# **News Release**

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# SEMPRA ENERGY REPORTS SECOND-QUARTER 2004 EARNINGS

- Electric-Generation, Energy--Trading Units Lead Solid Performance in Quarter
- Company on Track to Meet 2004 Earnings Guidance of \$2.90 to \$3.10 per Share

SAN DIEGO, Aug. 5, 2004 -- Sempra Energy today reported unaudited second-quarter 2004 earnings of \$121 million, or \$0.52 per diluted share, compared with \$116 million, or \$0.55 per diluted share, for the same period of 2003.

For the first six months of 2004, Sempra Energy's earnings increased 56 percent to \$318 million, or \$1.37 per diluted share, from \$204 million, or \$0.98 per diluted share, during the first six months of 2003. Net income for Sempra Energy Resources and Sempra Energy Trading more than doubled during the first half of 2004 to a combined \$158 million from \$60 million during the same period last year.

"With our electric-generation and energy-trading businesses performing significantly better than last year, plus the continued solid results of our California utilities, Sempra Energy is on track to meet our 2004 earnings guidance of \$2.90 to \$3.10 per share," said Stephen L. Baum, chairman and chief executive officer of Sempra Energy. "We also are moving forward with our liquefied natural gas (LNG) business.

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Site preparation will begin this month on Sempra Energy LNG's Mexican LNG receipt terminal, Energía Costa Azul, and we are finalizing the supply agreement."

In June, Sempra Energy raised its 2004 earnings guidance to \$2.90 to \$3.10 per share from \$2.70 to \$2.90 per share to reflect the company's improved business outlook.

Sempra Energy's second-quarter 2004 net income rose on higher profits at Sempra Energy Resources, Sempra Energy Trading and Southern California Gas Co. (SoCalGas), but earnings per share were affected by a greater number of common shares outstanding.

Second-quarter 2004 earnings included an \$8 million loss related to the discontinuance of Atlantic Electric & Gas, a U.K.-based energy marketer, which was sold in April 2004. The first six months of 2004 included a loss of \$32 million related to the discontinued operations Atlantic Electric & Gas.

Revenues for Sempra Energy were \$2 billion in the second quarter 2004, compared with \$1.8 billion in the year-ago quarter, due primarily to increased power sales by Sempra Energy Resources. For the first half of the year, Sempra Energy's revenues increased to \$4.4 billion in 2004 from \$3.8 billion in 2003.

#### OPERATING HIGHLIGHTS

### **Sempra Energy Utilities**

Net income for SoCalGas rose to \$50 million during the second quarter 2004 from \$37 million in the year-earlier period, due to higher operating revenues.

Net income for San Diego Gas & Electric (SDG&E) in the second quarter 2004 was \$30 million, compared with \$41 million in last year's second quarter. The decrease primarily stemmed from the elimination of SDG&E's revenue incentive mechanism for the San Onofre Nuclear Generating Station, in which the utility holds a 20-percent ownership stake.

During the quarter, SDG&E received approval from the California Public Utilities Commission for its regional energy reliability plan. Under the approved plan, SDG&E will acquire a new 550-megawatt (MW), natural gas-fired power plant -- called Palomar Energy -- being developed in Escondido, Calif., by sister company Sempra

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Energy Resources. Construction on Palomar Energy, which began last month, is expected to be completed in 2006. The utility also will contract for renewable energy resources and plans to enter into a 10-year power-purchase agreement for up to 570 MW of electricity.

### Sempra Energy Trading

On the strength of increased profitability of its petroleum and metals trading operations, Sempra Energy Trading's net income increased to \$40 million during the second quarter 2004 from \$35 million in the same period last year. Through the first half of 2004, Sempra Energy Trading's net income totaled \$99 million, compared with \$45 million in net income during the first six months of 2003.

During the quarter, Sempra Energy Trading completed a \$1 billion, two-year committed credit facility to help finance its global operations.

### **Sempra Energy Resources**

Sempra Energy Resources reported sharply higher net income of \$22 million in the second quarter 2004, up from \$5 million in the second quarter last year. The rise in net income was due to increased power sales from several new power plants that were put into full operation during the past year.

In the second quarter 2004, Sempra Energy Resources delivered nearly 3.9 million megawatt-hours of power under contracted agreements. The company expects to deliver substantially more power during the second half of 2004.

Last month, a subsidiary of Sempra Energy Resources assumed management of Coleto Creek Power Station, a 632-MW coal-fired Texas power plant, and eight other Texas power plants jointly acquired on a 50-50 basis from American Electric Power by Sempra Energy Partners and Carlyle/Riverstone. The \$430 million acquisition, which was completed July 1, 2004, was substantially project-financed. Sempra Energy's share of equity in the transaction was \$53 million.

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### Sempra Energy International and Sempra Energy LNG

Net income for Sempra Energy International and Sempra Energy LNG, on a combined basis, was \$15 million in this year's second quarter, versus \$18 million in the second quarter 2003. Tax reserves and increased development costs were offset partially by improved results in the company's Mexican operations and by the sale of a portion of the common stock in its jointly owned Luz del Sur unit in Peru.

#### **Internet Broadcast**

Sempra Energy will broadcast a live discussion of its earnings results over the Internet today at 1 p.m. EDT with key company executives. Access is available by logging onto the Web site at <a href="www.sempra.com">www.sempra.com</a>. For those unable to log onto the live Webcast, the teleconference will be available on replay a few hours after its conclusion by dialing (706) 645-9291 and entering the passcode, 8752753.

Sempra Energy (NYSE: SRE), based in San Diego, is a Fortune 500 energy services holding company with 2003 revenues of \$7.9 billion. The Sempra Energy companies' nearly 13,000 employees serve more than 10 million customers in the United States, Europe, Canada, Mexico, South America and Asia.

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This press release contains statements that are not historical fact and constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. When the company uses words like "believes," "expects," "anticipates," "intends," "plans," "estimates," "may," "would," "should" or similar expressions, or when the company discusses its strategy or plans, the company is making forward-looking statements. Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions. Future results may differ materially from those expressed in the forward-looking statements. Forward-looking statements are necessarily based upon various assumptions involving judgments with respect to the future and other risks, including, among others: national, international, regional and local economic, competitive, political, legislative and regulatory conditions and developments; actions by the California Public Utilities Commission, the California State Legislature, the California Department of Water Resources and the Federal Energy Regulatory Commission; capital market conditions, inflation rates and interest rates; energy and trading markets, including the timing and extent of changes in commodity prices; weather conditions; business, regulatory and legal decisions; the pace of deregulation of retail natural gas and electricity delivery; the timing and success of business development efforts; and other uncertainties, all of which are difficult to predict and many of which are beyond the company's control. These risks and uncertainties are further discussed in the company's reports filed with the Securities and Exchange Commission that are available through the EDGAR system without charge at its Web site, www.sec.gov and on the company's Web site, www.sempra.com.

Sempra Energy Trading, Sempra Energy Resources, Sempra Energy International, Sempra Energy Solutions and Sempra Energy Partners are not the same as the utilities, San Diego Gas & Electric and Southern California Gas Co.

### Table A

## STATEMENTS OF CONSOLIDATED INCOME (Unaudited)

		nths ended le 30.		Six months ended June 30,				
(Dollars in millions, except per share amounts)	2004	2003	2004	2003				
Operating revenues								
California utilities:								
Natural gas	\$ 947	\$ 929	\$ 2,280	\$ 2,091				
Electric	420	397	801	792				
Other	629	514	1,275	880				
Total operating revenues	1,996	1,840	4,356	3,763				
Operating expenses								
California utilities:	400	400	4 200	4 4 5 7				
Cost of placetric final and purchased power	482	480	1,306	1,157				
Cost of electric fuel and purchased power Other cost of sales	155 375	137 296	282 702	300 515				
Other cost of sales Other operating expenses	546	518	1,067	963				
Depreciation and amortization	165	149	330	297				
Franchise fees and other taxes	53	57	117	113				
Total operating expenses	1,776	1,637	3,804	3,345				
, , ,	220	203	552	418				
Operating income Other income - net	13	203 9	18	410				
Interest income	10	10	33	22				
Interest expense	(80)	(71)	(160)	(145)				
Preferred dividends / distributions by subsidiaries	(3)	(8)	(5)	(15)				
Income from continuing operations before income taxes	160	143	438	284				
Income tax expense	31	27	88	51				
Income from continuing operations	129	116	350	233				
Loss from discontinued operations, net of tax	(6)	-	(30)	-				
Loss on disposal of discontinued operations, net of tax	(2)	-	(2)	_				
Income before cumulative effect of change in accounting principle	121	116	318	233				
Cumulative effect of change in accounting principle, net of tax	-	-	-	(29)				
Net Income	\$ 121	\$ 116	\$ 318	\$ 204				
Not income	Ψ 121	Ψ 110	Ψ 310	Ψ 204				
Weighted-average number of shares outstanding (thousands):								
Basic	230.432	207.626	229,245	207,013				
Diluted	234,312	210,164	232,738	208,882				
Income from continuing operations per share of common stock								
Basic	\$ 0.56	\$ 0.56	\$ 1.53	\$ 1.13				
Diluted	\$ 0.55	\$ 0.55	\$ 1.51	\$ 1.12				
Income before cumulative effect of change in accounting principle per share of common stock								
Basic	\$ 0.52	\$ 0.56	\$ 1.39	\$ 1.13				
Diluted	\$ 0.52	\$ 0.55	\$ 1.37	\$ 1.12				
Net income per share of common stock								
Basic	\$ 0.52	\$ 0.56	\$ 1.39	\$ 0.99				
Diluted	\$ 0.52	\$ 0.55	\$ 1.37	\$ 0.98				
Dividends declared per share of common stock	\$ 0.25	\$ 0.25	\$ 0.50	\$ 0.50				

#### Table B

### CONSOLIDATED BALANCE SHEETS (Unaudited)

Obliars in millions)         December 31, 2004           Assests           Current assests:         \$ 1,150         \$ 3,33           Short-term investments         8 16         1,002           Accounts receivable         816         1,002           Due from affiliate         4 6         66           Interest receivable         363         5,028           Interest receivable         5,088         5,208           Interest receivable         5,088         5,208           Regulatory assets arising from fixed-price contracts and other derivatives         1,002         88           Other regulatory assets arising from fixed-price contracts and other derivatives         1,002         1,002           Other regulatory assets of discontinued operations         7,748         7,712           Current assets of discontinued operations         7,867         7,932           Investments and other assets         19         20           Current assets of discontinued operations         47         5.5           Regulatory assets arising from fixed-price contracts and other derivatives         5,99         5.5           Regulatory assets arising from fixed-price contracts and other derivatives         5,99         5.5           Regulatory assets arising from fixed-price contracts and other derivatives<		Balance at					
Asserts         Current assets:         Section of the provision of		J					
Current assets         Carban and cash equivalents         \$ 1,150         \$ 432           Short-term investments         -         363           Accounts receivable         816         1,002           Due from affiliate         4         -           Deferred income taxes         84         66           Interest receivable         63         62           Trading assets         5,088         5,208           Regulatory assets anising from fixed-price contracts and other derivatives         152         144           Other regulatory assets anising from fixed-price contracts and other derivatives         107         147           Other         1017         147         147           Current assets of continuing operations         7,748         7,712           Current assets of discontinued operations         7,897         7,932           Investments and other assets:         7,897         7,932           Investments and other assets         7,897         7,952           Investments and other assets         5,99         650           Other regulatory assets anising from fixed-price contracts and other derivatives         5,99         650           Other regulatory assets anising from fixed-price contracts and other assets         5,99         650 <tr< th=""><th>(Dollars in millions)</th><th>·</th><th></th><th colspan="4"></th></tr<>	(Dollars in millions)	·					
Can and cash equivalents         \$ 1,150         \$ 432           Short-term investments         -         16,002           Accounts receivable         84         -           Deferred nome taxes         84         66           Interest receivable         63         52           Trading assets         5,088         5,25           Regulatory assets ansing from fixed-price contracts and other derivatives         152         144           Other regulatory assets ansing from fixed-price contracts and other derivatives         107         147           Other continuing operations         7,748         7,712           Current assets of discontinued operations         7,7867         7,932           Investments and other assets:         -         7,667         7,932           Investments and other assets:         -         659         650           Other regulatory assets ansing from fixed-price contracts and other derivatives         569         650           Other regulatory assets ansing from fixed-price contracts and other derivatives         569         650           Other regulatory assets ansing from fixed-price contracts and other derivatives         569         650           Investments         5,00         556         570           Invastments         1,00	Assets						
Accounts receivable         816         1,002           Due from affiliatio         4         66           Due from affiliatio         63         66           Interest receivable         63         52           Interest receivable         5,088         5,209           Regulatory assets arising from fixed-price contracts and other derivatives         100         88           Other regulatory assets of 100         88         100         88           Inventories         107         147         47           Other         184         157         7,748         7,712           Current assets of continuing operations         7,78         7,932           Current assets of discontinued operations         119         220           Total current assets         7,867         7,932           Investments and other assets         47         55           Regulatory assets arising from fixed-price contracts and other derivatives         569         650           Other regulatory assets arising from fixed-price contracts and other derivatives         569         554           Nuclear decommissioning trusts         569         554           Investments         1,055         1,114           Sundry         752         766 </td <td>Current assets:</td> <td></td> <td></td> <td></td> <td></td>	Current assets:						
Accounts receivable         16         1,00           Due from affiliate         4         6           Deferred income taxes         84         66           Interest receivable         63         62           Trading assets         5,088         5,250           Regulatory assets arising from fixed-price contracts and other derivatives         152         144           Other regulatory assets         107         147         147           Other         184         157         147         157           Current assets of continuing operations         7,748         7,793         7,932           Investments and other assets:         7,867         7,932         100         150 <t< td=""><td>Cash and cash equivalents</td><td>\$</td><td>1,150</td><td>\$</td><td>432</td></t<>	Cash and cash equivalents	\$	1,150	\$	432		
Deferm affiliate	Short-term investments		-		363		
Deferred income taxes         84         66           Interest receivable         63         5.25           Trading assets         5,088         5,250           Regulatory assets airing from fixed-price contracts and other derivatives         152         144           Other regulatory assets         100         88           Inventories         107         147           Other         184         157           Current assets of continuing operations         7,748         7,712           Current assets of discontinued operations         119         220           Total current assets         7,678         7,932           Investments and other assets         569         650           Other regulatory assets arising from fixed-price contracts and other derivatives         569         650           Other regulatory assets arising from fixed-price contracts and other derivatives         569         650           Unestments         1,055         1,114         7,06         70           Investments         3,498         3,649         70         70           Total investments and other assets         3,498         3,649         70         70           Total investments and other assets         3,498         3,649         70			816		1,002		
Interest receivable         6.3         5.28           Trading assets         5,088         5,259           Regulatory assets arising from fixed-price contracts and other derivatives         152         144           Other regulatory assets         100         89           Inventories         107         147           Other         184         157           Current assets of continuing operations         7,748         7,712           Current assets of discontinued operations         119         220           Total current assets         1,7867         7,982           Investments and other assets         47         55           Regulatory assets arising from fixed-price contracts and other derivatives         569         55           Other regulatory assets from fixed-price contracts and other derivatives         569         55           Other regulatory assets arising from fixed-price contracts and other derivatives         569         55           Nuclear decommissioning trusts         566         570         55           Regulatory assets arising from fixed-price contracts and other derivatives         566         570           Investments         1,615         1,114         5           Standy         5,62         7,06         7,06      <			-		-		
Trading assets         5.088         5.250           Regulatory assets arising from fixed-price contracts and other derivatives         152         144           Other regulatory assets         100         89           Inventories         107         147           Other         184         157           Current assets of continuing operations         7.748         7.712           Current assets of discontinued operations         119         220           Total current assets         7.867         7.932           Investments and other assets:         8         6         550           Due from affiliates         47         55         6         650         650           Other regulatory assets arising from fixed-price contracts and other derivatives         569         650         650           Other regulatory assets arising from fixed-price contracts and other derivatives         568         570           Investments         568         570         114         140           Sundry         752         7.66         7.06         7.06           Total investments and other assets         3,499         3,649         7.06         7.06           Total investments and other assets         4         2,20,58         22,2058							
Regulatory assets arising from fixed-price contracts and other derivatives         152         144           Other regulatory assets Inventories         100         89           Inventories         107         147           Other         184         157           Current assets of continuing operations         7,748         7,712           Current assets of discontinued operations         119         220           Total current assets         7,867         7,932           Investments and other assets         47         55           Regulatory assets arising from fixed-price contracts and other derivatives         569         650           Other regulatory assets arising from fixed-price contracts and other derivatives         569         650           Other regulatory assets arising from fixed-price contracts and other derivatives         509         554           Nuclear decommissioning trusts         1,055         1,114           Investments         1,055         1,114           Sundry         752         706           Total investments and other assets         3,499         3,649           Property, plant and equipment - net         10,693         10,47           Total assets         2,2058         22,2058           Accounts payable         81							
Other regulatory assets         100         88           Inventories         107         147           Other         134         157           Current assets of officinuing operations         7,748         7,712           Current assets of discontinued operations         119         202           Total current assets         7,867         7,932           Investments and other assets:         8         569         650           Chair offiliates         47         55         650         650           Other regulatory assets arising from fixed-price contracts and other derivatives         569         650         650           Other regulatory assets arising from fixed-price contracts and other derivatives         569         650         650           Other regulatory assets arising from fixed-price contracts and other derivatives         509         554         650	-				,		
Inventories         107         147           Other         184         157           Current assets of discontinued operations         7,748         7,712           Current assets of discontinued operations         119         220           Total current assets         7,867         7,932           Investments and other assets:         47         55           Regulatory assets arising from fixed-price contracts and other derivatives         569         650           Other regulatory assets         509         554           Nuclear decommissioning trusts         566         570           Investments         1,055         1,114           Sundry         752         706           Total investments and other assets         3,498         3,649           Property, plant and equipment - net         10,693         10,474           Total assets         2,2058         22,058           Liabilities and Shareholders' Equity         8         8           Current labilities         8         8           Short-term debt         \$ 68         \$ 28           Accounts payable         841         841           Income taxes payable         267         261           Trading liabilities							
Other         184         157           Current assets of oliscontinued operations         7,748         7,712           Total current assets         7,867         7,932           Investments and other assets:         7,867         7,932           Due from affiliates         47         55           Regulatory assets arising from fixed-price contracts and other derivatives         569         554           Other regulatory assets arising from fixed price contracts and other derivatives         569         554           Other regulatory assets arising from fixed price contracts and other derivatives         566         570           Investments         1,055         1,114           Sundry         752         706           Investments         1,055         1,114           Sundry         752         706           Total investments and other assets         3,498         3,649           Troperty, plant and equipment - net         10,693         10,474           Total assets         8         8         8           Evertural trade of liabilities         8         6         8         28           Evertural trade equipment - net         267         4,457         4,557         4,557         4,557         4,557         4,	• .						
Current assets of discontinuing operations         7,748         7,722           Current assets of discontinued operations         119         220           Total current assets         7,807         7,932           Investments and other assets:         56         57           Due from affiliates         569         650           Regulatory assets arising from fixed-price contracts and other derivatives         569         550           Other regulatory assets         566         570           Investments         1,055         1,114           Sundry         752         706           Total investments and other assets         3,498         3,649           Property, plant and equipment - net         10,693         10,474           Total assets         8         8           Property, plant and equipment - net         8         8           Current liabilities         8         8           Current liabilities         8         8           Accounts payable         8         8           Accounts payable         8         8           Income taxes payable         26         26           Income taxes payable         26         26           Regulatory blaincing accounts - net <td></td> <td></td> <td></td> <td></td> <td></td>							
Current assets of discontinued operations         119         220           Total current assets         7,932           Investments and other assets:         47         55           Due from affiliates         569         568           Regulatory assets arising from fixed-price contracts and other derivatives         569         556           Other regulatory assets         509         554           Nuclear decommissioning trusts         566         570           Investments         1,055         1,111           Sundry         752         706           Total investments and other assets         3,498         3,649           Property, plant and equipment - net         10,693         10,275           Total investments and other assets         3,498         3,649           Property, plant and equipment - net         8         6.84         2,205           Total investments and other sessets         3,498         3,649           Property, plant and equipment - net         10,693         10,245           Total investments and other sessets         3,488         3,649           Property, plant and equipment - net         2,602         2,65           Accounts payable         3,61         3,61           Investment desin							
Total current assets         7,867         7,932           Investments and other assets:         569         650           Regulatory assets arising from fixed-price contracts and other derivatives         569         650           Other regulatory assets         566         570           Nuclear decommissioning trusts         566         570           Investments         1,055         1,114           Sundry         752         706           Total investments and other assets         3,498         3,649           Property, plant and equipment - net         10,693         10,474           Total assets         8         2,055           Current liabilities         8         8           Current flabilities         8         8           Current flabilities         8         8           Accounts payable         8         8           Income taxes payable         267         261           Trading liabilities         4,157         4,457           Dividends and interest payable         160         148           Regulatory balancing accounts - net         520         424           Fixed-price contracts and other derivatives         160         1,48           Current liabilities o					,		
Due from affiliates	·						
Due from affiliates         47         55           Regulatory assets arising from fixed-price contracts and other derivatives         569         650           Other regulatory assets         566         570           Nuclear decommissioning trusts         1,055         1,114           Sundry         752         706           Total investments and other assets         3,498         3,649           Property, plant and equipment - net         10,693         10,474           Total assets         \$2,058         \$2,055           Liabilities and Shareholders' Equity         ***         ***           Current liabilities:         ***         ***           Short-term debt         \$ 68         28           Accounts payable         841         841           Income taxes payable         4,157         4,457           Dividends and interest payable         134         136           Regulatory balancing accounts - net         520         424           Fixed-price contracts and other derivatives         160         148           Current liabilities of continuing operations         7,633         8,432           Current liabilities of discontinued operations         32         52           Total current liabilities			7,867		7,932		
Regulatory assets arising from fixed-price contracts and other derivatives         569         657           Other regulatory assets         509         554           Nuclear decommissioning trusts         566         570           Investments         1,055         1,114           Sundry         752         706           Total investments and other assets         3,498         3,649           Property, plant and equipment - net         10,693         10,474           Total assets         \$22,005         \$22,005           Exhibitities:           Exhibitities:           Exhibitities:           Exhibitities and Shareholders' Equity           Exhibitities and the regulatory in a public exhibities and other derivatives         763         8,43           Exhi			47				
Other regulatory assets         509         5564           Nuclear decommissioning trusts         566         570           Investments         1,055         1,114           Sundry         752         706           Total investments and other assets         3,498         3,649           Property, plant and equipment - net         10,693         10,474           Total assets         2,2058         22,055           Liabilities and Shareholders' Equity           Current liabilities           Short-term debt         \$ 68         2.8           Accounts payable         841         841           Income taxes payable         267         261           Trading liabilities         4,157         4,457           Dividends and interest payable         134         136           Regulatory balancing accounts - net         520         424           Exeloprice contracts and other derivatives         160         148           Current prior of long-term debt         683         1,43           Other         623         704           Current liabilities of continuing operations         7,633         8,43           Current liabilities of discontinued operations         3							
Nuclear decommissioning trusts         566         570           Investments         1,055         1,114           Sundry         752         706           Total investments and other assets         3,498         3,649           Property, plant and equipment - net         10,693         10,474           Total assets         22,058         22,055           Liabilities and Shareholders' Equity           Current liabilities           Short-term debt         \$68         28           Accounts payable         841         841           Income taxes payable         267         261           Trading liabilities         4,157         4,457           Dividends and interest payable         134         136           Regulatory balancing accounts - net         520         424           Executation problems of long-term debt         863         1,433           Current portion of long-term debt         863         1,433           Other         623         704           Current liabilities of continuing operations         7,633         8,432           Current liabilities of discontinued operations         362         8,28           Deferred ciredits and other liabilities         <							
Investments         1,055         1,114           Sundry         752         706           Total investments and other assets         3,498         3,649           Property, plant and equipment - net         10,693         10,474           Total assets         \$2,058         \$2,055           Liabilities           Cornert liabilities           Short-term debt         841         841           Accounts payable         841         841           Income taxes payable         267         261           Trading liabilities         4,157         4,557           Dividends and interest payable         134         136           Regulatory balancing accounts - net         520         424           Fixed-price contracts and other derivatives         160         148           Current price contracts and other derivatives         160         148           Current liabilities of discontinued operations         7,633         8,432           Other         623         7,633         8,432           Current liabilities of discontinued operations         3,2         52           Total current liabilities of construction         34         39           Defered redits and other liabil							
Sundry         752         708           Total investments and other assets         3,498         3,649           Property, plant and equipment - net         10,693         10,474           Total assets         22,058         22,055           Current liabilities         8         28           Current liabilities         8         8         28           Accounts payable         841         841         1841           Income taxes payable         4,157         4,457         261           Trading liabilities         134         134         134         136           Regulatory balancing accounts - net         520         424         146         148	~						
Total investments and other assets         3,498         3,649           Property, plant and equipment - net         10,693         10,474           Total assets         22,058         22,055           Liabilities and Shareholders' Equity         Use a second of the most of					,		
Property, plant and equipment - net         10,693         10,474           Total assets         22,058         22,058           Liabilities and Shareholders' Equity         Use a second of the property	•						
Itabilities and Shareholders' Equity         Itabilities and Shareholders' Equity           Current liabilities:         Short-term debt         \$ 68         28           Accounts payable         841         841           Income taxes payable         267         261           Trading liabilities         4,157         4,457           Dividends and interest payable         134         136           Regulatory balancing accounts - net         520         424           Fixed-price contracts and other derivatives         160         148           Current portion of long-term debt         863         1,433           Other         623         704           Current liabilities of continuing operations         7,633         8,432           Current liabilities of discontinued operations         32         52           Total current liabilities         7,665         8,484           Long-term debt         4,419         3,841           Deferred credits and other liabilities:         32         52           Customer advances for construction         84         89           Postretirement benefits other than pensions         122         131           Deferred income taxes         239         202           Deferred income taxes							
Liabilities and Shareholders' Equity           Current liabilities           Short-term debt         \$ 68         \$ 28           Accounts payable         841         841           Income taxes payable         267         261           Trading liabilities         4,157         4,457           Dividends and interest payable         134         136           Regulatory balancing accounts - net         520         424           Fixed-price contracts and other derivatives         160         148           Current portion of long-term debt         863         1,433           Other         623         704           Current liabilities of continuing operations         7,633         8,432           Current liabilities of discontinued operations         7,665         8,484           Long-term debt         4,419         3,841           Deferred credits and other liabilities:         362         362           Customer advances for construction         84         89           Postretirement benefits other than pensions         122         131           Deferred income taxes         239         202           Deferred investment tax credits         81         84           Regulatory liabilities		•		•			
Current liabilities:         \$ 68         28           Accounts payable         841         841           Income taxes payable         267         261           Trading liabilities         4,157         4,457           Dividends and interest payable         134         136           Regulatory balancing accounts - net         520         424           Fixed-price contracts and other derivatives         160         148           Current portion of long-term debt         863         1,433           Other         623         704           Current liabilities of continuing operations         7,633         8,432           Current liabilities of discontinued operations         32         52           Total current liabilities         7,665         8,484           Long-term debt         4,419         3,841           Long-term debt         4,419         3,841           Deferred credits and other liabilities         362         362           Customer advances for construction         84         89           Postretirement benefits other than pensions         122         131           Deferred income taxes         239         202           Deferred investment tax credits         81         84 </td <td>Total assets</td> <td><u> </u></td> <td>22,058</td> <td><u> </u></td> <td>22,055</td>	Total assets	<u> </u>	22,058	<u> </u>	22,055		
Current liabilities:         \$ 68         28           Accounts payable         841         841           Income taxes payable         267         261           Trading liabilities         4,157         4,457           Dividends and interest payable         134         136           Regulatory balancing accounts - net         520         424           Fixed-price contracts and other derivatives         160         148           Current portion of long-term debt         863         1,433           Other         623         704           Current liabilities of continuing operations         7,633         8,432           Current liabilities of discontinued operations         32         52           Total current liabilities         7,665         8,484           Long-term debt         4,419         3,841           Long-term debt         4,419         3,841           Deferred credits and other liabilities         362         362           Customer advances for construction         84         89           Postretirement benefits other than pensions         122         131           Deferred income taxes         239         202           Deferred investment tax credits         81         84 </td <td>Lightilities and Shareholders' Equity</td> <td></td> <td></td> <td></td> <td></td>	Lightilities and Shareholders' Equity						
Short-term debt         \$ 68         28           Accounts payable         841         841           Income taxes payable         267         261           Trading liabilities         4,157         4,457           Dividends and interest payable         134         136           Regulatory balancing accounts - net         520         424           Fixed-price contracts and other derivatives         160         148           Current portion of long-term debt         863         1,433           Other         623         704           Current liabilities of continuing operations         7,633         8,432           Current liabilities of discontinued operations         32         52           Total current liabilities         7,663         8,484           Long-term debt         4,419         3,841           Deferred credits and other liabilities:         362         362           Due to affiliates         362         362           Customer advances for construction         84         89           Postretirement benefits other than pensions         122         131           Deferred income taxes         239         202           Deferred investment tax credits         81         84							
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Income taxes payable         267         261           Trading liabilities         4,157         4,457           Dividends and interest payable         134         136           Regulatory balancing accounts - net         520         424           Fixed-price contracts and other derivatives         160         148           Current portion of long-term debt         863         1,433           Other         623         704           Current liabilities of continuing operations         7,633         8,432           Current liabilities of discontinued operations         32         52           Total current liabilities         7,665         8,484           Long-term debt         4,419         3,841           Deferred credits and other liabilities:         362         362           Due to affiliates         362         362           Customer advances for construction         84         89           Postretirement benefits other than pensions         122         131           Deferred income taxes         239         202           Deferred investment tax credits         81         84           Regulatory liabilities arising from cost of removal obligations         2,297         2,238           Regulatory liabilities		Ψ		Ψ			
Trading liabilities         4,157         4,457           Dividends and interest payable         134         136           Regulatory balancing accounts - net         520         424           Fixed-price contracts and other derivatives         160         148           Current portion of long-term debt         863         1,433           Other         623         704           Current liabilities of continuing operations         7,633         8,432           Current liabilities of discontinued operations         32         52           Total current liabilities         7,665         8,484           Long-term debt         4,419         3,841           Deferred credits and other liabilities:         362         362           Due to affliiates         362         362           Customer advances for construction         84         89           Postretirement benefits other than pensions         122         131           Deferred income taxes         239         202           Deferred investment tax credits         81         84           Regulatory liabilities arising from cost of removal obligations         2,297         2,238           Regulatory liabilities arising from asset retirement obligations         284         281							
Dividends and interest payable         134         136           Regulatory balancing accounts - net         520         424           Fixed-price contracts and other derivatives         160         148           Current portion of long-term debt         863         1,433           Other         623         704           Current liabilities of continuing operations         7,633         8,432           Current liabilities of discontinued operations         32         52           Total current liabilities of discontinued operations         32         52           Total current liabilities of discontinued operations         32         52           Long-term debt         4,419         3,841           Long-term debt         4,419         3,841           Deferred credits and other liabilities:         362         362           Due to affiliates         362         362           Customer advances for construction         84         89           Postretirement benefits other than pensions         122         131           Deferred income taxes         239         202           Deferred investment tax credits         81         84           Regulatory liabilities arising from cost of removal obligations         2,297         2,238 <td>· ·</td> <td></td> <td></td> <td></td> <td></td>	· ·						
Regulatory balancing accounts - net         520         424           Fixed-price contracts and other derivatives         160         148           Current portion of long-term debt         863         1,433           Other         623         704           Current liabilities of continuing operations         7,633         8,432           Current liabilities of discontinued operations         32         52           Total current liabilities         7,665         8,484           Long-term debt         4,419         3,841           Deferred credits and other liabilities:         362         362           Due to affiliates         362         362           Customer advances for construction         84         89           Postretirement benefits other than pensions         122         131           Deferred income taxes         239         202           Deferred investment tax credits         81         84           Regulatory liabilities arising from cost of removal obligations         2,297         2,238           Regulatory liabilities arising from asset retirement obligations         284         281           Other regulatory liabilities         318         313           Fixed-price contracts and other derivatives         571         6	· ·						
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Current portion of long-term debt         863         1,433           Other         623         704           Current liabilities of continuing operations         7,633         8,432           Current liabilities of discontinued operations         32         52           Total current liabilities         7,665         8,484           Long-term debt         4,419         3,841           Deferred credits and other liabilities:         8         1           Due to affiliates         362         362           Customer advances for construction         84         89           Postretirement benefits other than pensions         122         131           Deferred income taxes         239         202           Deferred investment tax credits         81         84           Regulatory liabilities arising from cost of removal obligations         2,297         2,238           Regulatory liabilities arising from asset retirement obligations         284         281           Other regulatory liabilities         104         108           Fixed-price contracts and other derivatives         571         680           Asset retirement obligations         318         313           Deferred credits and other         1,167         1,173 <t< td=""><td></td><td></td><td></td><td></td><td></td></t<>							
Other         623         704           Current liabilities of continuing operations         7,633         8,432           Current liabilities of discontinued operations         32         52           Total current liabilities         7,665         8,484           Long-term debt         4,419         3,841           Deferred credits and other liabilities:         ***         ***           Due to affiliates         362         362           Customer advances for construction         84         89           Postretirement benefits other than pensions         122         131           Deferred income taxes         239         202           Deferred investment tax credits         81         84           Regulatory liabilities arising from cost of removal obligations         2,297         2,238           Regulatory liabilities arising from asset retirement obligations         284         281           Other regulatory liabilities         104         108           Fixed-price contracts and other derivatives         571         680           Asset retirement obligations         318         313           Deferred credits and other         1,167         1,173           Total deferred credits and other liabilities         5,629         5,661	·						
Current liabilities of continuing operations         7,633         8,432           Current liabilities of discontinued operations         32         52           Total current liabilities         7,665         8,484           Long-term debt         4,419         3,841           Deferred credits and other liabilities:         8         362         362           Due to affiliates         362         362         362           Customer advances for construction         84         89           Postretirement benefits other than pensions         122         131           Deferred income taxes         239         202           Deferred investment tax credits         81         84           Regulatory liabilities arising from cost of removal obligations         2,297         2,238           Regulatory liabilities arising from asset retirement obligations         284         281           Other regulatory liabilities         104         108           Fixed-price contracts and other derivatives         571         680           Asset retirement obligations         318         313           Deferred credits and other         1,167         1,173           Total deferred credits and other liabilities         5,629         5,661           Preferred st							
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Total current liabilities         7,665         8,484           Long-term debt         4,419         3,841           Deferred credits and other liabilities:         8           Due to affiliates         362         362           Customer advances for construction         84         89           Postretirement benefits other than pensions         122         131           Deferred income taxes         239         202           Deferred investment tax credits         81         84           Regulatory liabilities arising from cost of removal obligations         2,297         2,238           Regulatory liabilities arising from asset retirement obligations         284         281           Other regulatory liabilities         104         108           Fixed-price contracts and other derivatives         571         680           Asset retirement obligations         318         313           Deferred credits and other         1,167         1,173           Total deferred credits and other liabilities         5,629         5,661           Preferred stock of subsidiaries         179         179           Shareholders' equity         4,166         3,890	- ·						
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Due to affiliates       362       362         Customer advances for construction       84       89         Postretirement benefits other than pensions       122       131         Deferred income taxes       239       202         Deferred investment tax credits       81       84         Regulatory liabilities arising from cost of removal obligations       2,297       2,238         Regulatory liabilities arising from asset retirement obligations       284       281         Other regulatory liabilities       104       108         Fixed-price contracts and other derivatives       571       680         Asset retirement obligations       318       313         Deferred credits and other       1,167       1,173         Total deferred credits and other liabilities       5,629       5,661         Preferred stock of subsidiaries       179       179         Shareholders' equity       4,166       3,890	· · · · · · · · · · · · · · · · · · ·		.,	-	0,011		
Customer advances for construction         84         89           Postretirement benefits other than pensions         122         131           Deferred income taxes         239         202           Deferred investment tax credits         81         84           Regulatory liabilities arising from cost of removal obligations         2,297         2,238           Regulatory liabilities arising from asset retirement obligations         284         281           Other regulatory liabilities         104         108           Fixed-price contracts and other derivatives         571         680           Asset retirement obligations         318         313           Deferred credits and other         1,167         1,173           Total deferred credits and other liabilities         5,629         5,661           Preferred stock of subsidiaries         179         179           Shareholders' equity         4,166         3,890			362		362		
Postretirement benefits other than pensions         122         131           Deferred income taxes         239         202           Deferred investment tax credits         81         84           Regulatory liabilities arising from cost of removal obligations         2,297         2,238           Regulatory liabilities arising from asset retirement obligations         284         281           Other regulatory liabilities         104         108           Fixed-price contracts and other derivatives         571         680           Asset retirement obligations         318         313           Deferred credits and other         1,167         1,173           Total deferred credits and other liabilities         5,629         5,661           Preferred stock of subsidiaries         179         179           Shareholders' equity         4,166         3,890							
Deferred income taxes         239         202           Deferred investment tax credits         81         84           Regulatory liabilities arising from cost of removal obligations         2,297         2,238           Regulatory liabilities arising from asset retirement obligations         284         281           Other regulatory liabilities         104         108           Fixed-price contracts and other derivatives         571         680           Asset retirement obligations         318         313           Deferred credits and other         1,167         1,173           Total deferred credits and other liabilities         5,629         5,661           Preferred stock of subsidiaries         179         179           Shareholders' equity         4,166         3,890							
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Regulatory liabilities arising from cost of removal obligations         2,297         2,238           Regulatory liabilities arising from asset retirement obligations         284         281           Other regulatory liabilities         104         108           Fixed-price contracts and other derivatives         571         680           Asset retirement obligations         318         313           Deferred credits and other         1,167         1,173           Total deferred credits and other liabilities         5,629         5,661           Preferred stock of subsidiaries         179         179           Shareholders' equity         4,166         3,890							
Regulatory liabilities arising from asset retirement obligations       284       281         Other regulatory liabilities       104       108         Fixed-price contracts and other derivatives       571       680         Asset retirement obligations       318       313         Deferred credits and other       1,167       1,173         Total deferred credits and other liabilities       5,629       5,661         Preferred stock of subsidiaries       179       179         Shareholders' equity       4,166       3,890							
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Asset retirement obligations       318       313         Deferred credits and other       1,167       1,173         Total deferred credits and other liabilities       5,629       5,661         Preferred stock of subsidiaries       179       179         Shareholders' equity       4,166       3,890	• .						
Deferred credits and other         1,167         1,173           Total deferred credits and other liabilities         5,629         5,661           Preferred stock of subsidiaries         179         179           Shareholders' equity         4,166         3,890	·						
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Preferred stock of subsidiaries         179         179           Shareholders' equity         4,166         3,890							
Shareholders' equity 4,166 3,890							
<u> </u>							
	• •	\$		\$			

#### Table C

### **CONDENSED STATEMENTS OF CONSOLIDATED CASH FLOWS (Unaudited)**

Six months ended June 30, (Dollars in millions) 2004 2003 **Cash Flows from Operating Activities:** \$ Net income 318 \$ 204 Adjustments to reconcile net income to net cash provided by operating activities: 30 Loss from discontinued operations, net of tax Loss on disposal of discontinued operations, net of tax 2 Cumulative effect of change in accounting principle 29 Depreciation and amortization 330 297 Deferred income taxes and investment tax credits (110)(12)Other - net 33 39 Net changes in other working capital components 335 30 Changes in other assets (48)(57)Changes in other liabilities 8 12 Net cash provided by continuing operations 682 758 Net cash used in discontinued operations (30)Net cash provided by operating activities 652 758 **Cash Flows from Investing Activities:** Expenditures for property, plant and equipment (498)(441)Net proceeds from sale of assets 363 (1) Proceeds from disposal of discontinued operations 112 Investments and acquisitions of subsidiaries, net of cash acquired (13)(134)Dividends received from affiliates 47 Affiliate loan (64)Other - net (2)Net cash provided by (used in) investing activities 12 (641)**Cash Flows from Financing Activities:** Common dividends paid (104)(115)Issuances of common stock 92 50 Repurchases of common stock (2)(6)Issuances of long-term debt 896 400 Payments on long-term debt (339)(877)Increase (decrease) in short-term debt - net 63 (240)(3) Other - net (8)Net cash provided by (used in) financing activities (247)54 Increase (decrease) in cash and cash equivalents 718 (130)Cash and cash equivalents, January 1 432 455 Cash and cash equivalents, June 30 325 1,150

<sup>(1)</sup> Proceeds from the sale of U.S. Treasury obligations which previously securitized the Mesquite synthetic lease.

Table D

### **BUSINESS UNIT EARNINGS AND CAPITAL EXPENDITURES & INVESTMENTS (Unaudited)**

		months ended June 30,		ths ended ie 30,
(Dollars in millions)	2004	2003	2004	2003
Net Income California Utilities: San Diego Gas & Electric Southern California Gas Total California Utilities	\$ 30 50	0 37	\$ 80 106 186	\$ 86 <u>95</u> 181
Global Enterprises: Trading Resources International/ LNG Solutions Total Global Enterprises	44 22 14 	2 5 5 18 3 8	99 59 32 (1) 189	45 15 25 8 93
Financial	(	6 8	16	19
Parent & Other	(3	7) (36)	(41)	(60)
Continuing Operations	129	9 116	350	233
Discontinued Operations (1)	(8	8) -	(32)	-
Cumulative Effect of Change in Accounting Principle			-	(29) (2)
Consolidated Net Income	\$ 12	1 \$ 116	\$ 318	\$ 204

<sup>(1)</sup> Reflects Atlantic Electric & Gas and includes (\$2) related to the disposal.

<sup>(2)</sup> The effects to Trading and Solutions were (\$28) and (\$1), respectively.

	Three months ended June 30,					Six months ended June 30,					
(Dollars in millions)	2004 2003					2004	2	2003			
Capital Expenditures and Investments											
California Utilities:											
San Diego Gas & Electric	\$	112	\$	94	\$	181	\$	183			
Southern California Gas		82		77		144		135			
Total California Utilities		194		171		325		318			
Global Enterprises:											
Resources		34		87		49		171			
Trading		36		5		82		12			
International/LNG		11		29		38		55			
Total Global Enterprises		81		121		169		238			
Parent & Other		10		10		17		19			
Consolidated Capital Expenditures and Investments	\$	285	\$	302	\$	511	\$	575			

Table E

## OTHER OPERATING STATISTICS (Unaudited)

	TI	nree montl June :		led	Six months ended June 30,					
CALIFORNIA UTILITIES	2	004	2	:003		2004		2003		
Revenues (Dollars in millions)  SDG&E (excludes intercompany sales)  SoCalGas (excludes intercompany sales)	\$ \$	529 838	\$ \$	514 812	\$ \$	1,104 1,977	\$ \$	1,073 1,810		
Gas Sales (Bcf) Transportation and Exchange (Bcf) Total Deliveries (Bcf)		81 128 209		89 113 202		221 249 470		214 247 461		
Total Gas Customers (Thousands)						6,251		6,166		
Electric Sales (Millions of kWhs) Direct Access (Millions of kWhs) Total Deliveries (Millions of kWhs)		3,747 929 4,676		3,454 759 4,213	_	7,559 1,658 9,217		7,063 1,565 8,628		
Total Electric Customers (Thousands)						1,306		1,289		
RESOURCES Power Sold (Millions of kWhs)  SOLUTIONS		3,884		2,050		8,361		3,453		
Revenues (Dollars in millions)	\$	43	\$	55	\$	73	\$	97		
INTERNATIONAL (Represents 100% of these subsidiaries, although only the Mexican subsidiaries) Natural Gas Sales (Bcf) Argentina Mexico	ries are 100% owr	ned by Semp 62 10	ra Ener	gy). 57 10		113 20		96 19		
Chile Natural Gas Customers (Thousands) Argentina Mexico Chile		-		-		1 1,429 103 37		1,379 84 36		
Electric Sales (Millions of kWhs) Peru Chile Electric Customers (Thousands)		1,016 502		1,003 464		2,023 1,010		2,013 934		
Peru Chile						740 502		724 489		

Table E (Continued)

#### TRADING

	Three months ended June 30,					Six months ended June 30,			
Trading Margin (Dollars in millions)		2004	, ,,	2003	•		2004		2003
Geographical:					•				
North America	\$		\$	89		\$	241	\$	151
Europe/Asia		36		51	i		120		73
Total	\$	164	\$	140		\$	361	\$	224
Product Line:									
Gas	\$	50	\$	62		\$	91	\$	92
Power	•	(9)	•	14		•	29	•	12
Oil - Crude & Products		48		18			89		50
Metals		50		19			108		26
Other		25		27			44		44
Total	\$	164	\$	140		\$	361	\$	224
Dhyaigal Statistica									
Physical Statistics Natural Gas (BCF/Day)		12.7		13.2			13.2		13.4
Electric (Billions of kWhs)		75.2		65.3			168.1		131.4
Oil & Liquid Products (Millions Bbls/Day)		1.7		1.9			1.9		1.7
	Ma	Fair arket Value							
		June 30,			Scheduled Matu	ıritv	(in months)		
Net Unrealized Revenue (Dollars in millions)		2004		0 - 12	13 - 24	21.1Cy	25 - 36		> 36
Sources of Over-the-Counter (OTC) Fair Value:				-	-				
Prices actively quoted	\$	409	\$	361	\$ 15	\$	(1)	\$	34
Prices provided by other external sources		6		(8)	-		-		14
Prices based on models and other valuation methods				(14)	4		-		10
Total OTC Fair Value (1)		415		339	19		(1)		58
Maturity of OTC Fair Value									
Percentage		100.0%		81.6%	4.6%		-0.2%		14.0%
Cumulative Percentages				81.6%	86.2%		86.0%		100.0%
Exchange Contracts (2)		186	\$	201	\$ (14)	\$	10	\$	(11)
Total Net Unrealized Revenue	\$	601							

- (1) The present value of unrealized revenue to be received or (paid) from outstanding OTC contracts
- (2) Cash received associated with open Exchange Contracts

Credit Quality of Unrealized Trading Assets (net of margin)	June 30, 2004	March 31, 2004	December 31, 2003	September 30, 2003	June 30, 2003
Commodity Exchanges	8%	6%	8%	8%	6%
Investment Grade	71%	63%	70%	66%	71%
Below Investment Grade	21%	31%	22%	26%	23%

	Three months ended					Six months ended			
	 June 30,				June 30,				
Risk Adjusted Performance Indicators	2004		2003			2004		2003	
VaR at 95% (Dollars in millions) (1)	\$ 6.4	\$	5.6	-	\$	6.1	\$	7.8	
VaR at 99% (Dollars in millions) (2)	\$ 9.0	\$	7.9		\$	8.5	\$	11.0	
Risk Adjusted Return on Capital (RAROC) (3)	33%		38%			37%		22%	

- (1) Average Daily Value-at-Risk for the period using a 95% confidence level (2) Average Daily Value-at-Risk for the period using a 99% confidence level
- (3) Average Daily Trading Margin/Average Daily VaR at 95% confidence level