
| Electric customer meters at December 31 (thousands) | | | |
| Residential | 1,317 | 1,305 | 1,294 |
| Commercial | 151 | 151 | 150 |
| Industrial | 1 | 1 | — |
| Street and highway lighting | 2 | 2 | 2 |
| | 1,471 | 1,459 | 1,446 |
| Community choice aggregation and direct access | 12 | 12 | 13 |
| Total | 1,483 | 1,471 | 1,459 |

Selected Financial Data and Comparative Statistics (Continued)



| | Years ended December 31, | | |
|--|--------------------------|----------------|----------------|
| | 2020 | 2019 | 2018 |
| <i>(Dollars in millions, except average cost of natural gas)</i> | | | |
| Natural gas volumes delivered (billion cubic feet) | | | |
| Residential | 29 | 29 | 25 |
| Commercial and industrial | 23 | 26 | 24 |
| Electric generation plants | 31 | 16 | 19 |
| Total | <u>83</u> | <u>71</u> | <u>68</u> |
| Core | 48 | 50 | 45 |
| Noncore | 35 | 21 | 23 |
| Total | <u>83</u> | <u>71</u> | <u>68</u> |
| Average cost of natural gas (per thousand cubic feet) | <u>\$ 3.74</u> | <u>\$ 3.91</u> | <u>\$ 3.81</u> |
| Heating degree days | <u>1,319</u> | <u>1,360</u> | <u>809</u> |
| Natural gas customer meters at December 31 (thousands) | | | |
| Residential | 869 | 863 | 857 |
| Commercial | 29 | 29 | 29 |
| Electric generation and transportation | 3 | 3 | 3 |
| Total | <u>901</u> | <u>895</u> | <u>889</u> |

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Consolidated Statements of Operations



| (Dollars in millions) | Years ended December 31, | | |
|---|--------------------------|---------------|---------------|
| | 2020 | 2019 | 2018 |
| Operating revenues | | | |
| Electric | \$ 4,619 | \$ 4,267 | \$ 4,003 |
| Natural gas | 694 | 658 | 565 |
| Total operating revenues | <u>5,313</u> | <u>4,925</u> | <u>4,568</u> |
| Operating expenses | | | |
| Cost of electric fuel and purchased power | 1,191 | 1,194 | 1,370 |
| Cost of natural gas | 162 | 176 | 152 |
| Operation and maintenance | 1,455 | 1,181 | 1,058 |
| Depreciation and amortization | 801 | 760 | 688 |
| Franchise fees and other taxes | 331 | 301 | 290 |
| Total operating expenses | <u>3,940</u> | <u>3,612</u> | <u>3,558</u> |
| Operating income | <u>1,373</u> | <u>1,313</u> | <u>1,010</u> |
| Other income (expense), net | | | |
| Allowance for equity funds used during construction | 79 | 56 | 61 |
| Non-service component of net periodic benefit cost | (20) | (20) | (6) |
| Fine related to Energy Efficiency Program Inquiry | (6) | — | — |
| Interest on regulatory balancing accounts, net | 9 | 13 | 4 |
| Sundry, net | (10) | (10) | (3) |
| Total other income, net | <u>52</u> | <u>39</u> | <u>56</u> |
| Interest income | 2 | 4 | 4 |
| Interest expense | (413) | (411) | (221) |
| Income before income taxes | <u>1,014</u> | <u>945</u> | <u>849</u> |
| Income tax expense | (190) | (171) | (173) |
| Net income | <u>824</u> | <u>774</u> | <u>676</u> |
| Earnings attributable to noncontrolling interest | — | (7) | (7) |
| Earnings attributable to common shares | <u>\$ 824</u> | <u>\$ 767</u> | <u>\$ 669</u> |

Consolidated Balance Sheets



| (Dollars in millions) | December 31, | | |
|--|------------------|------------------|------------------|
| | 2020 | 2019 | 2018 |
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 262 | \$ 10 | \$ 8 |
| Restricted cash | — | — | 11 |
| Accounts receivable - trade, net | 573 | 398 | 368 |
| Accounts receivable - other, net | 143 | 119 | 106 |
| Income taxes receivable, net | — | 128 | — |
| Inventories | 104 | 94 | 102 |
| Prepaid expenses | 153 | 120 | 74 |
| Regulatory assets | 174 | 209 | 123 |
| Fixed-price contracts and other derivatives | 56 | 43 | 82 |
| Greenhouse gas allowances | 113 | 13 | 15 |
| Other current assets | 22 | 24 | 5 |
| Total current assets | <u>1,600</u> | <u>1,158</u> | <u>894</u> |
| Other assets: | | | |
| Restricted cash | — | — | 18 |
| Regulatory assets | 534 | 440 | 454 |
| Nuclear decommissioning trusts | 1,019 | 1,082 | 974 |
| Greenhouse gas allowances | 83 | 189 | 155 |
| Right-of-use assets – operating leases | 102 | 130 | — |
| Wildfire fund | 363 | 392 | — |
| Other long-term assets | 189 | 202 | 420 |
| Total other assets | <u>2,290</u> | <u>2,435</u> | <u>2,021</u> |
| Property, plant and equipment: | | | |
| Property, plant and equipment | 24,436 | 22,504 | 21,662 |
| Less accumulated depreciation and amortization | (6,015) | (5,537) | (5,352) |
| Property, plant and equipment, net | <u>18,421</u> | <u>16,967</u> | <u>16,310</u> |
| Total assets | <u>\$ 22,311</u> | <u>\$ 20,560</u> | <u>\$ 19,225</u> |

Consolidated Balance Sheets (continued)



| (Dollars in millions) | December 31, | | |
|--|--------------|-----------|-----------|
| | 2020 | 2019 | 2018 |
| LIABILITIES AND EQUITY | | | |
| Current liabilities: | | | |
| Short-term debt | \$ — | \$ 80 | \$ 291 |
| Accounts payable | 553 | 496 | 439 |
| Due to unconsolidated affiliates | 64 | 53 | 61 |
| Interest payable | 46 | 43 | 42 |
| Accrued compensation and benefits | 135 | 138 | 117 |
| Accrued franchise fees | 56 | 53 | 64 |
| Regulatory liabilities | 61 | 76 | 53 |
| Current portion of long-term debt and finance leases | 611 | 56 | 81 |
| Customer deposits | 56 | 74 | 70 |
| Greenhouse gas obligations | 113 | 13 | 15 |
| Asset retirement obligations | 117 | 95 | 96 |
| Other current liabilities | 199 | 133 | 99 |
| Total current liabilities | 2,011 | 1,310 | 1,428 |
| Long-term debt and finance leases | 6,866 | 6,306 | 6,138 |
| Deferred credits and other liabilities: | | | |
| Pension obligation, net of plan assets | 92 | 153 | 212 |
| Deferred income taxes | 2,019 | 1,848 | 1,616 |
| Deferred investment tax credits | 13 | 14 | 16 |
| Regulatory liabilities | 2,195 | 2,319 | 2,404 |
| Asset retirement obligations | 759 | 771 | 778 |
| Greenhouse gas obligations | — | 62 | 30 |
| Deferred credits and other | 626 | 677 | 488 |
| Total deferred credits and other liabilities | 5,704 | 5,844 | 5,544 |
| Equity: | | | |
| Preferred stock | — | — | — |
| Common stock | 1,660 | 1,660 | 1,338 |
| Retained earnings | 6,080 | 5,456 | 4,687 |
| Accumulated other comprehensive income (loss) | (10) | (16) | (10) |
| Total SDG&E shareholder's equity | 7,730 | 7,100 | 6,015 |
| Noncontrolling interest | — | — | 100 |
| Total equity | 7,730 | 7,100 | 6,115 |
| Total liabilities and equity | \$ 22,311 | \$ 20,560 | \$ 19,225 |

Consolidated Statements of Cash Flows



| (Dollars in millions) | Years ended December 31, | | |
|---|--------------------------|----------------|----------------|
| | 2020 | 2019 | 2018 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Net income | \$ 824 | \$ 774 | \$ 676 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation and amortization | 801 | 760 | 688 |
| Deferred income taxes and investment tax credits | 35 | 105 | 39 |
| Other | 27 | 13 | (17) |
| Net change in other working capital components: | | | |
| Accounts receivable | (134) | (15) | 30 |
| Due to/from affiliates, net | 11 | (8) | (2) |
| Income taxes receivable/payable, net | 129 | (126) | 23 |
| Inventories | (10) | 4 | 3 |
| Other current assets | 4 | (19) | (6) |
| Accounts payable | 31 | 32 | (1) |
| Regulatory balancing accounts | (71) | (101) | 138 |
| Other current liabilities | (100) | 4 | 4 |
| Wildfire fund, current and noncurrent | — | (323) | — |
| Changes in other noncurrent assets and liabilities, net | (158) | (10) | 9 |
| Net cash provided by operating activities | <u>1,389</u> | <u>1,090</u> | <u>1,584</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Expenditures for property, plant and equipment | (1,942) | (1,522) | (1,542) |
| Decrease in cash from deconsolidation of Otay Mesa VIE | — | (8) | — |
| Purchases of nuclear decommissioning trust assets | (1,439) | (914) | (890) |
| Proceeds from sales of nuclear decommissioning trust assets | 1,439 | 914 | 890 |
| Other | 8 | 8 | — |
| Net cash used in investing activities | <u>(1,934)</u> | <u>(1,522)</u> | <u>(1,542)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Common dividends paid | (200) | — | (250) |
| Equity contribution from Sempra Energy | — | 322 | — |
| Issuances of debt (maturities greater than 90 days) | 1,598 | 400 | 618 |
| Payments on debt (maturities greater than 90 days) and finance leases | (510) | (274) | (492) |
| (Decrease) increase in short-term debt, net | (80) | (211) | 38 |
| Contributions from noncontrolling interest, net | — | 172 | 57 |
| Debt issuance costs | (11) | (4) | (5) |
| Net cash provided by (used in) financing activities | <u>797</u> | <u>405</u> | <u>(34)</u> |
| Increase (decrease) in cash, cash equivalents and restricted cash | 252 | (27) | 8 |
| Cash, cash equivalents and restricted cash, January 1 | 10 | 37 | 29 |
| Cash, cash equivalents and restricted cash, December 31 | <u>\$ 262</u> | <u>\$ 10</u> | <u>\$ 37</u> |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION | | | |
| Interest payments, net of amounts capitalized | \$ 404 | \$ 405 | \$ 214 |
| Income tax payments, net of refunds | 25 | 191 | 112 |

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Selected Financial Data and Comparative Statistics



| (Dollars in millions, except average cost of natural gas) | Years ended December 31, | | |
|---|--------------------------|--------------|--------------|
| | 2020 | 2019 | 2018 |
| Net income (before preferred dividends) | \$ 505 | \$ 642 | \$ 401 |
| Earnings attributable to common shares | \$ 504 | \$ 641 | \$ 400 |
| Common dividends to parent | \$ 100 | \$ 150 | \$ 50 |
| Capital expenditures | \$ 1,843 | \$ 1,439 | \$ 1,538 |
| Weighted average rate base | \$ 8,228 | \$ 7,401 | \$ 6,413 |
| CPUC-authorized rate of return on: | | | |
| Rate base | 7.30 % | 7.34 % | 7.34 % |
| Common equity | 10.05 % | 10.05 % | 10.05 % |
| Achieved return on common equity | 10.24 % | 14.30 % | 9.85 % |
| Natural gas volumes delivered (billion cubic feet) | | | |
| Residential | 232 | 236 | 208 |
| Commercial and industrial | 368 | 392 | 394 |
| Electric generation plants | 147 | 123 | 127 |
| Wholesale | 137 | 125 | 121 |
| Total | <u>884</u> | <u>876</u> | <u>850</u> |
| Core | 335 | 355 | 322 |
| Noncore | 549 | 521 | 528 |
| Total | <u>884</u> | <u>876</u> | <u>850</u> |
| Average cost of natural gas (per thousand cubic feet) | \$ 2.59 | \$ 3.07 | \$ 3.58 |
| Heating degree days | <u>1,134</u> | <u>1,328</u> | <u>1,016</u> |
| Customer meters at December 31 (thousands) | | | |
| Residential | 5,792 | 5,756 | 5,722 |
| Commercial | 249 | 248 | 248 |
| Industrial | 25 | 25 | 26 |
| Total ⁽¹⁾ | <u>6,066</u> | <u>6,029</u> | <u>5,996</u> |

(1) Includes negligible number of electric generation plants and wholesale customers.

Statements of Operations



| (Dollars in millions) | Years ended December 31, | | |
|--|--------------------------|----------|----------|
| | 2020 | 2019 | 2018 |
| Operating revenues | \$ 4,748 | \$ 4,525 | \$ 3,962 |
| Operating expenses | | | |
| Cost of natural gas | 783 | 977 | 1,048 |
| Operation and maintenance | 2,029 | 1,780 | 1,613 |
| Aliso Canyon litigation and regulatory matters | 307 | — | — |
| Depreciation and amortization | 654 | 602 | 556 |
| Franchise fees and other taxes | 190 | 173 | 154 |
| Impairment losses | — | 37 | — |
| Total operating expenses | 3,963 | 3,569 | 3,371 |
| Operating income | 785 | 956 | 591 |
| Other (expense) income, net | | | |
| Allowance for equity funds used during construction | 41 | 34 | 36 |
| Non-service component of net periodic benefit cost | (54) | (72) | (10) |
| Penalties related to billing practices Order Instituting Investigation | — | (8) | — |
| Interest on regulatory balancing accounts, net | 5 | 1 | (2) |
| Sundry, net | (20) | (10) | (9) |
| Total other (expense) income, net | (28) | (55) | 15 |
| Interest income | 2 | 2 | 2 |
| Interest expense | (158) | (141) | (115) |
| Income before income taxes | 601 | 762 | 493 |
| Income tax expense | (96) | (120) | (92) |
| Net income | 505 | 642 | 401 |
| Preferred dividends | (1) | (1) | (1) |
| Earnings attributable to common shares | \$ 504 | \$ 641 | \$ 400 |

Balance Sheets



| (Dollars in millions) | December 31, | | |
|--|------------------|------------------|------------------|
| | 2020 | 2019 | 2018 |
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 4 | \$ 10 | \$ 18 |
| Accounts receivable – trade, net | 786 | 710 | 634 |
| Accounts receivable – other, net | 64 | 87 | 97 |
| Due from unconsolidated affiliates | 22 | 11 | 7 |
| Income taxes receivable, net | — | 161 | 2 |
| Inventories | 153 | 136 | 134 |
| Regulatory assets | 16 | 7 | 12 |
| Greenhouse gas allowances | 390 | 52 | 37 |
| Other current assets | 47 | 44 | 29 |
| Total current assets | <u>1,482</u> | <u>1,218</u> | <u>970</u> |
| Other assets: | | | |
| Regulatory assets | 1,208 | 1,407 | 1,051 |
| Insurance receivable for Aliso Canyon costs | 445 | 339 | 461 |
| Greenhouse gas allowances | 9 | 248 | 116 |
| Right-of-use assets – operating leases | 74 | 94 | — |
| Other long-term assets | 499 | 447 | 352 |
| Total other assets | <u>2,235</u> | <u>2,535</u> | <u>1,980</u> |
| Property, plant and equipment: | | | |
| Property, plant and equipment | 21,180 | 19,362 | 18,138 |
| Less accumulated depreciation and amortization | (6,437) | (6,038) | (5,699) |
| Property, plant and equipment, net | <u>14,743</u> | <u>13,324</u> | <u>12,439</u> |
| Total assets | <u>\$ 18,460</u> | <u>\$ 17,077</u> | <u>\$ 15,389</u> |

Balance Sheets (continued)



| (Dollars in millions) | December 31, | | |
|--|------------------|------------------|------------------|
| | 2020 | 2019 | 2018 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| Current liabilities: | | | |
| Short-term debt | \$ 113 | \$ 630 | \$ 256 |
| Accounts payable – trade | 600 | 545 | 556 |
| Accounts payable – other | 122 | 110 | 93 |
| Due to unconsolidated affiliates | 31 | 47 | 34 |
| Accrued compensation and benefits | 189 | 182 | 159 |
| Regulatory liabilities | 79 | 243 | 52 |
| Current portion of long-term debt and finance leases | 10 | 6 | 3 |
| Customer deposits | 48 | 71 | 101 |
| Reserve for Aliso Canyon costs | 150 | 9 | 160 |
| Greenhouse gas obligations | 390 | 52 | 37 |
| Asset retirement obligations | 59 | 65 | 90 |
| Other current liabilities | 291 | 222 | 217 |
| Total current liabilities | <u>2,082</u> | <u>2,182</u> | <u>1,758</u> |
| Long-term debt and finance leases | <u>4,763</u> | <u>3,788</u> | <u>3,427</u> |
| Deferred credits and other liabilities: | | | |
| Pension obligation, net of plan assets | 853 | 785 | 760 |
| Deferred income taxes | 1,406 | 1,403 | 1,177 |
| Deferred investment tax credits | 8 | 7 | 8 |
| Regulatory liabilities | 1,177 | 1,422 | 1,612 |
| Reserve for Aliso Canyon costs | 301 | 7 | — |
| Asset retirement obligations | 2,309 | 2,112 | 1,973 |
| Greenhouse gas obligations | — | 208 | 86 |
| Deferred credits and other | 417 | 415 | 330 |
| Total deferred credits and other liabilities | <u>6,471</u> | <u>6,359</u> | <u>5,946</u> |
| Shareholders' equity: | | | |
| Preferred stock | 22 | 22 | 22 |
| Common stock | 866 | 866 | 866 |
| Retained earnings | 4,287 | 3,883 | 3,390 |
| Accumulated other comprehensive income (loss) | (31) | (23) | (20) |
| Total shareholders' equity | <u>5,144</u> | <u>4,748</u> | <u>4,258</u> |
| Total liabilities and shareholders' equity | <u>\$ 18,460</u> | <u>\$ 17,077</u> | <u>\$ 15,389</u> |

Statements of Cash Flows



| (Dollars in millions) | Years ended December 31, | | |
|---|--------------------------|----------------|----------------|
| | 2020 | 2019 | 2018 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Net income | \$ 505 | \$ 642 | \$ 401 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation and amortization | 654 | 602 | 556 |
| Deferred income taxes and investment tax credits | (112) | 88 | 78 |
| Impairment losses | — | 37 | — |
| Other | 59 | (5) | (7) |
| Net change in working capital components: | | | |
| Accounts receivable | (101) | (73) | (87) |
| Due to/from affiliates, net | (27) | (1) | (10) |
| Income taxes receivable/payable, net | 189 | (156) | 14 |
| Inventories | (19) | 1 | (2) |
| Other current assets | (12) | (9) | 11 |
| Accounts payable | 64 | (7) | 71 |
| Regulatory balancing accounts | (160) | 114 | 125 |
| Reserve for Aliso Canyon costs | 141 | (144) | 56 |
| Other current liabilities | (21) | (21) | (6) |
| Insurance receivable for Aliso Canyon costs | (106) | 122 | (43) |
| Reserve for Aliso Canyon costs, noncurrent | 294 | — | — |
| Changes in other noncurrent assets and liabilities, net | 178 | (322) | (144) |
| Net cash provided by operating activities | <u>1,526</u> | <u>868</u> | <u>1,013</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Expenditures for property, plant and equipment | (1,843) | (1,439) | (1,538) |
| Other | — | 1 | 7 |
| Net cash used in investing activities | <u>(1,843)</u> | <u>(1,438)</u> | <u>(1,531)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Common dividends paid | (100) | (150) | (50) |
| Preferred dividends paid | (1) | (1) | (1) |
| Issuances of debt (maturities greater than 90 days) | 949 | 349 | 949 |
| Payments on debt (maturities greater than 90 days) and finance leases | (12) | (6) | (500) |
| (Decrease) increase in short-term debt, net | (517) | 374 | 140 |
| Debt issuance costs | (8) | (4) | (10) |
| Net cash provided by financing activities | <u>311</u> | <u>562</u> | <u>528</u> |
| (Decrease) increase in cash and cash equivalents | (6) | (8) | 10 |
| Cash and cash equivalents, January 1 | 10 | 18 | 8 |
| Cash and cash equivalents, December 31 | <u>\$ 4</u> | <u>\$ 10</u> | <u>\$ 18</u> |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION | | | |
| Interest payments, net of amounts capitalized | \$ 146 | \$ 126 | \$ 105 |
| Income tax payments, net of refunds | 19 | 188 | — |

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Sempra Texas Utilities Selected Financial Data and Comparative Statistics

Sempra Texas Utilities is comprised of our equity method investments in Oncor Electric Delivery Holdings Company LLC (Oncor Holdings), which we acquired in March 2018, and Sharyland Holdings, L.P. (Sharyland Holdings), which we acquired in May 2019. Oncor Holdings owns an 80.25% interest in Oncor Electric Delivery Company LLC (Oncor), a regulated electric transmission and distribution utility that operates in the north-central, eastern, western and panhandle regions of Texas. We provide information on Sempra Texas Utilities' equity method investments and selected statistics for Oncor below.

| (Dollars in millions) | 2020 | | 2019 | | March 9, 2018 to December 31, 2018 |
|---|----------------|--------------------|----------------|--------------------|---------------------------------------|
| | Oncor Holdings | Sharyland Holdings | Oncor Holdings | Sharyland Holdings | Oncor Holdings |
| Total investments at January 1 | \$ 11,519 | \$ 100 | \$ 9,652 | \$ — | \$ — |
| Acquisitions | — | — | — | 95 | 9,227 |
| Capital contributions | 632 | — | 1,587 | 3 | 230 |
| Total expenditures for investments and acquisitions | 632 | — | 1,587 | 98 | 9,457 |
| Equity earnings | 577 | 3 | 526 | 2 | 371 |
| Distributions of earnings | (285) | (1) | (246) | — | (149) |
| Other | (3) | — | — | — | (27) |
| Total investments at December 31 | \$ 12,440 | \$ 102 | \$ 11,519 | \$ 100 | \$ 9,652 |

| | Years ended December 31 | | |
|---|-------------------------|-----------|-----------|
| | 2020 | 2019 | 2018 |
| Oncor: | | | |
| Capital expenditures | \$ 2,540 | \$ 2,097 | \$ 1,767 |
| Average rate base ⁽¹⁾ | \$ 16,331 | \$ 14,073 | \$ 12,124 |
| PUCT-authorized return on equity | 9.80 % | 9.80 % | 9.80 % |
| Electric volumes (millions of kilowatt hours) | | | |
| Residential | 44,628 | 45,340 | 46,007 |
| Commercial, industrial and other | 86,529 | 88,038 | 84,049 |
| Total ⁽²⁾ | 131,157 | 133,378 | 130,056 |
| Cooling degree days | 1,660 | 1,838 | 1,958 |
| Heating degree days | 676 | 925 | 896 |
| Electric customer meters at December 31 (thousands) | 3,762 | 3,685 | 3,621 |

(1) Average rate base is calculated as the average of total rate base for the last two years included in the Earnings Monitoring Report that is filed with the Public Utility Commission of Texas (PUCT) annually in April of the following year. The estimated total rate base for 2020 is \$17,158 million and the filed total rate base for 2019 and 2018 was \$15,504 million and \$12,641 million, respectively.

(2) Electric volumes from the March 9, 2018 acquisition date through December 31, 2018 were 107,276 million kilowatt hours.

Sempra Texas Utilities is not the same company as the California utilities, San Diego Gas & Electric (SDG&E) and Southern California Gas Company (SoCalGas). Sempra Texas Utilities is not regulated by the California Public Utilities Commission.

Sempra Mexico Consolidated Statements of Operations and Comparative Statistics

| (Dollars in millions) | Years ended December 31, | | |
|---|--------------------------|--------|--------|
| | 2020 | 2019 | 2018 |
| REVENUES | | | |
| Utility – natural gas | \$ 58 | \$ 73 | \$ 78 |
| Energy-related businesses | 1,198 | 1,302 | 1,298 |
| Total revenues | 1,256 | 1,375 | 1,376 |
| EXPENSES AND OTHER INCOME | | | |
| Utility cost of natural gas | (12) | (14) | (21) |
| Energy-related businesses cost of sales | (283) | (373) | (363) |
| Operation and maintenance | (279) | (256) | (239) |
| Depreciation and amortization | (189) | (183) | (175) |
| Impairment losses | — | — | (4) |
| Other taxes | (7) | (6) | (6) |
| Other (expense) income, net | | | |
| (Losses) gains on interest rate and foreign exchange instruments, net | (64) | 49 | 3 |
| Allowance for equity funds used during construction | 8 | 3 | 1 |
| Foreign currency transaction (losses) gains, net | (25) | 21 | (6) |
| Sundry, net | 4 | 3 | 3 |
| Total other (expense) income, net | (77) | 76 | 1 |
| Interest income | 60 | 78 | 65 |
| Interest expense | (132) | (119) | (120) |
| Income before income taxes and equity earnings | 337 | 578 | 514 |
| Income tax expense | (57) | (227) | (185) |
| Equity earnings | 144 | 24 | 40 |
| Net income | 424 | 375 | 369 |
| Earnings attributable to noncontrolling interests | (165) | (122) | (132) |
| Earnings attributable to common shares | \$ 259 | \$ 253 | \$ 237 |
| Natural Gas Distribution Operations | | | |
| Volumes delivered (billion cubic feet) | 3 | 3 | 7 |
| Customer meters at December 31 (thousands) | 136 | 132 | 123 |
| Power Generated and Sold | | | |
| Termoeléctrica de Mexicali (TdM) (millions of kilowatt hours) | 2,905 | 3,873 | 4,074 |
| Wind and solar (millions of kilowatt hours) ⁽¹⁾ | 1,724 | 1,442 | 1,176 |

(1) Includes 50% of the total power generated and sold at the Energía Sierra Juárez wind power generation facility, in which Sempra Energy has a 50% ownership interest. Energía Sierra Juárez is not consolidated within Sempra Energy, and the related investment is accounted for under the equity method.

Sempra Mexico and IEnova are not the same company as the California utilities, San Diego Gas & Electric (SDG&E) and Southern California Gas Company (SoCalGas), and Sempra Mexico and IEnova are not regulated by the California Public Utilities Commission.

Sempra Mexico Consolidated Balance Sheets

| (Dollars in millions) | December 31, | | |
|---|------------------|-----------------|-----------------|
| | 2020 | 2019 | 2018 |
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 293 | \$ 58 | \$ 51 |
| Restricted cash | 22 | 31 | 24 |
| Accounts receivable | 348 | 285 | 254 |
| Due from unconsolidated affiliates | 126 | 172 | 175 |
| Income taxes receivable | 67 | 23 | 72 |
| Inventories | 27 | 28 | 19 |
| Other current assets | <u>93</u> | <u>75</u> | <u>25</u> |
| Total current assets | 976 | 672 | 620 |
| Restricted cash | 3 | 3 | 3 |
| Due from unconsolidated affiliates | 832 | 766 | 644 |
| Regulatory assets | 80 | 83 | 84 |
| Investments | 852 | 741 | 747 |
| Goodwill and other intangible assets | 1,801 | 1,811 | 1,823 |
| Deferred income taxes | 64 | 52 | 80 |
| Right-of-use assets – operating leases | 169 | 179 | — |
| Property, plant and equipment, net | 5,927 | 5,555 | 5,053 |
| Other long-term assets | <u>48</u> | <u>76</u> | <u>111</u> |
| Total assets | <u>\$ 10,752</u> | <u>\$ 9,938</u> | <u>\$ 9,165</u> |
| LIABILITIES AND EQUITY | | | |
| Current liabilities: | | | |
| Short-term debt | \$ 772 | \$ 1,174 | \$ 808 |
| Accounts payable | 83 | 149 | 100 |
| Due to unconsolidated affiliates | 180 | 168 | 463 |
| Current portion of long-term debt | 69 | 65 | 62 |
| Other current liabilities | <u>295</u> | <u>194</u> | <u>155</u> |
| Total current liabilities | 1,399 | 1,750 | 1,588 |
| Long-term debt | <u>2,834</u> | <u>1,813</u> | <u>1,670</u> |
| Deferred credits and other liabilities: | | | |
| Due to unconsolidated affiliates | 278 | 237 | 89 |
| Deferred income taxes | 768 | 808 | 742 |
| Contract liabilities | 72 | 72 | 70 |
| Fixed-price contracts and other derivatives | 162 | 141 | 147 |
| Operating lease liabilities | 98 | 102 | — |
| Deferred credits and other | <u>92</u> | <u>115</u> | <u>92</u> |
| | 1,470 | 1,475 | 1,140 |
| Equity: | | | |
| Sempra Mexico shareholders' equity | 3,555 | 3,277 | 3,162 |
| Noncontrolling interests | <u>1,494</u> | <u>1,623</u> | <u>1,605</u> |
| Total equity | 5,049 | 4,900 | 4,767 |
| Total liabilities and equity | <u>\$ 10,752</u> | <u>\$ 9,938</u> | <u>\$ 9,165</u> |

Sempra Mexico and IEnova are not the same company as the California utilities, San Diego Gas & Electric (SDG&E) and Southern California Gas Company (SoCalGas), and Sempra Mexico and IEnova are not regulated by the California Public Utilities Commission.

Sempra Mexico

Consolidated Statements of Cash Flows

| (Dollars in millions) | Years ended December 31, | | |
|--|--------------------------|--------------|--------------|
| | 2020 | 2019 | 2018 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Net income | \$ 424 | \$ 375 | \$ 369 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation and amortization | 189 | 183 | 175 |
| Deferred income taxes | (37) | 93 | 74 |
| Impairment losses | — | — | 4 |
| Equity earnings | (144) | (24) | (40) |
| Fixed-price contracts and other derivatives | 58 | (44) | (72) |
| Foreign currency transaction losses (gains), net | 25 | (21) | 6 |
| Other | 18 | 4 | 51 |
| Net change in working capital components | (68) | (31) | (24) |
| Changes in other noncurrent assets and liabilities, net | 8 | (13) | (55) |
| Net cash provided by operating activities | <u>473</u> | <u>522</u> | <u>488</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Expenditures for property, plant and equipment | (611) | (624) | (368) |
| Expenditures for investments and acquisitions, net of cash and cash equivalents acquired | — | — | (100) |
| Increase in loans to affiliates, net | (85) | (16) | (91) |
| Other | (28) | (46) | (16) |
| Net cash used in investing activities | <u>(724)</u> | <u>(686)</u> | <u>(575)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Dividends paid | — | (145) | (140) |
| Issuances of debt (maturities greater than 90 days) | 1,888 | 1,477 | 917 |
| Payments on debt (maturities greater than 90 days) | (1,249) | (967) | (374) |
| Increase (decrease) in loans from affiliates, net | 93 | (88) | (222) |
| Distributions to noncontrolling interests | — | (73) | (71) |
| Debt issuance costs | (14) | (4) | — |
| Purchases of noncontrolling interests | (241) | (10) | (7) |
| Settlement of cross-currency swaps | — | — | (33) |
| Other | — | (12) | 3 |
| Net cash provided by financing activities | <u>477</u> | <u>178</u> | <u>73</u> |
| Effect of exchange rate changes on cash, cash equivalents and restricted cash | — | — | (2) |
| Increase (decrease) in cash, cash equivalents and restricted cash | 226 | 14 | (16) |
| Cash, cash equivalents and restricted cash, January 1 | 92 | 78 | 94 |
| Cash, cash equivalents and restricted cash, December 31 | <u>\$ 318</u> | <u>\$ 92</u> | <u>\$ 78</u> |

Sempra Mexico and IEnova are not the same company as the California utilities, San Diego Gas & Electric (SDG&E) and Southern California Gas Company (SoCalGas), and Sempra Mexico and IEnova are not regulated by the California Public Utilities Commission.

Consolidated Statements of Operations



| (Dollars in millions) | December 31, | | |
|---|---------------|---------------|-----------------|
| | 2020 | 2019 | 2018 |
| REVENUES – Energy-related businesses | \$ 374 | \$ 410 | \$ 472 |
| EXPENSES AND OTHER INCOME | | | |
| Energy-related businesses cost of sales | (218) | (299) | (313) |
| Operation and maintenance | (159) | (156) | (123) |
| Depreciation and amortization | (9) | (10) | (26) |
| Impairment losses | — | — | (1,117) |
| Other taxes | (7) | (7) | (10) |
| Interest income | 81 | 61 | 49 |
| Interest expense | (43) | (35) | (21) |
| Income (loss) before income taxes and equity earnings | 19 | (36) | (1,089) |
| Income tax (expense) benefit | (92) | 5 | 435 |
| Equity earnings | 391 | 24 | — |
| Net income (loss) | 318 | (7) | (654) |
| Losses attributable to noncontrolling interests | 2 | 1 | 37 |
| Earnings (losses) | <u>\$ 320</u> | <u>\$ (6)</u> | <u>\$ (617)</u> |

Sempra LNG is not the same company as the California utilities, San Diego Gas & Electric (SDG&E) and Southern California Gas Company (SoCalGas), and Sempra LNG is not regulated by the California Public Utilities Commission.

Consolidated Balance Sheets



| (Dollars in millions) | December 31, | | |
|--|--------------|----------|----------|
| | 2020 | 2019 | 2018 |
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 31 | \$ 18 | \$ 2 |
| Accounts receivable | 64 | 38 | 63 |
| Due from unconsolidated affiliates | 343 | 844 | 780 |
| Income taxes receivable | 63 | 60 | 36 |
| Inventories | 24 | 19 | 3 |
| Fixed-price contracts and other derivatives | 24 | 45 | 39 |
| Assets held for sale | — | — | 336 |
| Other current assets | 17 | 5 | 7 |
| Total current assets | 566 | 1,029 | 1,266 |
| Due from unconsolidated affiliates | 325 | 1,040 | 1,025 |
| Investment in Cameron LNG JV | 433 | 1,256 | 1,271 |
| Intangible assets | 3 | 4 | 4 |
| Deferred income taxes | — | — | 49 |
| Property, plant and equipment, net | 852 | 555 | 432 |
| Other long-term assets | 26 | 17 | 13 |
| Total assets | \$ 2,205 | \$ 3,901 | \$ 4,060 |
| LIABILITIES AND EQUITY | | | |
| Current liabilities: | | | |
| Accounts payable | \$ 114 | \$ 63 | \$ 62 |
| Due to unconsolidated affiliates | 41 | 63 | 85 |
| Other current liabilities | 64 | 56 | 129 |
| Total current liabilities | 219 | 182 | 276 |
| Long-term debt | 1 | 22 | 21 |
| Deferred credits and other liabilities: | | | |
| Due to unconsolidated affiliates | 640 | 2,043 | 1,881 |
| Deferred income taxes | 828 | 184 | — |
| Deferred credits and other | 29 | 15 | 9 |
| Total deferred credits and other liabilities | 1,497 | 2,242 | 1,890 |
| Equity: | | | |
| Sempra LNG shareholder's equity | 442 | 1,456 | 1,867 |
| Noncontrolling interests | 46 | (1) | 6 |
| Total equity | 488 | 1,455 | 1,873 |
| Total liabilities and equity | \$ 2,205 | \$ 3,901 | \$ 4,060 |

Sempra LNG is not the same company as the California utilities, San Diego Gas & Electric (SDG&E) and Southern California Gas Company (SoCalGas), and Sempra LNG is not regulated by the California Public Utilities Commission.

Consolidated Statements of Cash Flows



| (Dollars in millions) | December 31, | | |
|--|--------------|--------------|--------------|
| | 2020 | 2019 | 2018 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Net income (loss) | \$ 318 | \$ (7) | \$ (654) |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities: | | | |
| Depreciation and amortization | 9 | 10 | 26 |
| Impairment losses | — | — | 1,117 |
| Deferred income taxes | 666 | 226 | (373) |
| Equity earnings | (391) | (24) | — |
| Fixed-priced contracts and other derivatives | (50) | 18 | 55 |
| Other | (8) | (7) | 6 |
| Net change in working capital components | 95 | (86) | (101) |
| Distributions from investments | 365 | — | — |
| Changes in other noncurrent assets and liabilities, net | — | — | (2) |
| Net cash provided by operating activities | <u>1,004</u> | <u>130</u> | <u>74</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Expenditures for property, plant and equipment | (268) | (112) | (31) |
| Expenditures for investments | (4) | (110) | (275) |
| Proceeds from sale of assets | — | 327 | 6 |
| Distributions from investments | 753 | — | — |
| Increase in loans to affiliates, net | (1,406) | (462) | (110) |
| Other | 6 | 18 | 38 |
| Net cash used in investing activities | <u>(919)</u> | <u>(339)</u> | <u>(372)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Purchases of noncontrolling interests | (7) | (20) | — |
| Proceeds from sale of noncontrolling interests, net | 25 | — | — |
| Capital contributions, net | — | 1 | 3 |
| Issuance of long-term debt | 17 | — | — |
| (Decrease) increase in loans from affiliates, net | (94) | 244 | 297 |
| Debt issuance costs | (15) | — | — |
| Other | 2 | — | — |
| Net cash (used in) provided by financing activities | <u>(72)</u> | <u>225</u> | <u>300</u> |
| Increase in cash and cash equivalents | 13 | 16 | 2 |
| Cash and cash equivalents, January 1 | 18 | 2 | — |
| Cash and cash equivalents, December 31 | <u>\$ 31</u> | <u>\$ 18</u> | <u>\$ 2</u> |

Sempra LNG is not the same company as the California utilities, San Diego Gas & Electric (SDG&E) and Southern California Gas Company (SoCalGas), and Sempra LNG is not regulated by the California Public Utilities Commission.

Discontinued Operations Summarized Information on Consolidated Statements of Operations and Cash Flows

| (Dollars in millions) | Years ended December 31, | | |
|---|--------------------------|----------|----------|
| | 2020 ⁽¹⁾ | 2019 | 2018 |
| Revenues | \$ 570 | \$ 1,614 | \$ 1,585 |
| Cost of sales | (364) | (1,012) | (1,041) |
| Gain on sale of discontinued operations | 2,899 | — | — |
| Operating expenses | (66) | (159) | (206) |
| Interest and other | (3) | (11) | (6) |
| Income before income taxes and equity earnings | 3,036 | 432 | 332 |
| Income tax expense | (1,186) | (72) | (145) |
| Equity earnings | — | 3 | 1 |
| Income from discontinued operations, net of income tax | 1,850 | 363 | 188 |
| Earnings attributable to noncontrolling interests | (10) | (35) | (32) |
| Earnings from discontinued operations attributable to common shares | \$ 1,840 | \$ 328 | \$ 156 |
| Net cash (used in) provided by operating activities | \$ (1,051) | \$ 390 | \$ 296 |
| Net cash provided by (used in) investing activities | 5,171 | (12) | (265) |
| Net cash provided by (used in) financing activities | 401 | (392) | (25) |
| Effect of exchange rate changes on cash, cash equivalents and restricted cash | (3) | 1 | (12) |
| Increase (decrease) in cash, cash equivalents and restricted cash | 4,518 | (13) | (6) |
| Cash, cash equivalents and restricted cash, January 1 | 75 | 88 | 94 |
| Cash, cash equivalents and restricted cash, December 31 ⁽²⁾ | \$ 4,593 | \$ 75 | \$ 88 |

(1) Results include activity until deconsolidation of our Peruvian businesses on April 24, 2020 and Chilean businesses on June 24, 2020 and post-closing adjustments related to the sales of these businesses.

(2) In the Sempra Energy Consolidated Statement of Cash Flows for the year ended December 31, 2020, the ending cash, cash equivalents and restricted cash balance in discontinued operations of \$4.6 billion is considered to be cash, cash equivalents and restricted cash for continuing operations following the sales of the South American businesses.

Discontinued Operations Assets Held for Sale

| (Dollars in millions) | December 31, | |
|--|-----------------|-----------------|
| | 2019 | 2018 |
| Cash and cash equivalents | \$ 74 | \$ 88 |
| Restricted cash ⁽¹⁾ | 1 | — |
| Accounts receivable, net | 303 | 315 |
| Due from unconsolidated affiliates | 2 | 2 |
| Inventories | 36 | 38 |
| Other current assets | 29 | 16 |
| Current assets | <u>\$ 445</u> | <u>\$ 459</u> |
| Due from unconsolidated affiliates | \$ 54 | \$ 44 |
| Goodwill and other intangible assets | 801 | 819 |
| Property, plant and equipment, net | 2,618 | 2,357 |
| Other noncurrent assets | 40 | 39 |
| Noncurrent assets | <u>\$ 3,513</u> | <u>\$ 3,259</u> |
| Short-term debt | \$ 52 | \$ 55 |
| Accounts payable | 201 | 176 |
| Current portion of long-term debt and finance leases | 85 | 29 |
| Other current liabilities | 106 | 108 |
| Current liabilities | <u>\$ 444</u> | <u>\$ 368</u> |
| Long-term debt and finance leases | \$ 702 | \$ 708 |
| Deferred income taxes | 284 | 250 |
| Other noncurrent liabilities | 66 | 55 |
| Noncurrent liabilities | <u>\$ 1,052</u> | <u>\$ 1,013</u> |

(1) Primarily represents funds held in accordance with Peruvian tax law.

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Annual Report

Sempra Energy's Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission is available to shareholders at no charge through the Investors section of Sempra Energy's website (www.sempra.com) or by writing to Shareholder Services at our Corporate Headquarters.

Research Coverage

The following firms provide equity investment research coverage of Sempra Energy:

Argus Research Company
Bank of America Merrill Lynch
Barclays
BMO Capital Markets
Citi
Evercore ISI
Goldman Sachs & Co.
Guggenheim
J.P. Morgan
KeyBanc
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