

SEMPRA ENERGY  
Form 424B2  
February 11, 2005  
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**The information in this preliminary remarketing prospectus supplement is not complete and may be changed without notice. This preliminary remarketing prospectus supplement and the accompanying prospectus supplement and prospectus are not an offer to sell these securities nor are they soliciting offers to buy these securities in any state where the offer or sale is not permitted. These securities may not be sold nor may offers to buy be accepted before the remarketing prospectus supplement is delivered in final form.**

**SUBJECT TO COMPLETION, DATED FEBRUARY 11, 2005**

FILED PURSUANT TO  
RULE 424(b)(2)  
REGISTRATION NO. 333-70640

**REMARKETING PROSPECTUS SUPPLEMENT**

**(To Prospectus dated November 15, 2001 and Prospectus Supplement dated April 24, 2002)**

**\$**

**% Senior Notes due 2007**

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In April 2002, we issued \$600,000,000 aggregate principal amount of 5.60% senior notes due 2007, referred to in this remarketing prospectus supplement as the senior notes, in connection with our issuance of 24,000,000 Equity Units in the form of Income Equity Units. The senior notes were issued as a component of Income Equity Units that initially consisted of (1) a purchase contract to purchase from us on May 17, 2005, at a purchase price of \$25, a fraction of a newly issued share of our common stock and (2) a senior note in the principal amount of \$25. This remarketing prospectus supplement relates to a remarketing of \$ \_\_\_\_\_ aggregate principal amount of those senior notes on behalf of the Income Equity Unit holders and holders of senior notes held separately from Income Equity Units, if any, who elect to participate in the remarketing.

The senior notes will mature on May 17, 2007. The interest rate on the senior notes will be reset to \_\_\_\_\_ % per annum, effective on and after February 17, 2005. Interest on the senior notes is payable quarterly in arrears on February 17, May 17, August 17 and November 17 of each year. The first interest payment on the remarketed senior notes will be made on May 17, 2005.

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We will not receive any proceeds from the remarketing of the senior notes.

The senior notes are redeemable prior to their maturity, in whole but not in part, upon the occurrence and continuation of a tax event at the redemption price set forth under the caption "Description of the Remarketed Senior Notes Tax Event Redemption" in this remarketing prospectus supplement.

The senior notes are senior unsecured obligations and rank equally with all of Sempra Energy's other senior unsecured indebtedness. We will remarket the senior notes in denominations of \$25 and integral multiples of \$25 in excess thereof. Following the remarketing, the senior notes will not be listed on any national securities exchange.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this remarketing prospectus supplement or the accompanying prospectus supplement and related prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

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	<u>Per Note</u>	<u>Total</u>
Remarketed offering price <sup>(1)</sup>	%	\$
Remarketing fee to remarketing agents <sup>(2)</sup>	%	\$
Net proceeds to participating holders	%	\$

(1) Plus accrued interest if settlement occurs after that date.

(2) Payable from the proceeds of the remarketing and, to the extent the proceeds are not sufficient, payable by us.

We expect the senior notes will be ready for delivery through The Depository Trust Company on or about February , 2005.

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*Joint Lead Remarketing Agents*

**Citigroup**

**Morgan Stanley**

**Credit Suisse First Boston**

**Dresdner Kleinwort Wasserstein**

**Wachovia Securities**

**WestLB Securities Inc.**

Remarketing Prospectus Supplement dated February , 2005

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This document is in three parts. The first part is this remarketing prospectus supplement, which describes the specific terms of this remarketing of the senior notes and also adds to and updates information contained in the accompanying prospectus supplement and prospectus and the documents incorporated by reference in this remarketing prospectus supplement and the accompanying prospectus supplement and prospectus. The second and third parts are the accompanying prospectus supplement and prospectus, which give more general information, some of which does not apply to the senior notes. If the description of the remarketing varies between this remarketing prospectus supplement and the accompanying prospectus supplement and prospectus, you should rely on the information in this remarketing prospectus supplement.

You should rely only on the information contained or incorporated by reference in this remarketing prospectus supplement and in the accompanying prospectus supplement and prospectus. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. You should assume that the information appearing in this remarketing prospectus supplement and the accompanying prospectus supplement and prospectus is accurate as of the date on their respective covers. Our business, financial condition, results of operations and prospects may have changed since that date.

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**FORWARD-LOOKING STATEMENTS**

This remarketing prospectus supplement and the accompanying prospectus and prospectus supplement and the documents they incorporate by reference may contain statements that are not historical fact and constitute forward-looking statements. When we use words like believes, expects, anticipates, intends, plans, estimates, may, should or similar expressions, or when we discuss our strategy or plans, we are making forward-looking statements. Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions. Our future results may differ materially from those expressed in these forward-looking statements. These statements are necessarily based upon various assumptions involving judgments with respect to the future and other risks, including, among others:

local, regional, national and international 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, the Federal Energy Regulatory Commission and other regulatory bodies in the United States and other countries;

capital markets conditions, inflation rates, interest rates and exchange rates;

energy and trading markets, including the timing and extent of changes in commodity prices;

the availability of natural gas;

weather conditions and conservation efforts;

war and terrorist attacks;

business, regulatory and legal decisions and requirements;

the status 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 our control.

You are cautioned not to rely unduly on any forward-looking statements. These risks and uncertainties are discussed in more detail under Risk Factors, Business and Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the year ended December 31, 2003 and other documents that we have filed with the Securities and Exchange Commission. You may obtain copies of these documents as described under Where You Can Find More Information in the accompanying prospectus.





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**SUMMARY INFORMATION**

The following information supplements, and should be read together with, the information contained in the accompanying prospectus supplement and prospectus. You should carefully read this remarketing prospectus supplement and the accompanying prospectus supplement and prospectus, as well as the documents they incorporate by reference, before making an investment decision. Unless we state otherwise or the context otherwise requires, references appearing in this remarketing prospectus supplement to we, us and our should be read to refer to Sempra Energy and its subsidiaries.

**Sempra Energy**

We are a Fortune 500 energy services holding company. Our shares are traded on the New York Stock Exchange under the symbol SRE. Our companies provide a wide spectrum of value-added electric and natural gas products and services to a diverse range of customers.

The Sempra utilities, San Diego Gas & Electric and Southern California Gas Company, serve more than 22 million consumers from California's Central Valley to the Mexican border. SDG&E serves 3.3 million consumers through 1.3 million electric meters and more than 800,000 natural gas meters. SDG&E's service area spans 4,100 square miles. The nation's largest natural gas distribution utility, SoCalGas, serves a population of 19.5 million through 5.5 million meters. SoCalGas' service territory encompasses 23,000 square miles.

Sempra Global companies acquire, develop and operate infrastructure assets related to the production and distribution of energy and provide risk-management products and services:

Sempra Commodities is a wholesale and retail trader of physical and financial energy products, including natural gas, power, crude oil and associated commodities, and a trader and wholesaler of metals.

Sempra Generation acquires, develops and operates power plants, provides energy services and facilities management and owns mineral rights in properties producing oil and natural gas.

Sempra LNG develops receipt terminals for the importation of liquefied natural gas.

Sempra Pipelines and Storage engages in energy-infrastructure projects in North and South America, holds interests in companies that provide natural gas or electricity services to over 2.8 million customers in Argentina, Chile, Mexico and Peru and owns and operates two small natural gas distribution utilities in the Eastern United States.

Sempra Financial invests in tax-advantaged limited partnerships which own 1,300 affordable housing properties throughout the United States.

We are headquartered at 101 Ash Street, San Diego, California 92101-3017 and our telephone number is (877) 736-7721 or, in San Diego, (619) 696-2034.



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**The Remarketing**

In this portion of the summary, references to Sempra Energy, we, our and us mean Sempra Energy excluding, unless otherwise expressly stated or the context otherwise requires, its subsidiaries.

Issuer	Sempra Energy.
Securities Remarketed	\$ aggregate principal amount of senior notes on behalf of holders of Income Equity Units and holders of senior notes held separately from Income Equity Units, if any, who elect to participate in the remarketing.
Maturity	The senior notes will mature on May 17, 2007, unless a tax event redemption occurs prior to that date.
Interest Rate	The interest rate on the senior notes will be reset to % per annum effective on and after February 17, 2005.
Interest Payment Dates	Interest on the senior notes is payable quarterly in arrears on February 17, May 17, August 17, and November 17 of each year. The first interest payment on the remarketed senior notes will be made on May 17, 2005.
Ranking	The senior notes are our senior unsecured obligations and rank equally with all of our other senior unsecured indebtedness.
Tax Event Redemption	The senior notes are redeemable at our option on not less than 30 days nor more than 60 days prior written notice, in whole, but not in part, upon the occurrence and continuation of a tax event under the circumstances and at the redemption price set forth under the caption Description of the Remarketed Senior Notes Tax Event Redemption in this remarketing prospectus supplement.
Use of Proceeds	We will not receive any proceeds from the remarketing of the senior notes. For more information, see the section of this remarketing prospectus supplement entitled Use of Proceeds.
U.S. Federal Income Taxation	We have treated and will continue to treat the senior notes for U.S. federal income tax purposes as indebtedness that is subject to the Treasury regulations governing contingent payment debt instruments. These regulations are complex, and in some respects uncertain in application. Generally, assuming that you report your income in a manner consistent with the method described in this remarketing prospectus supplement, the amount of income that you will recognize in respect of the senior notes should correspond to the economic accrual of income on the notes to you and the amount of income you would have recognized if the senior notes were not subject to the contingent payment debt regulations. However, no assurance can be given that the Internal Revenue Service, or IRS, will agree with our position. For a detailed discussion, please see the section of this remarketing prospectus supplement entitled Certain United States Federal Income Tax Considerations.

Listing

The senior notes will not be listed on any national securities exchange.

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**USE OF PROCEEDS**

We are remarketing up to \$ \_\_\_\_\_ aggregate principal amount of senior notes to investors on behalf of holders of Income Equity Units and holders of senior notes held separately from Income Equity Units, if any, who elect to participate in the remarketing.

We will not receive any cash proceeds from the remarketing of the senior notes. Instead, the proceeds of the remarketing will be used as follows:

\$ \_\_\_\_\_ of the proceeds (which is equal to the treasury portfolio purchase price described under Remarketing ) will be used to purchase the treasury portfolio (described under Remarketing ) that will then be pledged to us, on behalf of holders of Income Equity Units, as security against the stock purchase contract obligations of such holders;

\$ \_\_\_\_\_ of the proceeds (which is equal to the separate notes purchase price described under Remarketing ) will be remitted to U.S. Bank Trust National Association, as the custodial agent, for payment to the holders of senior notes held separately from Income Equity Units, if any, who have elected to participate in the remarketing;

\$ \_\_\_\_\_ of the proceeds, which equals the lesser of (i) 25 basis points (0.25%) of the sum of the treasury portfolio purchase price and the separate notes purchase price, if any, and (ii) the amount of the proceeds, if any, in excess of the sum of the treasury portfolio purchase price and the separate notes purchase price, if any, will be deducted and retained by the remarketing agents as a remarketing fee;

any proceeds from the remarketing of senior notes that are components of the Income Equity Units remaining after deducting the treasury portfolio purchase price and the remarketing fee attributable to such senior notes will be remitted to U.S. Bank Trust National Association, as the purchase contract agent, for payment to the holders of the Income Equity Units; and

any proceeds from the remarketing of senior notes held separately from the Income Equity Units remaining after deducting the separate notes purchase price and the remarketing fee attributable to such senior notes will be remitted to U.S. Bank Trust National Association, as the custodial agent, for payment to the holders of such remarketed senior notes.

**Table of Contents****RATIO OF EARNINGS TO COMBINED FIXED CHARGES**

The following table sets forth our ratio of earnings to combined fixed charges for each of the years in the five-year period ended December 31, 2003 and for each of the nine month periods ended September 30, 2004 and 2003:

	<b>Year Ended December 31,</b>					<b>Nine Months Ended</b>	
	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>	<b>September 30, 2003</b>	<b>September 30, 2004</b>
Ratio of Earnings to Combined Fixed Charges	2.93	3.02	2.86	2.90	3.21	2.87	3.89

We determined the ratio of earnings to combined fixed charges by dividing (a) the sum of pretax income and fixed charges by (b) fixed charges. Fixed charges consist of all interest expense (before allowances for borrowed funds used during construction), preferred dividends by subsidiaries, one-third of rent expense (which approximates the interest component of such expense) and amortization of debt issuance costs.

**Table of Contents****SUMMARY HISTORICAL CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

The following table contains our summary historical condensed consolidated financial information. The summary information as of December 31, 2003 and for the two years then ended has been derived from our audited consolidated financial statements. The summary information as of September 30, 2004 and for the nine month periods ended September 30, 2004 and 2003, has been derived from our unaudited consolidated financial statements and, in our opinion, reflects all adjustments necessary for a fair presentation. These adjustments are only of a normal recurring nature.

The summary historical condensed consolidated financial information should be read in conjunction with and is qualified in its entirety by reference to the audited and unaudited consolidated financial statements and the related notes thereto from which it has been derived. More comprehensive financial information is included in the consolidated financial statements and related notes contained in our Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q, which we file with the SEC.

**Condensed Consolidated Statements of Income**

(millions of dollars)

	For the Nine Months Ended September 30,		For the Years Ended December 31,	
	2004	2003	2003	2002
	(unaudited)			
Revenue	\$ 6,521	\$ 5,821	\$ 7,887	\$ 6,048
Expenses	(5,624)	(5,096)	(6,948)	(5,061)
Other Income	58	38	26	15
Trust preferred distributions by subsidiary		(9)	(9)	(18)
Preferred dividends of subsidiaries	(7)	(8)	(10)	(11)
Income before interest and income taxes	948	746	946	973
Interest	(176)	(193)	(204)	(252)
Income taxes	(191)	(109)	(47)	(146)
Income from continuing operations	581	444	695	575
Loss from discontinued operations, net of tax <sup>(1)</sup>	(30)			
Loss on disposal of discontinued operations, net of tax	(2)			
Income before extraordinary item and cumulative effect of changes in accounting principles, net of tax	549	444	695	575
Extraordinary item, net of tax <sup>(2)</sup>				16
Cumulative effect of changes in accounting principles, net of tax <sup>(3)</sup>		(29)	(46)	
Net Income	\$ 549	\$ 415	\$ 649	\$ 591

(1)

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Atlantic Electric & Gas, which was sold in April 2004, has been reported as a discontinued operation for the nine months ended September 30, 2004. Prior to 2004, Atlantic Electric & Gas was accounted for as an unconsolidated subsidiary and therefore, in accordance with generally accepted accounting principles, amounts prior to 2004 are not reported as discontinued operations.

- (2) Acquisition gains, in accordance with Statement of Financial Accounting Standards 141.
- (3) Combined effects of the rescission of Emerging Issues Task Force Consensus 98-10 (affecting mark-to-market accounting) and the implementation of Revised Interpretation No. 46, Consolidation of Variable Interest Entities issued by the Financial Accounting Standards Board.

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(dollars in millions)

	September 30, 2004	December 31, 2003
	(unaudited)	
<b>Assets</b>		
Current assets	\$ 8,109	\$ 7,869
Investments and other assets	3,508	3,647
Property, plant and equipment	10,847	10,474
<b>Total assets</b>	<b>\$ 22,464</b>	<b>\$ 21,990</b>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities	\$ 7,884	\$ 8,382
Long-term debt	4,414	3,841
Deferred credits and other liabilities	5,606	5,698
<b>Total liabilities</b>	<b>17,904</b>	<b>17,921</b>
Preferred stock of subsidiaries	179	179
<b>Shareholders' Equity</b>		
Common stock	2,166	2,028
Retained earnings	2,674	2,298
Deferred compensation relating to ESOP	(33)	(35)
Accumulated other comprehensive income (loss)	(426)	(401)
<b>Total shareholders' equity</b>	<b>4,381</b>	<b>3,890</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 22,464</b>	<b>\$ 21,990</b>

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**DESCRIPTION OF THE REMARKETED SENIOR NOTES**

**General**

The remarketed senior notes offered by this remarketing prospectus supplement are a series of our senior unsecured debt securities as described below and in the accompanying prospectus supplement and prospectus. The senior notes were initially issued in the aggregate principal amount of \$600,000,000 as components of Income Equity Units under an indenture, dated as of February 23, 2000, as supplemented by a supplemental indenture, dated as of April 30, 2002, between Sempra Energy, as issuer, and U.S. Bank Trust National Association, as trustee. We refer to the indenture, as supplemented by the supplemental indenture, as the indenture.

In this section, references to Sempra Energy, we, our, us and the Company mean Sempra Energy excluding, unless otherwise expressly stated in the context otherwise requires, its subsidiaries. Capitalized terms used in this section but not defined have the meanings given to those terms in the accompanying prospectus supplement or prospectus or, if not defined in the accompanying prospectus supplement or prospectus, in the indenture.

We have summarized selected provisions of the senior notes and the indenture below. The summary of selected provisions of the senior notes and the indenture referred to below supplements, and to the extent inconsistent supersedes and replaces, the description of the general terms and provisions of the senior debt securities and the indenture contained in the accompanying prospectus supplement and prospectus. This summary is not complete and is qualified by reference to provisions of the senior notes and the indenture. The indenture, the supplemental indenture and the forms of the notes have been filed with the SEC and you may obtain copies as described under Where You Can Find More Information in the accompanying prospectus.

The senior notes are not subject to a sinking fund provision. Unless a tax event redemption occurs prior to May 17, 2007, the entire principal amount of the senior notes will mature and become due and payable, together with any accrued and unpaid interest, on May 17, 2007. Except upon the occurrence and continuation of a tax event, the senior notes will not be redeemable by us prior to the maturity date.

Remarketed senior notes will be represented by one or more global certificates registered in the name of the depositary or its nominee. So long as the senior notes are in book-entry form, you will receive payments and may transfer senior notes only through the facilities of the depositary and its direct and indirect participants. See Book-Entry, Clearance and Settlement. We will maintain an office or agency in the Borough of Manhattan, The City of New York where notices and demands in respect of the senior notes and the indenture may be delivered to us and where certificated senior notes, if any are issued under the circumstances described under Book-Entry, Clearance and Settlement, may be surrendered for payment, registration of transfer or exchange. That office or agency will initially be the office of the trustee, which is currently located at 100 Wall Street, Suite 1600, New York, New York 10005.

We will make payments on book-entry senior notes to the depositary or its nominee, as the registered owner of the senior notes, by wire transfer of immediately available funds. With respect to senior notes issued in definitive certificated form, we will have the option of paying interest by check mailed to the addresses of the persons entitled to payment or by wire transfer to bank accounts in the United States designated in writing to the trustee at least 15 days before the applicable payment date by the persons entitled to payment.

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We will pay principal of and any premium on the senior notes at maturity, upon redemption or otherwise, upon presentation of the senior notes at the office of the trustee, who shall act as our paying agent. In our discretion, we may appoint one or more additional paying agents and security registrars and designate one or more additional places for payment and for registration of transfer, but we are obligated at all times to maintain a place of payment for the senior notes and a place for registration of transfer of the senior notes in the Borough of Manhattan, The City of New York.

The senior notes are our unsecured and unsubordinated obligations and rank on a parity in right of payment with all of our other unsecured and unsubordinated indebtedness. The senior notes are our obligations

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exclusively, and are not the obligations of any of our subsidiaries. Because we conduct our operations primarily through our subsidiaries and substantially all of our consolidated assets are held by our subsidiaries, the senior notes will be effectively subordinated to all existing and future indebtedness and other liabilities of our subsidiaries. On September 30, 2004, our subsidiaries had total consolidated liabilities of \$14,455 million. See "Description of Debt Securities" "Guarantee of Sempra Energy; Holding Company Structure" in the accompanying prospectus.

Any monies deposited with the trustee or any paying agent, or held by us in trust, for the payment of principal of or interest on any note and remaining unclaimed for two years after such principal or interest has become due and payable shall, at our request, be repaid to us or released from trust, as applicable, and the holder of the note shall thereafter look, as a general unsecured creditor, only to us for the payment thereof.

The indenture does not contain provisions that afford holders of the senior notes protection in the event of a highly leveraged transaction or other similar transaction involving us that may adversely affect the holders.

## **Interest**

The interest rate on the senior notes will be reset to \_\_\_\_\_ % per annum, effective on and after February 17, 2005. Interest on the senior notes is payable quarterly in arrears on February 17, May 17, August 17 and November 17 of each year, each an interest payment date, to the persons in whose name the senior notes are registered at the close of business on the first day of the month in which the interest payment date falls. The first interest payment on the remarketed senior notes will be made on May 17, 2005.

The amount of interest payable for any period will be computed on the basis of a 360-day year consisting of twelve 30-day months. In the event that any date on which interest is payable on the senior notes is not a business day, the payment of interest payable on that date will be made on the next day that is a business day without any interest or other payment in respect of the delay.

## **Tax Event Redemption**

If a tax event occurs and is continuing, we may, at our option, redeem the senior notes in whole, but not in part, at any time at a price, which we refer to as the redemption price, equal to, for each note, the redemption amount described below plus accrued and unpaid interest, if any, to the date of redemption. Installments of interest on senior notes which are due and payable on or prior to a redemption date will be payable to the holders of the senior notes registered as such at the close of business on the relevant record dates. If, following the occurrence of a tax event, we exercise our option to redeem the senior notes, the proceeds of the redemption will be payable in cash to the holders of the senior notes.

Tax event means the receipt by us of an opinion of nationally recognized independent tax counsel experienced in such matters to the effect that, as a result of

any amendment to, change in, or announced proposed change in, the laws or any regulations thereunder of the United States or any political subdivision or taxing authority thereof or therein affecting taxation,

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any amendment to or change in an interpretation or application of any such laws or regulations by any legislative body, court, governmental agency or regulatory authority, or

any interpretation or pronouncement that provides for a position with respect to any such laws or regulations that differs from the generally accepted position on April 24, 2002,

which amendment, change or proposed change is effective or which interpretation or pronouncement is announced on or after April 24, 2002, there is more than an insubstantial risk that interest or original issue discount on the notes would not be deductible, in whole or in part, by us for U.S. federal income tax purposes.

Redemption amount means, for each senior note, the product of the principal amount of the senior note and a fraction whose numerator is the Treasury portfolio purchase price and whose denominator is the aggregate principal amount of the senior notes outstanding on the tax event redemption date.

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**Treasury portfolio purchase price** means, with respect to a tax event redemption, the lowest aggregate price quoted by a primary U.S. government securities dealer in New York City to the quotation agent on the third business day immediately preceding the tax event redemption date for the purchase of the Treasury portfolio for settlement on the tax event redemption date.

**Treasury portfolio** means, with respect to a tax event redemption, a portfolio of zero-coupon U.S. Treasury securities consisting of (i) principal or interest strips of U.S. Treasury securities that mature on or prior to May 16, 2007 in an aggregate amount equal to the aggregate principal amount of the senior notes outstanding on the tax event redemption date, and (ii) with respect to each scheduled interest payment date on the senior notes that occurs after the tax event redemption date, interest or principal strips of U.S. Treasury securities that mature on or prior to that interest payment date in an aggregate amount equal to the aggregate interest payment that would be due on the aggregate principal amount of the senior notes outstanding on the tax event redemption date if the interest rate of the senior notes was not reset on the applicable reset date.

**Quotation agent** means Merrill Lynch, Pierce, Fenner & Smith Incorporated or Citigroup Global Markets Inc. or any of their respective affiliates or successors or any other primary U.S. government securities dealer in New York City selected by us.

Notice of any redemption will be mailed at least 30 days but not more than 60 days before the redemption date to each registered holder of senior notes to be redeemed at its registered address. Unless we default in payment of the redemption price, on and after the redemption date interest shall cease to accrue on the senior notes. In the event any senior notes are called for redemption, neither we nor the trustee will be required to register the transfer of or exchange the senior notes to be redeemed.

## **Book-Entry Clearance and Settlement**

The Depository Trust Company will act as securities depository for the senior notes. The remarketed senior notes initially will be represented by one or more global securities registered in the name of Cede & Co., the depository's nominee. Except under the limited circumstances described below, senior notes represented by the global securities will not be exchangeable for, and will not otherwise be issuable as, senior notes in certificated form. The global securities may not be transferred except by the depository to a nominee of the depository or by a nominee of the depository to the depository or another nominee of the depository or to a successor depository or its nominee.

The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of the securities in certificated form. These laws may impair the ability to transfer beneficial interests in the senior notes so long as the senior notes are represented by global security certificates.

Except as provided below, owners of beneficial interests in such global security will not be entitled to receive physical delivery of senior notes in certificated form and will not be considered the holders (as defined in the indenture) thereof for any purpose under the indenture, and no global security representing senior notes shall be exchangeable, except for another global security of like denomination and tenor to be registered in the name of the depository or its nominee or a successor depository or its nominee. Accordingly, each beneficial owner must rely on the procedures of the depository or if such person is not a participant, on the procedures of the participant through which such person owns its interest to exercise any rights of a holder under the indenture.

The depository is a limited-purpose trust company organized under the New York Banking Law, a banking organization within the meaning of the New York Banking Law, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform

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Commercial Code, and a clearing agency registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. The depositary holds securities that its participants deposit with the depositary. The depositary also facilitates the settlement among participants of securities transactions, including transfers and pledges, in deposited securities through electronic computerized book-entry changes in participants' accounts, thereby eliminating the need for physical movement of securities certificates.

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Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. The depositary is a wholly owned subsidiary of the Depository Trust & Clearing Corporation, or DTCC. DTCC, in turn, is owned by a number of the depositary's participants, as well as by the New York Stock Exchange, the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to the depositary's system is also available to others, including securities brokers and dealers, banks and trust companies that clear transactions through or maintain a direct or indirect custodial relationship with a direct participant either directly or indirectly. The rules applicable to the depositary and its participants are on file with the Securities and Exchange Commission.

Although the depositary has agreed to the foregoing procedures in order to facilitate transfer of interests in the global security certificates among participants, the depositary is under no obligation to perform or continue to perform these procedures and these procedures may be discounted at any time. We will not have any responsibility for the performance by the depositary or its direct participants or indirect participants under the rules and procedures governing the depositary.

As long as the depositary or its nominee is the registered owner of the global security certificates, the depositary or the nominee, as the case may be, will be considered the sole owner and holder of the global security certificates and all senior notes represented by these certificates for all purposes under the indenture.

All principal or interest payments on the senior notes represented by the global security certificates and deliverables will be made to the depositary or its nominee, as the case may be, as the holder of the securities.

Ownership of beneficial interests in the global security certificates will be limited to participants or persons that may hold beneficial interests through institutions that have accounts with the depositary or its nominee. Ownership of beneficial interests in global security certificates will be shown only on, and the transfer of those ownership interests will be effected only through, records maintained by the depositary or its nominee, with respect to participants' interests, or any participant, with respect to interests of persons held by the participant on their behalf. Payments, transfers, deliveries, exchanges and other matters relating to beneficial interests in global security certificates may be subject to various policies and procedures adopted by the depositary from time to time. Neither we nor any of our agents will have any responsibility or liability for any aspect of the depositary's or any participant's records relating to, or for payments made on account of, beneficial interests in global security certificates, or for maintaining, supervising or reviewing any of the depositary's records or any participant's records relating to these beneficial ownership interests.

The information in this section concerning the depositary and its book-entry system has been obtained from sources that we believe to be reliable, but we have not attempted to verify the accuracy of this information.

In the event that

the depositary notifies us that it is unwilling or unable to continue as a depositary for the global security certificates and no successor depositary has been appointed within 90 days after this notice, or

the depositary ceases to be a clearing agency registered under the Securities Exchange Act at any time the depositary is required to be so registered to act as the depositary and no successor depositary has been appointed within 90 days after we learn that the depositary has ceased to be so registered, or



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we determine in our sole discretion that the global securities shall be exchangeable for senior notes in definitive registered form, or

an event of default under the indenture has occurred and is continuing,

certificates for the senior notes will be printed and delivered in exchange for beneficial interests in the global security certificates. Any global note that is exchangeable pursuant to the preceding sentence shall be exchangeable for note certificates registered in the names directed by the depositary. We expect that these instructions will be based upon directions received by the depositary from its participants with respect to ownership of beneficial interests in the global security certificates.

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**CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS**

The following is a summary of certain of the United States federal income tax considerations related to the purchase, ownership and disposition of the senior notes, but does not purport to be a complete analysis of all the potential tax considerations relating thereto. This summary is based upon the provisions of the Internal Revenue Code of 1986, as amended (the Code), Treasury Regulations promulgated thereunder, administrative rulings and judicial decisions as of the date hereof. These authorities may be changed, possibly retroactively, so as to result in United States federal income tax consequences different from those set forth below. We have not sought any ruling from the IRS with respect to the statements made and the conclusions reached in the following summary, and there can be no assurance that the IRS will agree with such statements and conclusions.

This discussion is limited to holders who purchase senior notes in the remarketing and who hold the senior notes as capital assets (generally, property held for investment). This discussion also does not address the tax considerations arising under the laws of any foreign, state or local jurisdiction, or under United States federal estate or gift tax laws. In addition, this discussion does not address all tax considerations that may be applicable to a holder's particular circumstances or to holders that may be subject to special tax rules, including, without limitation:

holders subject to the alternative minimum tax;

banks, insurance companies, or other financial institutions;

foreign persons or entities (except to the extent specifically set forth below);

tax-exempt organizations;

dealers in securities or commodities;

traders in securities that elect to use a mark-to-market method of accounting for their securities holdings;

U.S. holders (as defined below) whose functional currency is not the United States dollar;

holders that hold senior notes as a position in a hedging transaction, straddle, conversion transaction or other risk reduction transaction;  
or

persons deemed to sell the senior notes under the constructive sale provisions of the Code.

In addition, if a partnership (including any entity treated as partnership for United States federal tax purposes) or other pass-through entity holds senior notes, the tax treatment of a partner in the partnership or owner of the applicable pass-through entity generally will depend upon the status of the partner or owner and the activities of the partnership or pass-through entity. If you are a partnership or pass-through entity, or a partner or owner of a partnership or other pass-through entity, as applicable, holding our senior notes, you should consult your tax advisor regarding the tax consequences of the ownership and disposition of senior notes.

No statutory, administrative or judicial authority directly addresses the treatment of senior notes or instruments similar to senior notes for United States federal income tax purposes. As a result, no assurance can be given that the IRS will agree with the tax consequences described herein. Each prospective investor is urged to consult its tax advisor as to the particular tax consequences of purchasing, owning and disposing of the senior notes, including the application and effect of United States federal, state, local and foreign tax laws.

#### **Classification of the Senior Notes**

Generally, characterization of an obligation as indebtedness for United States federal income tax purposes is made at the time of the issuance of the obligation. Consistent with our belief that the senior notes constituted indebtedness for United States federal income tax purposes at the time of the issuance of the senior notes, we have treated and will continue to treat the senior notes in that manner. It is possible that the IRS will successfully assert that the senior notes are not properly treated as indebtedness prior to the remarketing, in which case your

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tax consequences from the ownership and disposition of the senior notes may differ from those described below. By acquiring senior notes in the remarketing, you will be deemed to have agreed to treat the senior notes as indebtedness for United States federal income tax purposes.

Because of the manner in which the interest rate on the senior notes is reset, we have treated and will continue to treat the senior notes for United States federal income tax purposes as indebtedness that is subject to the Treasury regulations governing contingent payment debt instruments (the contingent payment debt regulations). However, the proper application of the contingent payment debt regulations to the senior notes following the remarketing is uncertain in a number of respects, and no assurance can be given that the IRS will not successfully assert that the senior notes should be treated differently than as described below. A different treatment of the senior notes could materially affect the timing and character of income, gain or loss with respect to an investment in the senior notes. Accordingly, you are urged to consult your tax advisor regarding the United States federal income tax consequences of owning the senior notes.

The remainder of this discussion assumes that the notes will be treated as contingent payment debt instruments subject to the contingent payment debt regulations for United States federal income tax purposes.

### **U.S. Holders**

The following is a summary of the United States federal income tax consequences that will apply to you if you are a U.S. holder of senior notes. Certain consequences to non-U.S. holders of senior notes are described under Non-U.S. Holders below. You are a U.S. holder if you are a holder of senior notes, and you are:

a citizen or resident of the United States as determined for federal income tax purposes;

a corporation (or any entity treated as corporation for United States federal tax purposes) or partnership (or any entity treated as partnership for United States federal tax purposes) created or organized in or under the laws of the United States or any political subdivision of the United States;

an estate the income of which is subject to United States federal income taxation regardless of its source; or

a trust that (1) is subject to the supervision of a court within the United States and the control of one or more United States persons or (2) has a valid election in effect under applicable Treasury Regulations to be treated as a United States person.

### ***Interest Accruals Based on Comparable Yield and Projected Payment Schedule***

Under the contingent payment debt regulations (subject to the discussion below), regardless of your method of accounting for United States federal income tax purposes, you are required to accrue interest income on the senior notes on a constant-yield basis at an assumed yield (the comparable yield) that was determined at the time of issuance of the senior notes and take into account any differences between the actual payments you receive at the reset interest rate and the projected schedule of payments we constructed at the time of the original issuance of the senior notes, as more fully described below. The comparable yield for the senior notes was based on the yield at which we could have issued, at the time of issuance of the senior notes, a fixed-rate debt instrument with no contingent payments but with terms otherwise similar to those of the senior notes. Solely for purposes of determining the amount of interest income that accrues on the senior notes, we were required, at the time

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of issuance of the senior notes, to construct a projected payment schedule in respect of the senior notes representing a series of payments the amount and timing of which would produce a yield to maturity on the senior notes equal to the comparable yield. A difference between the actual amount of a payment and the projected amount of a payment generally is taken into account as an adjustment to interest income.

For United States federal income tax purposes, you generally are required under the contingent payment debt regulations to use the comparable yield and the projected payment schedule in determining interest accruals

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and adjustments in respect of a senior note, unless you timely disclose and justify the use of a different comparable yield and projected payment schedule to the IRS. However, there is uncertainty regarding the manner in which the contingent payment debt regulations apply to the remarketing, including whether there should be a change in the projected payment schedule and the precise mechanics for determining the total amount and timing of the adjustments to the interest accruals. For our own reporting purposes, we intend not to change the original projected payment schedule created at the time of the issuance of the senior notes. The following discussion assumes that you will use this original projected payment schedule, as well.

Furthermore, assuming that you report your income in a manner consistent with our position described below, the amount of income that you will recognize in respect of the senior notes generally should correspond to the economic accrual of income on the notes to you and the amount of income you would have recognized if the senior notes were not subject to the contingent payment debt regulations. No assurance can be given that the IRS will agree with the application of the contingent payment debt regulations to the remarketing in the manner described below.

The amount of interest on a senior note that accrues in an accrual period is the product of the comparable yield on the senior note (adjusted to reflect the length of the accrual period) and the adjusted issue price of the senior note. The daily portions of interest in respect of a senior note are determined by allocating to each day in an accrual period the ratable portion of interest on the senior note that accrues in the accrual period. The initial adjusted issue price of a senior note acquired by you in the remarketing will equal \$ \_\_\_\_\_ per \$25 principal amount as of the date of the remarketing (the initial adjusted issue price \_\_\_\_\_). For any accrual period thereafter, the adjusted issue price will be (x) the sum of the initial adjusted issue price of the senior note and all interest previously accrued on such senior note starting from the remarketing date (disregarding any positive or negative adjustments described below, including the adjustments reflecting the actual reset rate and additional potential adjustments) minus (y) the total amount of the projected payments on the senior note for all previous accrual periods starting from the remarketing date.

At the time of the issuance of the senior notes, we determined that the comparable yield was 6.40% and the projected payment schedule for the senior notes, per \$25 principal amount, was \$0.47 for each quarter ending after February 17, 2005. We also determined that the projected payment for the senior notes, per \$25 principal amount, at the maturity date was \$25.47 (which included the stated principal amount of the senior notes as well as the final projected interest payment). Based on the comparable yield of 6.40% and the initial adjusted issue price of \$ \_\_\_\_\_ per \$25 principal amount, you will be required (regardless of your accounting method) to accrue interest as the sum of the daily portions of interest on a senior note for each day in the taxable year on which you hold the senior note, adjusted to reflect the actual reset rate, as discussed below.

***Adjustments to Reflect the Actual Reset Rate***

Following the remarketing of the senior notes, the senior notes will be subject to special rules that are applicable to contingent payment debt instruments for which all of the contingent payments have become fixed at the same time. Under these rules, you must take into account positive or negative adjustments to the projected payment schedule in a reasonable manner over the period to which such adjustments relate. Further, you must allocate in a reasonable manner any difference between your purchase price for the senior notes and the adjusted issue price of the senior notes at the time you purchase such notes in the remarketing to daily portions of original issue discount or projected payments over the remaining term of the senior notes. However, there is uncertainty regarding the manner in which these rules should apply to the senior notes after the remarketing, including whether the projected payment schedule should be modified and the method for determining the total amount and timing of the adjustments.

Based on the reset rate of \_\_\_\_\_ %, actual payments on the senior notes, per \$25 principal amount, will be approximately \$ \_\_\_\_\_ for each quarterly payment date ending after February 17, 2005. Because these payments will differ from the projected quarterly payments of \$0.47, you and we will be required to account for



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these differences as adjustments to interest accrued based on the comparable yield of 6.40% in a reasonable manner over the period to which they relate. For our own reporting purposes, we intend to treat the difference of \$            between the projected payment of \$0.47 and the actual payment of approximately \$            on the senior note as an adjustment to the interest accrued (based on the 6.40% comparable yield) during each quarter. You are not required to use the same method to account for the differences between the actual payments and the projected payment schedule so long as you make these adjustments in a reasonable manner.

***Adjusted Tax Basis of the Senior Notes; Additional Potential Adjustments***

Your initial adjusted tax basis in a senior note acquired by you in the remarketing will equal the amount that you pay for the senior note. Your adjusted tax basis in the senior notes for any accrual period following the remarketing will be (x) the sum of your initial adjusted tax basis in the senior notes and any interest previously accrued on such senior notes starting from the remarketing date (disregarding any positive or negative adjustments, other than those described immediately below) minus (y) the total amount of the projected payments on the senior note for all previous accrual periods starting from the remarketing date.

If your initial adjusted tax basis in a senior note acquired in the remarketing differs from the adjusted issue price of such senior note on the date of your purchase, you will be required to make additional negative or positive adjustments to interest accrued in each period. You will take into account any difference between your initial adjusted tax basis in the senior note and the adjusted issue price of such senior note on the date of your purchase by reasonably allocating this difference to daily portions of interest or to projected payments over the remaining term of the senior notes. If your initial adjusted tax basis in a senior note is greater than its adjusted issue price on the date of your purchase, you will take the difference into account as a negative adjustment to interest on the date the daily portion accrues or the projected payment is made. If your initial adjusted tax basis in a senior note is less than its adjusted issue price on the date of your purchase, you will take the difference into account as a positive adjustment to interest on the date the daily portion accrues or the projected payment is made. The adjusted tax basis of a senior note will be decreased by any such negative adjustments and increased by any such positive adjustments. To the extent that a negative adjustment exceeds a positive adjustment, such excess is a net negative adjustment that is not subject to the two percent floor limitation imposed on miscellaneous deductions under Section 67 of the Code.

Upon accruing interest income based on the comparable yield of 6.40% and making positive and negative adjustments that reflect the actual reset rate as described above under *Adjustments to Reflect the Actual Reset Rate* and the possible difference between your initial adjusted tax basis in the senior note and its adjusted issue price on the date of your purchase as described in the preceding paragraph, the amount of income that you will recognize in respect of the senior notes generally should correspond to the economic accrual of income on the notes to you and the amount of income you would have recognized if the senior notes were not subject to the contingent payment debt regulations.

***Sale, Exchange or Other Disposition of the Senior Notes***

Upon a sale, exchange or other disposition of a senior note (including a redemption), you will generally recognize gain or loss equal to the difference between the amount realized on the disposition and your adjusted tax basis in the senior note. Such gain or loss generally will be capital gain or loss (except to the extent of any positive adjustment that you have not yet accrued and included in income, which will be treated as interest income) and generally will be long-term capital gain or loss if you held the senior note for more than one year immediately prior to such disposition. Long-term capital gains of individuals are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

***Tax Event Redemption of Senior Notes***



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A tax event redemption of a senior note will be a taxable event, and you will recognize gain or loss in the manner described above under *Sale, Exchange or Other Disposition of the Senior Notes*.

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### **Non-U.S. Holders**

The following discussion applies to you if you are a holder of senior notes that is not a U.S. holder (a Non-U.S. holder). Special rules may apply to you if you are a controlled foreign corporation, passive foreign investment company, or are otherwise subject to special treatment under the Code. If you are or may be subject to these special rules, you should consult your tax advisor to determine the particular United States federal, state and local and other tax consequences that would apply to you.

All payments on a senior note made to you and any gain realized on a sale, exchange or other disposition of a senior note will be exempt from United States federal income and withholding tax, provided that:

you do not own, actually or constructively, 10% or more of the total combined voting power of all classes of our stock entitled to vote;

you are not a controlled foreign corporation related, directly or indirectly, to us through stock ownership;

you are not a bank receiving certain types of interest;

you have fulfilled the certification requirement described below;

such payments are not effectively connected with the conduct by you of a trade or business in the United States; and

in the case of gain realized on the sale, exchange or other disposition of a senior note, if you are a nonresident alien individual, you are not present in the United States for 183 or more days in the taxable year of the disposition where certain other conditions are met.

The certification requirement referred to above will be fulfilled if you certify to us on IRS Form W-8BEN, under penalties of perjury, that you are not a United States person and provide your name and address.

If you are engaged in a trade or business in the United States, and if payments on a senior note are effectively connected with the conduct of this trade or business, you will generally be taxed in the same manner as a U.S. holder (see Tax Consequences to U.S. Holders above), except that you will be required to provide a properly executed IRS Form W-8ECI in order to claim an exemption from withholding tax. You should consult your tax advisor with respect to other tax consequences of the ownership of the senior notes, including the possible imposition of a 30% branch profits tax.

### **Information Reporting and Backup Withholding**

If you are a U.S. holder, information reporting requirements generally will apply to all payments we make to you and to the proceeds paid to you from a sale of senior notes, unless you are an exempt recipient such as a corporation. Backup withholding tax will apply to those payments if you fail to provide a taxpayer identification number or a certification of exempt status, or if you fail to report interest income in full.

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If you are a Non-U.S. holder, we must report annually to the IRS and to you the amount of payments we make to you and the tax withheld with respect to such payments, regardless of whether withholding is required. Copies of the information returns reporting such payments and withholding may also be made available to the tax authorities in the country in which you reside under the provisions of an applicable income tax treaty. In general, you will not be subject to backup withholding regarding payments we make to you provided that we do not have actual knowledge or reason to know that you are a United States person and we have received from you the statement described above under Non-U.S. Holders United States Federal Withholding Tax. In addition, you will be subject to information reporting and, depending on the circumstances, backup withholding with respect to the proceeds of the sale of a senior note made within the United States or conducted through a United States-related intermediary, unless the payor receives the statement described above and does not have actual knowledge or reason to know that you are a U.S. holder, or you otherwise establish an exemption.

Regardless of whether you are a U.S. holder or a Non-U.S. holder, any amounts withheld under the backup withholding rules will be allowed as a credit against your United States federal income tax liability and may entitle you to a refund, provided that you timely furnish the required information to the IRS.

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**REMARKETING**

Under the terms and conditions contained in a remarketing agreement, dated as of February 1, 2005, as supplemented by a supplemental remarketing agreement, dated as of February 1, 2005, each among us, U.S. Bank Trust National Association, as purchase contract agent, and Citigroup Global Markets Inc., Morgan Stanley & Co. Incorporated, Credit Suisse First Boston LLC, Dresdner Kleinwort Wasserstein Securities LLC, Wachovia Capital Markets, LLC and WestLB Securities Inc., as remarketing agents, the remarketing agents have severally agreed to use their reasonable efforts to remarket the senior notes on February 14, 2005 at an aggregate price of approximately 100.5% of the sum of the treasury portfolio purchase price (as defined below) and the separate notes purchase price (as defined below), if any.

The treasury portfolio purchase price is the price to be paid to purchase the treasury portfolio that will be substituted for the senior notes as a component of the Income Equity Units and that will be pledged to us, on behalf of holders of the Income Equity Units, as security against the stock purchase contract obligations of such holders. The treasury portfolio is a portfolio of zero-coupon Treasury securities consisting of:

interest or principal strips of U.S. Treasury securities that mature prior to May 17, 2005 in an aggregate principal amount equal to the aggregate principal amount of the senior notes included in the Income Equity Units, and

with respect to the scheduled interest payment date on the senior notes that occurs on May 17, 2005, interest or principal strips of U.S. Treasury securities that mature prior to May 17, 2005 in an aggregate amount equal to the aggregate interest payment that would be due on that date on the aggregate principal amount of the senior notes included in the Income Equity Units if the interest rate on the senior notes were not reset.

The separate notes purchase price is equal to the product of (A) the total number of separately held notes, if any, that are remarketed multiplied by (B) the quotient of (1) the treasury portfolio purchase price divided by (2) the number of senior notes that are components of Income Equity Units.

In connection with the remarketing, the remarketing agents, in their capacity as reset agents, have reset the rate of interest payable on the senior notes to the reset rate of \_\_\_\_\_ % per annum. The reset rate will be effective upon the closing of the remarketing on February 17, 2005.

The remarketing agreement provides that the remarketing is subject to customary conditions precedent, including the delivery of officers certificates, legal opinions and accountants' comfort letters. The proceeds of the remarketing will be used in the manner described under "Use of Proceeds."

Pursuant to the remarketing agreement, the remarketing agents will be entitled to receive a remarketing fee equal to 25 basis points (0.25%) of the sum of the treasury portfolio purchase price and the separate notes purchase price, if any. The remarketing agents will deduct this fee from the proceeds of the remarketing to the extent that the aggregate proceeds exceed the sum of the treasury portfolio purchase price and the separate notes purchase price. To the extent that the proceeds are not sufficient to pay the remarketing fee in full, we will be required to pay the balance of the remarketing fee payable to the remarketing agents. Except as described in the preceding sentence, neither we nor the holders of senior notes participating in this remarketing will be responsible for any remarketing fee or commission in connection with this remarketing.

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The senior notes are not listed on any national securities exchange and have no established trading market. The remarketing agents have advised us that they intend to make a market in the senior notes, but they have no obligation to do so and may discontinue market making at any time without providing any notice. No assurance can be given as to the liquidity of any trading market for the senior notes.

In connection with this remarketing and in compliance with applicable law, the remarketing agents may effect transactions which stabilize, maintain or otherwise affect the market price of the senior notes at levels above those which might otherwise prevail in the open market. Such transactions may include placing bids for

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the senior notes or effecting purchases of the senior notes for the purpose of pegging, fixing, or maintaining the price of the senior notes for the purpose of reducing a short position created in connection with the remarketing. The remarketing agents are not required to engage in any of these activities and such activities, if commenced, may be discontinued at any time.

We have agreed to indemnify the remarketing agents against or to contribute to payments that the remarketing agents may be required to make in respect of, certain liabilities, including liabilities under the Securities Act of 1933.

The remarketing agents and their respective affiliates have in the past provided, and may in the future provide, investment banking and commercial banking services to us and our affiliates for which they have received, or will receive, customary compensation.

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**LEGAL MATTERS**

Gary W. Kyle, Chief Corporate Counsel of Sempra Energy will pass upon certain legal matters relating to the remarketing of the senior notes on behalf of Sempra Energy. Latham & Watkins LLP, Los Angeles, California, will pass upon certain other legal matters relating to the remarketing of the senior notes on behalf of Sempra Energy. Sidley Austin Brown & Wood LLP, San Francisco, California will act as counsel for the remarketing agents. Paul Pringle is a partner of Sidley Austin Brown & Wood LLP and owns 2,412 shares of common stock and 1,000 equity units of Sempra Energy.

**INDEPENDENT ACCOUNTANTS**

The consolidated financial statements and the related financial statement schedule as of December 31, 2003 and 2002 and for each of the three years in the period ended December 31, 2003 incorporated by reference into Sempra Energy's registration statement on Form S-3 filed with the SEC on October 1, 2001 have been audited by Deloitte & Touche LLP, independent auditors, as stated in their reports, which are incorporated by reference and which include an explanatory paragraph concerning the change in accounting resulting from the adoption of Statement of Financial Accounting Standards No. 143, *Accounting for Asset Retirement Obligations*, and Financial Accounting Standards Board Interpretation No. 46, *Consolidation of Variable Interest Entities an Interpretation of ARB No. 51*.

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**Table of Contents****PROSPECTUS SUPPLEMENT**

(To prospectus dated November 15, 2001)

**22,000,000 Equity Units****(Initially Consisting of 22,000,000 Income Equity Units)**

Sempra Energy is offering 22,000,000 Equity Units. The Equity Units initially will consist of units referred to as Income Equity Units, each with a stated amount of \$25. Each Income Equity Unit will include a purchase contract under which you will agree to purchase from us shares of our common stock on May 17, 2005, and we will pay you quarterly contract adjustment payments at the rate of 2.90% of the stated amount per year, as described in this prospectus supplement. Each Income Equity Unit also will include \$25 principal amount of our senior notes due May 17, 2007. The notes will bear interest at a rate of 5.60% per year, which rate is expected to be reset on or after February 17, 2005. The notes will not trade separately from the Income Equity Units unless and until a permitted substitution is made. At any time after the issuance of the Income Equity Units, a holder may substitute U.S. Treasury securities for the notes, in accordance with the terms described in this prospectus supplement. An Equity Unit that consists of the purchase contract and a substituted U.S. Treasury security is referred to as a Growth Equity Unit.

We will endeavor to have the Income Equity Units approved for listing on the New York Stock Exchange, or NYSE, under the symbol SRE Pr subject to official notice of issuance. On April 24, 2002, the closing price reported for our common stock on the NYSE was \$25.02 per share.

**Investing in the Equity Units involves risks that are described in the Risk Factors Associated with the Equity Units section beginning on page S-17 of this prospectus supplement.**

	<u>Per Income Equity Unit</u>	<u>Total</u>
Public offering price(1)	\$ 25.00	\$ 550,000,000
Underwriting discount	\$ .75	\$ 16,500,000
Proceeds to Sempra Energy	\$ 24.25	\$ 533,500,000

(1) Plus accrued interest and accumulated contract adjustment payments from April 30, 2002, if settlement occurs after that date



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The underwriters also may purchase up to an additional 2,000,000 Income Equity Units at the public offering price less the underwriting discount within 30 days of the date of this prospectus supplement, subject to certain limitations, in order to cover overallocments, if any.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the related prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The Income Equity Units will be ready for delivery in book-entry form only through The Depository Trust Company on or about April 30, 2002.

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*Joint Book-Running Managers*

**Merrill Lynch & Co.**

**Salomon Smith Barney**

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**Goldman, Sachs & Co.**

ABN AMRO Rothschild LLC  
Credit Lyonnais Securities (USA) Inc.  
The Royal Bank of Scotland

A.G. Edwards & Sons, Inc.  
Jefferies & Company, Inc.  
SG Cowen

**Morgan Stanley**

Banc One Capital Markets, Inc.  
Mizuho International plc  
Tokyo-Mitsubishi International plc

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The date of this prospectus supplement is April 24, 2002.

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You should rely only on the information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus. Neither we nor the underwriters have authorized anyone to provide you with additional or different information. We are not making an offer of these securities in any jurisdiction where the offer is not permitted. You should not assume that the information contained in this prospectus supplement or the accompanying prospectus is accurate as of any date other than the date on the front of this prospectus supplement and you should not assume that the information incorporated by reference is accurate as of any date other than the date of the document incorporated by reference.

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**FORWARD-LOOKING STATEMENTS**

This prospectus supplement and the accompanying prospectus and the documents they incorporate by reference contain statements that are not historical fact and constitute forward-looking statements. When we use words like believes, expects, anticipates, intends, plans, estimates, should or similar expressions, or when we discuss our strategy or plans, we are making forward-looking statements. Forward-looking statements are not guaranties of performance. They involve risks, uncertainties and assumptions. Our future results may differ materially from those expressed in these 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, technological, 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, exchange rates and interest rates;

energy and trading markets, including the timing and extent of changes in commodity prices;

weather conditions;

war and terrorist attacks;

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 our control.

You are cautioned not to rely unduly on any forward-looking statements. These risks and uncertainties are discussed in more detail under Business and Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the year ended December 31, 2001 and other documents on file with the Securities and Exchange Commission, or the SEC. You may obtain copies of these documents as described under Where You Can Find More Information in the accompanying prospectus.

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**SUMMARY INFORMATION**

*The following information supplements, and should be read together with, the information contained in the accompanying prospectus. This summary highlights selected information from this prospectus supplement and the accompanying prospectus to help you understand the Equity Units. You should carefully read this prospectus supplement and the accompanying prospectus, as well as the documents they incorporate by reference, to fully understand the terms of the Equity Units and other considerations that are important to you in making a decision about whether to invest in the Equity Units. Unless we state otherwise or the context otherwise requires, references appearing in this prospectus supplement to we, us and our should be read to refer to Sempra Energy and its subsidiaries.*

**Sempra Energy**

Sempra Energy, based in San Diego, is a Fortune 500 energy services holding company. Our family of companies provide a wide spectrum of value-added electric and gas products and services to a diverse range of customers. Our operations are divided between our delivery services, which are comprised of our California utility subsidiaries, and Sempra Energy Global Enterprises, our growth businesses, as described below.

As of March 31, 2002, our California utility subsidiaries, Southern California Gas Company and San Diego Gas & Electric Company, served over 21 million consumers. Natural gas service was provided throughout Southern California and portions of Central California through over 5.9 million active meters as of March 31, 2002. Electric service was provided throughout San Diego County and portions of Orange County, both in Southern California, through over 1.3 million active meters as of March 31, 2002. In 2001, Southern California Gas Company and San Diego Gas & Electric Company collectively accounted for 61% of our consolidated assets, 79% of our consolidated EBITDA (earnings before interest, income taxes, depreciation and amortization) and 64% of our consolidated net income.

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Our growth business subsidiaries provide the following energy-related products and services:

Sempra Energy Trading is a wholesale trader of physical and financial energy products, including natural gas, power, crude oil and associated commodities, and a trader and wholesaler of metals, serving a broad range of customers;

Sempra Energy Resources acquires and develops power plants for the competitive market and operates natural gas storage, production and transportation assets;

Sempra Energy International engages in energy-infrastructure projects outside the United States and, as of March 31, 2002, has interests in companies that provide natural gas and electricity services to over 2.6 million customers in Argentina, Chile, Mexico and Peru; and

Sempra Energy Solutions provides energy-related products and services on a retail basis, including energy efficiency engineering services, to various markets.

Our strategic direction can be summarized as follows:

Focus California utilities on the efficient delivery of energy;

Develop and operate energy infrastructure in the Southwest United States and Northern Mexico;

Expand trading business while maintaining a strong risk management culture; and

Maintain strong investment grade credit ratings and liquidity.

Our principal executive offices are located at 101 Ash Street, San Diego, California 92101 and our telephone number is (619) 696-2034.

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**Recent Developments**

**Recently Announced Results of Operations for First Quarter of Fiscal 2002**

On April 23, 2002, we reported unaudited earnings for the quarter ended March 31, 2002 of \$146 million, or \$0.71 per diluted share. Our unaudited earnings for the quarter ended March 31, 2001 were \$178 million, or \$0.88 per diluted share, which included a one-time gain of \$0.10 per diluted share for the sale of our interest in Energy America, a retail energy marketing firm.

**California Department of Water Resources Contract Dispute**

Sempra Energy Resources ( SER ) has an agreement with the California Department of Water Resources ( CDWR ) to supply the CDWR with up to 1,900 megawatts of electricity over a ten-year period ending in September 2011. As previously reported, the California Public Utilities Commission and the California Electricity Oversight Board have filed complaints with the Federal Energy Regulatory Commission ( FERC ) alleging that the agreement, as well as other agreements entered into by the CDWR with other electricity suppliers, do not provide just and reasonable rates, and seeking to abrogate or reform the agreements. On April 24, 2002, the FERC ordered hearings on the complaints. The order requires the complainants to satisfy a heavy burden of proof to support a revision of the contracts, and cited the FERC 's long-standing policy to recognize the sanctity of contracts from which it has deviated only in extreme circumstances. A d