

# APPENDIX D

# PENSION BENEFIT AGREEMENT

BETWEEN  
SOUTHERN CALIFORNIA GAS COMPANY  
AND  
UTILITY WORKERS UNION OF AMERICA, AFL-CIO  
INTERNATIONAL CHEMICAL WORKERS UNION COUNCIL,  
UFCW, AFL-CIO

**JANUARY 1, 2012**

## PENSION BENEFIT AGREEMENT

This **Pension Benefit** Agreement, made and entered into at Los Angeles, California, as of **January 1, 2012**, by and between Southern California Gas Company, a California corporation, with its principal place of business at 555 West Fifth Street, in said City and State, party of the first part, hereinafter referred to as the "Company" and the Utility Workers Union of America, AFL-CIO, and International Chemical Workers Union Council, UFCW, AFL-CIO, parties of the second part, hereinafter referred to as the "Union".

### WITNESSETH:

That it is the intent and purpose of the parties hereto to incorporate herein the provisions of the Company's Pension Plan, hereinafter referred to as the "Pension Plan," and that this **Pension Benefit** Agreement, arrived at through the process of collective bargaining in the manner provided by law, represents the determination of all issues pertaining directly or indirectly to the subject of pension benefits for employees covered by **that certain** Agreement and sets forth herein the agreement relating to such benefits to be observed between the parties hereto and that said parties to this **Pension Benefit** Agreement, acting through their respective duly authorized representatives, promise and agree as follows:

### Article I - Scope

The provisions of this **Pension Benefit** Agreement shall apply to all employees who are covered by that certain Agreement between the parties hereto dated **January 1, 2012**, covering rates of pay, hours of work, and conditions of employment, or by said Agreement as it may be subsequently modified, or by any superseding agreement.

### Article II - Pension Plan

The provisions of the Pension Plan, Amended as of January 1, 2008, which is included herein as Exhibit A and made a part hereof by reference, shall be applicable during the term of this Agreement without revision, except as provided under Article IV herein, to all employees who are covered by this Agreement.

The Pension Plan's Remedial Amendment Period (RAP) **opened** on February 1, 2010 **and the Plan was submitted** to the Internal Revenue Service for an advanced determination letter. **The above application required that the Plan be timely amended to adopt all current regulatory requirements including the following:**

- 1. Internal Revenue Code Section 415 final regulations**
- 2. Economic Growth and Tax Relief Reconciliation Act of 2001 related to small benefit distributions**
- 3. Pension Funding Equity Act of 2004 related to funding requirements**
- 4. Internal Revenue Code Section 401(a)(9) related to minimum distributions**
- 5. Heroes Earnings and Assistance Relief Tax Act of 2008 related to benefits for participants serving in the armed forces**

## **6. Pension Protection Act of 2006 final regulations**

This amended **Appendix D** does not change the current practice and administration of retirement benefits for participants under the plan, particularly in the areas of:

1. Eligibility
2. Service crediting
3. Benefit calculations, either past, present or future
4. Distribution options
5. Early retirement subsidies, including 90 points; and
6. Death benefits

### **Article III - Company Commitment to Provide for the Cost of the Pension Plan**

During the term of this Agreement, the Company shall contribute to the Pension Plan trust fund, as set forth herein, such amounts of money as in the aggregate, when considered with contributions heretofore made **by** the Company for the payment of retirement benefits under the Pension Plan, shall not be less than the amount which shall have been estimated by qualified actuarial consultants employed by the Company to be sufficient to pay such of the said retirement benefits as shall become due and payable during the term of this Agreement, and sufficient, within the expectation that the Pension Plan will be continued in effect indefinitely into the future, to meet the reasonable and prudent funding requirements of the Plan as also estimated by qualified actuarial consultants employed by the Company, except that if at any time during the term of this Agreement the Department of Labor or the Internal Revenue Service of the United States, or any other agency, board, commission, or bureau having jurisdiction over such matters shall disallow, challenge, or otherwise question the propriety, legality, deductibility, or reasonableness of such contribution, or any business under any statute, law, or rule or regulation promulgated there under, then until approval or allowance shall be obtained, the Company shall be obligated to make only such contributions as will not be disallowed, challenged, or otherwise questioned as aforesaid.

### **Article IV – Grandfathered Pension Plan**

**All full-time and part-time employees whose positions are covered by the bargaining agreement and who were hired on or before December 31, 2011 will be grandfathered and continue to accrue benefits under the *existing* Pension Plan that is provided to represented employees (“Grandfathered Pension Plan”). The Grandfathered Pension Plan will be closed to new employees who are hired on or after January 1, 2012 and all employees who become subject to collective bargaining on or after January 1, 2012 as the result of a transfer within the Company from a management or associate position or a reclassification of such management or associate position into a represented position (“new entrants”).**

**For purposes of the above, a “new entrant” excludes a regular management or associate employee who previously held a represented position prior to January 1, 2012 and spent less than a total of three years in management or associate positions (time spent in management “V” assignments counts toward the three years) and on or after January 1,**

**2012 voluntarily or involuntarily transfers employment back to an employment position subject to the bargaining agreement.**

#### **Article V - Modification**

Should the Department of Labor or the Internal Revenue Service of the United States, or any other agency, board, commission, or bureau having jurisdiction over such matters, disapprove or require any changes in the provisions of this Agreement, or should any law require such changes, the parties hereto agree **that the Company will make any and all necessary modifications to the Pension Plan to ensure compliance with federal law and regulations.** The Company retains the right to modify the Plans for retirees and for employees to whom this Agreement does not apply under Article I herein.

#### **Article VI - Term**

This Agreement shall be effective from **January 1, 2012** to and including September 30, **2015**.

# EXHIBIT A

## SOUTHERN CALIFORNIA GAS COMPANY PENSION PLAN

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SOUTHERN CALIFORNIA GAS COMPANY  
PENSION PLAN

**ARTICLE 1**

**INTRODUCTION**

The title of the plan shall be the “Southern California Gas Company Pension Plan” (the “Plan”). The Plan is an amendment and restatement of the Southern California Gas Company Pension Plan as originally in effect as of September 30, 1932 and as later amended and restated from time to time.

Effective July 1, 1998, the Plan was amended to provide that benefits would be determined under a cash balance formula for certain eligible employees. The provisions related to the cash balance formula are set forth in the “Southern California Gas Company Management and Associate Employee Cash Balance Program” (the “Program”), which is set forth in a separate document and which is a part of the Plan. The non-cash balance portion of the Plan which is set forth in this document shall be referred to in the Plan as the “Pension Plan.”

The Pension Plan as amended and restated herein shall be effective as of January 1, 2008 in respect of Participants whose employment terminates on or after such date, provided, however, that any provision that specifies a different effective date shall be effective as of such date.

## ARTICLE 2

### DEFINITIONS

- (1) Accrued Benefit shall mean the amount of monthly pension benefit payable as a single life annuity commencing at Normal Retirement Age pursuant to Section 6.2(a).
- (2) Actuarial Equivalent shall mean a benefit or amount having the same value as another benefit or amount, computed using generally accepted actuarial methods and using the Applicable Mortality Table and a 7% interest rate; provided, however, that in the case of a lump sum payment pursuant to Section 7.1(c) or an involuntary lump sum payment pursuant to Section 7.5, the single sum present value determined as of any determination date shall be calculated using the Applicable Mortality Table and the Applicable Interest Rate.
- (3) Affiliated Employer shall mean an entity which is (a) a corporation that is a member of the same controlled group of corporations (within the meaning of section 414(b) of the Code) as an Employer, (b) a trade or business (whether or not incorporated) under common control (within the meaning of section 414(c) of the Code) with an Employer, (c) any organization (whether or not incorporated) that is a member of an affiliated service group (within the meaning of section 414(m) of the Code) that includes (i) an Employer, (ii) a corporation described in clause (a) of this definition or (iii) a trade or business described in clause (b) of this definition, or (d) any other entity that is required to be aggregated with an Employer pursuant to regulations promulgated under section 414(o) of the Code by the U.S. Treasury Department. A corporation, trade or business or entity shall be an Affiliated Employer only for such period or periods of time during which such corporation, trade or business or entity is described in the preceding sentence. In addition, the term "Affiliated Employer" includes any other entity that the Company has designated in writing as an Affiliated Employer for purposes of the Pension Plan.
- (4) Applicable Interest Rate shall mean the interest rate as defined in section 417(e)(3) of the Code for the November immediately preceding the first day of the Plan Year in which the date of determination occurs.
- (5) Average Monthly Earnings shall mean a Participant's average "Monthly Earnings" (as defined below in this Section 2(5)) during any three "Years" (as defined below in this Section 2(5)) of the last five consecutive Years prior to such Participant's Termination Date. A Participant's Average Monthly Earnings shall be determined by adding such Participant's Monthly Earnings for such three Years and dividing by 36. For purposes of this definition, "Monthly Earnings" shall mean the Participant's Straight-Time Wage Rate during a particular month multiplied by 2085.7144 and divided by 12. In cases where a Participant has more than one Straight-Time Wage Rate in any month, his Monthly Earnings for such month shall be determined by taking into account each such Straight-Time Wage Rate for the portion of the month it is in effect. A Participant's Monthly Earnings shall include an amount for any periods of disability calculated at the Participant's Straight-Time Wage Rate in effect immediately prior to the beginning of such absence. For purposes of this definition, "Year" shall mean the 365-day period (366-day period in the case of a leap year) ending on the Participant's Termination Date or date of becoming disabled within the meaning of the long-term disability plan of his



Employer, as applicable, and each 365-day period (366-day period in the case of a leap year) preceding such Year. For a Participant who terminates employment on or after attaining his Normal Retirement Age or Earliest Retirement Age, or who terminates employment and is entitled to a Deferred Vested Benefit, such Years may be any three Years within the last five Years prior to termination of employment and need not be consecutive Years. For a Participant who retires after receiving Disability Benefits pursuant to the long-term disability plan of his Employer, such Years may be any three Years within the five Years prior to the date of becoming disabled and need not be consecutive Years. Any amounts paid after a Participant's Termination Date which (i) are paid by the later of 2 ½ months after his Termination Date and the end of the Plan Year that includes his Termination Date and (ii) are payments of straight-time wages, exclusive of any overtime, shift or other premium, for services performed during the Participant's regular working hours that would have been paid to the Participant prior to his Termination Date if the Participant had continued in employment with the Employer shall be included in the calculation of the Participant's Average Monthly Earnings. Notwithstanding anything in the Pension Plan to the contrary, compensation during any Plan Year in excess of \$230,000 (as adjusted pursuant to section 401(a)(17)(B) of the Code) shall not be taken into account for any purpose under the Pension Plan.

(6) Applicable Mortality Table shall mean the mortality table specified by the Commissioner of the Internal Revenue Service for purposes of section 417(e)(3) of the Code, as in effect on the first day of the Plan Year in which the date of determination occurs.

(7) Beneficiary shall mean the person or persons or entity or entities (including a trust or estate) that shall be entitled to receive benefits under Section 7.1 in the event of a Participant's death. A Participant shall not be permitted to designate a Beneficiary until such Participant makes an election to receive the distribution of his Accrued Benefit and such designation shall not become effective until delivered to the Company. If there is no designated Beneficiary living at the time of the death of a Participant, the Participant's spouse shall be the Beneficiary. If the Participant is not married on the date of his death, the estate of the deceased Participant shall be the Beneficiary.

(8) Benefit Commencement Date shall mean the first day of the first period (e.g., month, quarter, year) on which a benefit is paid to an individual.

(9) Board of Directors shall mean the Board of Directors of the Company, except that certain actions which could be taken by the Board of Directors may instead be taken by a duly authorized committee of the Board of Directors.

(10) Break in Service shall mean any Plan Year during which an Employee does not complete more than 500 Hours of Service. For purposes of determining whether an Employee has incurred a Break in Service, the Employee shall be credited with Hours of Service for any period during which he (a) is in Military Service, provided that after discharge from such Military Service he returns to the employ of an Employer within the period prescribed by laws relating to the reemployment rights of persons in Military Service, (b) is on an uncompensated leave of absence duly granted by his Employer, a union leave, or a leave due to layoff, provided that the time of such leave due to layoff shall not exceed the lesser of the Participant's Years of Service and two calendar years, (c) is on disability leave or (d) is absent from work for any

period because of (i) the Employee's pregnancy, (ii) the birth of the Employee's child, (iii) the placement of a child with the Employee in connection with the Employee's adoption of such child or (iv) the need to care for any such child for a period beginning immediately following such birth or placement. The number of hours to be so credited shall be determined under uniform rules adopted by the Employer in accordance with Department of Labor Regulations, except that for purposes of an approved union leave under clause (b) and any periods under clauses (c) and (d) above, the Employee shall be credited with the number of Hours of Service for which the Employee would have received credit but for such absence (or, if not known, eight (8) hours for each business day of such absence), and (A) in the case of an Employee who would have incurred a Break in Service during the Plan Year in which such period of absence commenced but for the application of such clause (d) above, only for such Plan Year, or (B) in the case of any other Employee described in clause (d), only for the Plan Year immediately following the Plan Year in which such period of absence commenced. Notwithstanding the foregoing, no Hours of Service shall be credited under clause (d) above unless the Employee furnishes to the Employer such timely information as it may reasonably require to establish to its satisfaction (i) that the absence is for reasons set forth in such clause and (ii) the duration of such absence.

For part-time and temporary Employees, no credit shall be given for service prior to any Break in Service which occurred prior to January 1, 1976 (defined for such part-time and temporary Employees prior to January 1, 1976 as any cessation of regular employment according to the rules of the Company in effect at the time). For all other Employees, no credit shall be given for service prior to a Break in Service which occurred prior to January 1, 1985, unless (a) an Employee was fully vested prior to the most recent Break in Service under the Plan then in effect, or (b) the total Years of Service prior to the Break in Service exceed the number of consecutive one-year Breaks in Service. No credit shall be given for service prior to a Break in Service which occurred after December 31, 1984 unless (a) an Employee was fully vested prior to the most recent Break in Service under the Plan then in effect or (b) the number of consecutive one-year Breaks in Service is less than five. The total Years of Service prior to any Break in Service shall not include any Years of Service not required to be taken into account by reason of any prior Break in Service. Additionally, the total Years of Service of a Participant do not include any Years of Service prior to January 1, 1985, which were not taken into account under the terms of the Plan in effect immediately preceding such date.

(11) Code shall mean the Internal Revenue Code of 1986, as amended.

(12) Collective Bargaining Agreement shall mean the agreement by and between the Company and the Utility Workers Union of America, AFL-CIO, and the International Chemical Workers Union Council, UFCW, AFL-CIO.

(13) Company shall mean the Southern California Gas Company.

(14) Committee shall mean the committee of individuals appointed by the Compensation Committee of the board of directors of Sempra Energy to be responsible for the operations and administration of the Pension Plan in accordance with the provisions of Article 9.

(15) Deferred Vested Benefit shall mean the benefit, as calculated in accordance with Section 6.2(d), to which a Participant who (i) terminates employment with the Employers and the Affiliated Employers and (ii) has five (5) or more Years of Service is entitled.

(16) Disability Benefit shall mean the benefit provided under the Participant's Employer's long-term disability plan.

(17) Earliest Retirement Age shall mean the first day of the calendar month next following the month in which the Participant attains or would have attained age 55.

(18) Early Retirement Benefit shall mean the benefit to which a Participant is entitled upon his retirement on his Early Retirement Date, as calculated in accordance with Section 6.2(b).

(19) Early Retirement Date shall mean the first day of the calendar month next following the Participant's Termination Date, if such date is earlier than the Participant's Normal Retirement Date and after the Participant has attained age 55 and completed 15 or more Years of Service.

(20) Eligible Employee shall mean an Employee who is paid on an Employer's U.S. payroll and whose employment is subject to the Collective Bargaining Agreement. Notwithstanding anything in the Pension Plan to the contrary, an individual is not an Eligible Employee if he is:

(i) eligible to participate in or accrue benefits under the Program, except as provided under Section 3.2(b) in the case of a Participant transferring employment within the Company to a position which is subject to the Collective Bargaining Agreement, or any other funded pension or funded retirement plan to which his Employer makes contributions, other than federal Social Security and a plan satisfying the requirements of section 401(k) of the Code;

(ii) a nonresident alien who receives no earned income from an Employer constituting income from sources within the United States;

(iii) employed outside the United States and is not on an Employer's U.S. payroll, unless the Committee designates such an employee or group of such Employees as eligible to participate in the Pension Plan; or

(iv) employed by a division or operating unit for which the Affiliated Employer has not adopted the Pension Plan or the Committee has not consented to such adoption or is a member of a group of employees for which the Affiliated Employer has not adopted the Pension Plan or the Committee has not consented to such adoption.

(21) Employee shall mean an individual whose relationship with an Employer is, under common law, that of an employee. Notwithstanding the foregoing, no individual who renders services to an Employer shall be considered an Employee for purposes of the Pension Plan if such individual renders such services pursuant to (i) an agreement providing that such services

are to be rendered by the individual as an independent contractor, unless provided otherwise by written agreement, (ii) an agreement with an entity, including a leasing organization within the meaning of section 414(n)(2) of the Code, that is not an Employer or Affiliated Employer or (iii) an agreement that contains a waiver of participation in the Pension Plan. Even if such an individual who is described in the immediately preceding sentence is later determined (by judicial action or otherwise) to have been an employee of an Employer under common law, such individual shall not, notwithstanding such determination, be an Employee or otherwise eligible to participate in or receive benefits under the Plan or the Pension Plan. An individual's status as an Employee shall be determined by the Company and all such determinations shall be conclusive and binding on all persons.

(22) Employer shall mean the Company or any Affiliated Employer that, with the consent of the Company, elects to participate in the Pension Plan, and any successor entity which is substituted for the Company. If any such entity withdraws from or terminates its participation in the Pension Plan (by filing with the Committee a duly certified copy of a resolution of its board of directors to that effect and by giving notice of its intended withdrawal or termination to the Committee and the Trustee prior to the effective date of such withdrawal or termination), then such entity shall thereupon cease to be an Employer. Additionally, if any such entity ceases to be an Affiliated Employer, then such entity shall be deemed to have withdrawn from participation in the Pension Plan and shall thereupon cease to be an Employer, as of the date such Employer ceases to be an Affiliated Employer.

(23) Employment Commencement Date shall mean the date on which an Employee first is credited with an Hour of Service.

(24) ERISA shall mean the Employee Retirement Income Security Act of 1974, as amended.

(25) Hours of Service shall mean each hour for which:

(a) an Employee is paid, or entitled to payment, by an Employer or Affiliated Employer for the performance of duties, including overtime;

(b) an Employee is paid, or entitled to payment, by an Employer or Affiliated Employer on account of a period of time during which no duties are performed (irrespective of whether a termination has occurred) due to vacation, holiday, illness, incapacity (including disability), layoff, jury duty, military duty or leave of absence; provided, however, that no more than 501 Hours of Service shall be credited under this subsection (b) for any single continuous period (regardless of whether such period occurs in a single computation period) of any unpaid leave of absence except as provided in clause (c) of the definition of Break in Service, clauses (d) and (e) below and Section 10.3;

(c) back pay, irrespective of mitigation of damages, is either awarded or agreed to by an Employer or Affiliated Employer;

(d) an Employee is not paid or entitled to payment but during which he normally would have performed duties for an Employer or Affiliated Employer

during any period for which he is eligible to receive Disability Benefits under his Employer's long-term disability benefit plan; and

(e) an Employee would have been scheduled while on limited or extended approved union leave, or while on strike authorized by his collective bargaining agreement.

Hours of Service shall not be credited under both (c) and (a) above or both (c) and (b) above. Hours of Service shall be computed in accordance with Department of Labor Regulation section 2530.200b-2(b) and (c). Notwithstanding the preceding sentence, in calculating Hours of Service the Committee may, in lieu of actual hour counting, use any of the following equivalencies for classifications of Employees for whom exact hour counting would be administratively burdensome, provided that, if the Committee decides to calculate Hours of Service based upon any of the following equivalencies for any classification of Employees, the equivalencies shall be reasonable and nondiscriminatory and shall be consistently applied. The equivalencies which may be used are set forth below.

Hours Worked: 870 hours worked shall be treated as equivalent to 1000 Hours of Service and 435 hours worked shall be treated as equivalent to 500 Hours of Service.

Regular Time Hours: 750 regular time hours shall be treated as equivalent to 1000 Hours of Service and 375 regular time hours shall be treated as equivalent to 500 Hours of Service.

Days of Employment: One day of employment for which the Employee would have been credited under the general rules with at least one Hour of Service shall be equivalent to 10 Hours of Service.

Weeks of Employment: One week of employment for which the Employee would have been credited under the general rules with at least one Hour of Service shall be treated as 45 Hours of Service.

Semi-Monthly Payroll Periods: One semi-monthly payroll period for which the Employee would have been credited under the general rules with at least one Hour of Service shall be treated as 95 Hours of Service.

Months of Employment: One month of employment for which the Employee would have been credited under the general rules with at least one Hour of Service shall be treated as 190 Hours of Service.

In interpreting the foregoing equivalencies, the Committee shall rely on U.S. Department of Labor Regulation section 2530.200b-3.

(26) Late Retirement Benefit shall mean the benefit to which a Participant is entitled upon his retirement after his Normal Retirement Date, as calculated in accordance with Section 6.2(c).

(27) Late Retirement Date shall mean the first day of the calendar month next following the Participant's Termination Date, if such date is later than the Participant's Normal

Retirement Date. A Participant shall be fully vested in his Accrued Benefit upon his Late Retirement Date.

(28) Military Service shall mean any service in the “uniformed services,” as defined in 38 U.S.C. section 4303, by an individual if such individual is entitled to reemployment rights under the Uniformed Services Employment and Reemployment Rights Act of 1994 with respect to such service.

(29) Named Fiduciary shall mean the Committee.

(30) Normal Retirement Age shall mean the later of the Participant’s 65th birthday and the fifth anniversary of the Participant’s Employment Commencement Date.

(31) Normal Retirement Benefit shall mean the benefit to which a Participant is entitled upon his retirement on his Normal Retirement Date, as calculated in accordance with Section 6.2(a).

(32) Normal Retirement Date shall mean the first day of the calendar month next following a Participant’s Normal Retirement Age.

(33) Participant shall mean an Eligible Employee who has satisfied the requirements set forth in Article 3. A Participant shall cease to be a Participant upon the complete distribution of his benefit under the Pension Plan.

(34) Pension Plan shall mean the portion of the Plan which provides benefits pursuant to a formula set forth in Article 6.

(35) Plan shall mean the Southern California Gas Company Pension Plan.

(36) Plan Year shall mean the calendar year.

(37) Program shall mean the Southern California Gas Company Management and Associate Employee Cash Balance Program, the portion of the Plan which provides benefits pursuant to a cash balance formula.

(38) Qualified Domestic Relations Order shall mean any domestic relations order which the Committee has determined, in accordance with procedures set forth in Section 7.7, to be a “qualified domestic relations order” defined in section 414(p) of the Code.

(39) Qualified Joint and Survivor Annuity shall mean a 50% joint and survivor annuity with the Participant’s spouse as the Participant’s joint and survivor annuitant. The Qualified Joint and Survivor Annuity for a married Participant shall be at least the Actuarial Equivalent, determined under the applicable factors of Section 7.1, of the Participant’s Accrued Benefit.

(40) Reemployment Commencement Date shall mean the date an Employee completes an Hour of Service after incurring a Termination and a Break in Service.

(41) Sempra Energy shall mean Sempra Energy, a California corporation.

(42) Social Security Benefit shall mean the primary old age retirement benefit for which an Employee is eligible under the Social Security Act, as amended from time to time. The Social Security Benefit for which an Employee is eligible is based on earnings from an Employer through the year prior to such Employee's Normal Retirement Date and earnings with any other employer which is recognized under the Federal Insurance Contributions Act. An Employee's earnings for periods prior to service with an Employer shall be estimated by projecting backwards and assuming that for such periods (i) the Employee received annual increases at the National Average Wage rate (which is available from the Social Security Administration) for the first two years prior to service with an Employer and (ii) a 6% increase for all other prior years back to the age of 18. On request, a Participant eligible to receive a Social Security Benefit shall furnish to the Company evidence as to the amount of the Social Security Benefit he is eligible to receive in order to calculate the amount of retirement benefits to be provided by the Pension Plan pursuant to Section 6.2(a)(2).

(43) Straight-Time Wage Rate shall mean a Participant's hourly straight-time wage, exclusive of any overtime, shift or other premium.

(44) Surviving Spouse shall mean (i) in the case of any Participant other than a Participant with a Deferred Vested Benefit, the individual to whom such Participant was married pursuant to state law on the date of his death and (ii) in the case of a Participant with a Deferred Vested Benefit, the individual to whom such Participant was married pursuant to state law throughout the one-year period ending on the date of the Participant's death.

(45) Termination shall mean the cessation of employment with the Employers and the Affiliated Employers as reflected on the books and records of the Employers and Affiliated Employers. A transfer of employment between an Employer and an Affiliated Employer or between Employers or Affiliated Employers shall not constitute a Termination.

(46) Termination Date shall mean the first date on which an Employee experiences a Termination.

(47) Trust shall mean any trust established under an agreement between Sempra Energy and a Trustee under which any portion of the assets of the Plan are held, and shall include any and all amendments to the trust agreement.

(48) Trustee shall mean any trustee holding any portion of the money or property of any kind held by the Trust under a Trust agreement forming a part of the Plan.

(49) Year of Credited Service shall mean each year considered under Section 6.2 for determining the amount of a Participant's Accrued Benefit. A Participant shall be credited with a Year of Credited Service for each Plan Year, including the Plan Year during which he first completes a Year of Eligibility Service, in which he performs 2,080 or more Hours of Service. For each Plan Year in which the Participant has not been credited with 2,080 Hours of Service but has been credited with at least 500 Hours of Service, the Participant shall be given credit for a partial Year of Credited Service, prorated based upon his Hours of Service divided by 2080; provided, however, in the Plan Year of his Employment Commencement Date and the Plan Year of his Termination Date, the Participant shall be given credit for a partial Year of Credited

Service if he has been credited with less than 2080 Hours of Service, regardless of whether he has been credited with at least 500 Hours of Service. Unless otherwise provided, for purposes of determining a Participant's benefit under the Pension Plan, his Years of Credited Service includes service rendered to any Affiliated Employer as well as service rendered to the Company.

(50) Year of Eligibility Service shall mean each year considered for purposes of eligibility to participate in the Pension Plan and includes service with an Affiliated Employer as well as service rendered to the Company. An Eligible Employee shall be credited with a Year of Eligibility Service if he performs 1,000 or more Hours of Service during the 12-month computation period commencing with the person's Employment Commencement Date (or Reemployment Commencement Date). If an Eligible Employee does not perform 1,000 or more Hours of Service during such 12-month computation period, he shall be credited with a Year of Eligibility Service on the first day of any subsequent calendar year following the calendar year in which he performs 1,000 or more Hours of Service (including the calendar year that begins within such Eligible Employee's first 12-month computation period).

(51) Year of Service shall mean each year considered under Section 6.1 for determining a Participant's right to vest in his Accrued Benefit. A Participant shall be credited with a Year of Service if he performs 1,000 or more Hours of Service during the 12-month computation period commencing with his Employment Commencement Date or any anniversary of the end of such computation period. Once an Employee has completed his initial twelve consecutive month period, all subsequent twelve consecutive month periods will be based on the Plan Year, beginning with the first Plan Year following his Employment Commencement Date.



## ARTICLE 3

### PARTICIPATION

Section 3.1 Eligibility for Participation. Each Participant in the Pension Plan as in effect immediately prior to January 1, 2008 shall remain a Participant on such date. Each other Eligible Employee shall become a Participant after such Eligible Employee completes a Year of Eligibility Service with an Employer.

Section 3.2 Transfers To or From Employment Subject to the Collective Bargaining Agreement.

(a) Transfer from an Employment Position Subject to the Collective Bargaining Agreement. If a Participant in the Pension Plan transfers to an employment position within the Company which is not subject to the Collective Bargaining Agreement and, therefore, is no longer an Eligible Employee, the Participant shall immediately become a participant in the Program. Such Participant's Accrued Benefit under the Pension Plan shall be frozen as of the date of his transfer of employment and shall be converted, using the Applicable Interest Rate, to an opening account balance under the provisions of the Program. Therefore, as of the date of his transfer of employment, he shall cease being an active Participant in the Pension Plan. The Participant shall receive credit under the Program for his Years of Service, and the Participant's Years of Service and Years of Credited Service shall continue to be reflected in the records of the Plan.

(b) Transfer to an Employment Position Subject to the Collective Bargaining Agreement. If a participant in the Program transfers to an employment position within the Company which is subject to the Collective Bargaining Agreement, such participant shall immediately become a Participant in the Pension Plan. The Participant shall be credited with (i) Years of Service under the Pension Plan for the Participant's years of service under the Program

and (ii) Years of Credited Service for the Participant's years of service under the Program according to the actual Hours of Service credited to the Participant during such time.

Such Participant shall remain a Participant in the Program, but such Participant's cash balance account shall not receive any additional contribution credits after the date of employment transfer, but shall continue to earn interest credits, including special interest credits, if applicable, under the provisions of the Program. The Participant's benefit under the Pension Plan shall be offset by the Actuarial Equivalent of the Participant's cash balance account under the Program, including all interest and special interest credits earned after the date of his transfer until his Benefit Commencement Date.

The Accrued Benefit of a Participant (i) whose employment was subject to the Collective Bargaining Agreement who is voluntarily or involuntarily transferred to an employment position that is not subject to the Collective Bargaining Agreement and who later voluntarily or involuntarily transfers employment back to an employment position subject to the Collective Bargaining Agreement after less than two years in an employment position not subject to the Collective Bargaining Agreement or (ii) who involuntarily transfers from an employment position not subject to the Collective Bargaining Agreement to an employment position subject to the Collective Bargaining Agreement shall be calculated as if the Participant had always been earning benefits under the Pension Plan, with all service credited under the Program considered in the determination of such Participant's Years of Service and Years of Credited Service and all earnings considered under the Program, including incentive compensation awards and bonuses, taken into account in computing the Participant's Average Monthly Earnings. The Accrued Benefit of a Participant (i) whose employment was subject to the Collective Bargaining Agreement who is voluntarily or involuntarily transferred to an employment position that is not

subject to the Collective Bargaining Agreement and who later voluntarily transfers employment back to an employment position subject to the Collective Bargaining Agreement after more than two years or (ii) who voluntarily transfers from an employment position not subject to the Collective Bargaining Agreement to an employment position subject to the Collective Bargaining Agreement after more than two years in an employment position not subject to the Collective Bargaining Agreement shall be calculated as if the Participant had always been earning benefits under the Pension Plan, with all service credited under the Program considered in the determination of such Participant's Years of Service and Years of Credited Service and all earnings considered under the Program, other than incentive compensation awards and bonuses, taken into account in computing the Participant's Average Monthly Earnings.

Section 3.3 Participation after Reemployment. An Eligible Employee who is rehired by an Employer and whose prior Years of Service cannot be disregarded pursuant to Section 2(10) shall become an active Participant immediately upon his Reemployment Commencement Date.

**ARTICLE 4**  
**CONTRIBUTIONS**

Section 4.1 Source of Contributions. The Employers intend to make contributions to the Trust of amounts which, in the aggregate over a period of time, shall be sufficient to finance the benefits provided by the Pension Plan. Any such contributions shall be in such amounts and shall be made in such manner and at such time as the Employers shall from time to time determine, and the Employers shall not be obligated to make any contribution at any time. Forfeitures arising under the Pension Plan for any reason shall be applied to reduce the cost of the Pension Plan, not to increase the benefits otherwise payable to the Participants. Participant contributions to the Trust are not permitted.

Section 4.2 Limitation on Contributions. The contributions of an Employer for any Plan Year shall not exceed the maximum amount for which a deduction is allowable to such Employer for federal income tax purposes for the taxable year of such Employer that ends with or within such Plan Year. Any contribution made by an Employer by reason of a good faith mistake of fact, or the portion of any contribution made by an Employer that exceeds the maximum amount for which a deduction is allowable to such Employer for federal income tax purposes, shall upon the request of such Employer be returned by the Trustee to the Employer. An Employer's request and the return of any such contribution must be made within one year after such contribution was mistakenly made or after the deduction of such excess portion of such contribution was disallowed, as the case may be. The amount to be returned to an Employer pursuant to this Section shall be the excess of (i) the amount contributed over (ii) the amount that would have been contributed had there not been a mistake of fact or the maximum amount that is so deductible, as the case may be. Earnings attributable to the mistaken

contribution shall not be returned to the Employer, but losses attributable thereto shall reduce the amount to be so returned.

## **ARTICLE 5**

### **THE TRUST**

Sempra Energy has entered into a funding arrangement with one or more Trustees providing for the administration of the Trust or Trusts in which the assets of the Pension Plan are held. Sempra Energy (or the Committee) may at any time or from time to time appoint one or more investment managers, as defined under section 3(38) of ERISA.

**ARTICLE 6**

**VESTING AND BENEFITS**

Section 6.1 Vesting. A Participant who terminates employment with the Employers without meeting the requirements for a Normal Retirement Benefit or an Early Retirement Benefit shall be entitled to a Deferred Vested Benefit only if the Participant has five (5) or more Years of Service on his Termination Date. A Participant who is employed by an Employer upon attainment of his Normal Retirement Age shall be fully vested in his Accrued Benefit.

Section 6.2 Amount of Retirement Benefit.

(a) Normal Retirement Benefit. A Participant who continues in service with an Employer to his Normal Retirement Age shall be fully vested in his Accrued Benefit, which shall be equal to the larger of the amounts determined by the use of formulas (1) and (2) below.

(1) If the Participant has thirty-five (35) Years of Credited Service, 47.25% of the Participant's Average Monthly Earnings. The 47.25% shall be reduced 1.0% for each Year of Credited Service less than thirty-five (35) but greater than or equal to thirty (30), further reduced 1.35% for each Year of Credited Service less than thirty (30) but greater than or equal to twenty (20), further reduced 1.25% for each Year of Credited Service less than twenty (20) but greater than or equal to fifteen (15) and further reduced 1.50% for each Year of Credited Service less than fifteen (15) but greater than or equal to one (1), as illustrated in the table below. The 47.25% is increased 1.0% for each Year of Credited Service over thirty-five (35).

**Illustration of Formula (1)**

<b>Years of Credited Service</b>	<b>Percent of Average Monthly Earnings</b>
1	1.50%
2	3.00%
3	4.50%
4	6.00%
5	7.50%
6	9.00%
7	10.50%
8	12.00%
9	13.50%
10	15.00%
11	16.50%
12	18.00%
13	19.50%
14	21.00%
15	22.50%
16	23.75%

17	25.00%
18	26.25%
19	27.50%
20	28.75%
21	30.10%
22	31.45%
23	32.80%
24	34.15%
25	35.50%
26	36.85%
27	38.20%
28	39.55%
29	40.90%
30	42.25%
31	43.25%
32	44.25%
33	45.25%
34	46.25%
35	47.25%
36	48.25%
37	49.25%
38	50.25%
39	51.25%
40+	Additional 1% for each year

(2) If the Participant has thirty-five (35) Years of Credited Service, 59.75% of the Participant's Average Monthly Earnings, reduced by one-half of the Social Security Benefit for which the Participant is eligible on the later of (i) the Participant's Normal Retirement Date and (ii) the Participant's actual retirement date. The 59.75% is reduced 0.75% for each Year of Credited Service less than thirty-five (35) but greater than or equal to thirty (30), further reduced 1.35% for each Year of Credited Service less than thirty (30) but greater than or equal to twenty (20), further reduced 1.50% for each Year of Credited Service less than twenty (20) but greater than or equal to ten (10), and further reduced 2.75% for each Year of Credited Service less than ten (10) but greater than or equal to one (1). The 59.75% is increased 0.5% for each Year of Credited Service over thirty-five (35) years.

**Illustration of Formula (2)**

<b>Years of Credited Service</b>	<b>Percent of Average Monthly Earnings*</b>
1	2.75%
2	5.50%
3	8.25%
4	11.00%
5	13.75%
6	16.50%
7	19.25%
8	22.00%
9	24.75%
10	27.50%
11	29.00%
12	30.50%
13	32.00%
14	33.50%
15	35.00%
16	36.50%



17	38.00%
18	39.50%
19	41.00%
20	42.50%
21	43.85%
22	45.20%
23	46.55%
24	47.90%
25	49.25%
26	50.60%
27	51.95%
28	53.30%
29	54.65%
30	56.00%
31	56.75%
32	57.50%
33	58.25%
34	59.00%
35	59.75%
36	60.25%
37	60.75%
38	61.25%
39	61.75%
40+	Additional 0.5% for each year

\*Per Formula 2, the amount calculated using such percentage shall be reduced by one-half the Participant's Social Security Benefit.

In no event shall the benefit provided by the Pension Plan under this Section 6.2(a) be less than a fraction of the Accrued Benefit commencing at Normal Retirement Age, with the numerator of such fraction equal to the Participant's total number of Years of Credited Service and the denominator equal to the total number of Years of Credited Service such Participant would have accrued had he separated from the service at his Normal Retirement Age; provided, however, that such fraction shall in no case exceed 1. For purposes of this Section 6.2(a), the Social Security Benefit and all other factors used to compute a Participant's retirement benefit shall be treated as remaining constant as of the year of determination for all years thereafter.

Notwithstanding anything in this Section 6.2 to the contrary, in no event shall the Accrued Benefit of a Participant determined pursuant to this Section 6.2(a) be less than his Accrued Benefit as of December 31, 2004, as determined under the terms of the Pension Plan as in effect at such time.

(b) Early Retirement Benefit. A Participant who has attained age 55 and has completed fifteen (15) or more Years of Service with the Company or an Affiliated Employer may elect to retire on his Early Retirement Date and shall be eligible for an Early Retirement Benefit. Such Early Retirement Benefit shall be calculated by determining such Participant's Normal Retirement Benefit and multiplying such amount by the appropriate reduction factor set forth in Appendix A, to reflect such Participant's Early Retirement Date; provided, however, (i) the Participant's Years of Credited Service shall include only his Years of Credited Service to the date of his Termination and (ii) the Participant's Social Security Benefit, if applicable in the determination of the Participant's Early Retirement Benefit, shall be the amount of the Social Security Benefit for which the Participant would be eligible at age 65 under the Social Security Act in effect on his Early Retirement Date, computed on the basis of the Participant's earnings to the date of his Early Retirement Date.

(c) Late Retirement Benefit. The benefit payable upon a Participant's Late Retirement Date shall equal the greater of (i) the amount determined pursuant to Section 6.2(a), including Credited Service and Average Monthly Earnings through the date of such Participant's Termination Date, and (ii) the amount that would have been paid upon such Participant's Normal Retirement Date, actuarially increased to reflect such Participant's Late Retirement Date.

Notwithstanding anything in the Pension Plan to the contrary, in any case in which a Participant's Late Retirement Benefit, as calculated pursuant to the previous sentence, shall exceed the limitations of Section 8.1 within a Plan Year, a suspension of benefits notice as required under Department of Labor Regulation section 2530.203-3(b)(4) shall be given. Such notice shall be given to the Participant by personal delivery or first class mail during the first

calendar month, or payroll period, in which the Pension Plan suspends payments and shall conform to the requirements of Department of Labor Regulations 2520.203-3.

(d) Deferred Vested Benefit. (i) Commencement on or after age 65. A Participant entitled to a Deferred Vested Benefit may commence receipt of such benefit on the first day of the calendar month next following the Participant's 65th birthday. Such Deferred Vested Benefit shall be calculated according to the same procedure as for a Normal Retirement Benefit; provided, however, (i) the minimum Accrued Benefit provision of Section 6.2(e) below shall not apply, (ii) the Participant's Years of Credited Service shall include only his Years of Credited Service to his Termination Date and (iii) the Participant's Social Security Benefit, if applicable in the determination of his Deferred Vested Benefit, shall be the amount of the Social Security Benefit for which the Participant would be eligible at age 65 under the Social Security Act as in effect on his Termination Date, computed on the basis of the Participant's earnings to his Termination Date.

(ii) Commencement on or after age 55 but before age 65. A Participant entitled a Deferred Vested Benefit may elect to receive such benefit beginning on the first day of any calendar month next following the month in which the Participant attains age 55. Such Deferred Vested Benefit shall be his Normal Retirement Benefit multiplied by the applicable reduction factor set forth in Appendix B.

(iii) Commencement at any age before age 55. A Participant who is eligible for a Deferred Vested Benefit but has not attained age 55 may elect to receive such benefit beginning on the first day of any calendar month next following his Termination Date, with the amount of his benefit calculated by multiplying his Normal Retirement Benefit by the age 55 reduction factor set forth in Appendix B and then by further reducing such amount on an actuarial

equivalent basis using the Applicable Mortality Table and the Applicable Interest Rate to account for the difference between the Participant's age on his Benefit Commencement Date and age 55.

(iv) Form of Deferred Vested Benefit. A Participant entitled to a Deferred Vested Benefit may elect to receive such benefit in any of the optional forms of benefit provided under the Pension Plan.

(v) Rehires. Notwithstanding anything in this Section 6.2(d), a Participant who is subsequently employed by an Affiliated Employer providing benefits under the Sempra Energy Cash Balance Plan after he terminated his employment with the Employers shall have his unforfeited Accrued Benefit determined in accordance with Section 3.2(a).

(e) Minimum Accrued Benefit. The minimum Accrued Benefit for a Participant who retires on his Normal Retirement Date or Late Retirement Date with twenty (20) or more Years of Credited Service shall be the greater of (i) \$130 per month and (ii) a monthly amount that when combined with the Participant's Social Security Benefit at his Normal Retirement Date totals \$300 per month. The minimum Accrued Benefit for a Participant who retires on or after his Normal Retirement Date with less than twenty (20) Years of Credited Service shall be proportionately reduced, but in no case shall the combined amount provided by clause (ii) of the preceding sentence be less than \$225 per month.

Section 6.3 Retirement Following Receipt of Disability Benefits. The Accrued Benefit of a Participant who retires on his Normal Retirement Date and who was receiving Disability Benefits immediately prior to his Normal Retirement Date shall be determined as of such date in the same manner as if such Participant had directly retired from active service.

Section 6.4 Surviving Spouse's Benefits. In the case of a vested Participant who dies on or after his Earliest Retirement Age and before commencement of his benefit under the Pension Plan, the Participant's Surviving Spouse shall be paid a monthly benefit beginning as of the first day of the month next following the calendar month in which the Participant dies and continuing through the month in which the Surviving Spouse dies. In the case of a vested Participant who dies before his Earliest Retirement Age, the Surviving Spouse shall be paid a monthly benefit beginning on date the Participant would have attained his Earliest Retirement Age, with such monthly benefit continuing through the month in which such Surviving Spouse dies.

The monthly benefit payable to a Participant's Surviving Spouse shall be calculated as follows:

- (1) in the case of a Participant who dies on or after his Earliest Retirement Age, the monthly amount the Surviving Spouse would have received had such Participant retired with a Qualified Joint and Survivor Annuity pursuant to Section 7.1(b) on the day before he died, or
- (2) in case of a Participant who dies before his Earliest Retirement Age, the monthly amount to which the Surviving Spouse would have been entitled to receive had the Participant separated from service on the earlier of his Termination Date and the date of his death, then survived until the date of his Earliest Retirement Age, retired at his Earliest Retirement Age with a Qualified Joint and Survivor Annuity pursuant to Section 7.1(b), and then died the day after he attained his Earliest Retirement Age.

Additionally, the Surviving Spouse of a Participant who dies before his Earliest Retirement Date and whose Termination Date was on or after January 1, 1996 may elect to begin to receive his monthly benefit as of the first of any month after such Participant's death. The

monthly benefit payable to such a Surviving Spouse shall equal the 50% survivor portion of a Qualified Joint and Survivor Annuity, the amount of which is calculated by (i) determining the Participant's Normal Retirement Benefit (including only the Participant's Years of Credited Service through his Termination Date) and multiplying such amount by the appropriate factors in Appendix B and (ii) actuarially reducing the amount in clause (i) using the Applicable Mortality Table and Applicable Interest Rate to account for the difference between the Participant's age at the time of his death and age 55.

In lieu of the foregoing, the Surviving Spouse of a vested Participant whose Termination Date is on or after January 1, 1996, may elect in writing, within 60 days after the death of the Participant, to receive the lump sum Actuarial Equivalent of the Surviving Spouse's monthly benefit. Such lump sum amount shall be paid not earlier than the date the Surviving Spouse's monthly benefits otherwise would have commenced and not later than 90 days after receipt of the Surviving Spouse's written election by the Company.

In determining the amount of a Surviving Spouse's monthly benefit payable under this Section in the case of a Participant who dies before his Normal Retirement Date, the reduction factors in Appendix A shall be used if the Participant satisfied the requirements of Section 6.2(b) for an Early Retirement Benefit, and the reduction factors in Appendix B shall be used if the Participant did not satisfy the requirements of Section 6.2(b) for an Early Retirement Benefit.

The Pension Plan shall pay monthly benefits to a former spouse of a Participant only if such former spouse was married to the Participant for at least one year and only to the extent provided in a Qualified Domestic Relations Order. Any benefits payable to a former spouse pursuant to a Qualified Domestic Relations Order shall reduce any benefits otherwise payable in

respect of the Participant whose Accrued Benefit is subject to such Qualified Domestic Relations Order.

## ARTICLE 7

### DISTRIBUTIONS

#### Section 7.1 Form of Distribution.

(a) Manner of Distribution With Respect to Unmarried Participants. A Participant who is not married on his Benefit Commencement Date shall have his Accrued Benefit distributed in the form of a single life annuity for the life of the Participant unless the Participant elects an optional form of distribution described in Section 7.1(c) at the time and in the manner described in Section 7.2.

(b) Manner of Distribution With Respect to Married Participants. A Participant who is married on his Benefit Commencement Date shall have his Accrued Benefit distributed in the form of a Qualified Joint and Survivor Annuity. Notwithstanding the preceding sentence, the Participant, with the consent of his spouse, may elect an optional form of distribution described in Section 7.1(c) at the time and in the manner described in Section 7.2. If a married Participant elects an optional form of benefit and designates, with the consent of his spouse, someone other than his spouse as the Beneficiary, the benefit payable to the Participant and to the Beneficiary shall be adjusted as is necessary to satisfy the incidental benefit requirement under section 401(a)(9) of the Code.

(c) Optional Forms of Distribution. Subject to Section 7.1(b), upon written request to the Committee made at the time and in the manner prescribed in Section 7.2, a Participant may elect to receive the distribution of his Accrued Benefit under the Pension Plan in one of the following optional forms that is the Actuarial Equivalent of such Accrued Benefit:

Option 1: Joint and Survivor Annuity. A reduced annuity payable to the Participant during the Participant's lifetime and, thereafter, if the designated Beneficiary survives the Participant, an annuity equal to 33 $\frac{1}{3}$ %, 50%, 75% or 100% of such reduced annuity payable to the designated Beneficiary during the



remaining lifetime of such designated Beneficiary, the aggregate amount of which is the Actuarial Equivalent of the Participant's Accrued Benefit. If a Participant elects a joint and survivor annuity option and the designated Beneficiary dies before the Participant's Benefit Commencement Date, such election shall be canceled.

For a Participant who commences receipt of a 50% joint and survivor annuity after March 31, 1987, the minimum benefit during the Participant's lifetime shall be 90% of the single life annuity amount if, and only if, the Participant designates his spouse as his Beneficiary.

Option 2: Specified Years Certain Option. A reduced annuity payable to the Participant during the Participant's lifetime and, thereafter, if such Participant's death shall occur before he has received payments for the specified period certain, an annuity equal to 100% of such reduced annuity payable to the Participant's designated Beneficiary for the balance of such period certain. The specified period certain may be either ten (10) or fifteen (15) years. A Participant who elects the specified years certain option may change his Beneficiary at any time prior to commencement of benefits.

Option 3: Single Life Annuity. An annuity payable for the life of the Participant only.

Option 4: Lump Sum Distribution. A single sum payment which is the Actuarial Equivalent of a Participant's Accrued Benefit. Such lump-sum distribution shall be made as soon as administratively possible after the Participant's Termination Date, unless the Participant elects, at the time and in a manner prescribed by the Company, to postpone payment. This option 4 is available only for Participants whose Termination Date is on or after January 1, 1996.

The Actuarial Equivalent of a Participant's Accrued Benefit under options (1) and (2) above shall be computed using the following assumptions:

- Interest rate of 7% per year, compounded annually.
- Applicable Mortality Table
- The Actuarial Equivalent of the Accrued Benefit of a Participant who works past his Normal Retirement Date shall be calculated in accordance with the assumptions in effect on such Participant's Normal Retirement Date.

The Actuarial Equivalent of a Participant's Accrued Benefit under option (4) above shall be computed using the assumptions set forth in Section 2(2).

Section 7.2 Election Period and Waiver Procedures.

(a) Election Period. The election period during which the Participant and his spouse may waive the Qualified Joint and Survivor Annuity option and elect another option shall be the period which begins 180 days before the first day of the month for which benefits are to be paid and ending on the latest of: (1) the date benefits commence, (2) the 180th day after the latest mailing or personal delivery to the Participant of the explanation to waive the Qualified Joint and Survivor Annuity option, and (3) the 30th day after the mailing or personal delivery to him of the information he has requested below. An election not to receive the Qualified Joint and Survivor Annuity option may be revoked in writing at any time during the election period, and after such election is revoked, another election may be made during the election period.

(b) Notice of Availability of Optional Forms of Benefit. No less than 30 days (or such shorter period as may be permitted by applicable law) and no more than 180 days before the Participant's Benefit Commencement Date, the Committee shall give the Participant by mail or personal delivery written notice in non-technical language that he may elect an optional form of distribution set forth in Section 7.1(c); provided, however, that the Participant may waive (with applicable spousal consent, as defined below) such 30-day notice period as long as the Participant's distribution commences not less than eight (8) days after such notice is provided. Such notice shall include (i) a general description of the eligibility conditions and other material features of the optional forms of distribution provided under the Pension Plan; (ii) the circumstances under which the basic form of distribution set forth in Section 7.1(b) will be provided unless a Participant, with the consent of the Participant's spouse, elects otherwise; (iii) the circumstances in which a Participant has a right to revoke any such election; (iv) a description of the financial effect of electing the optional form of benefit (i.e., the amounts and

timing of payments to the Participant under the form of benefit during the Participant's lifetime and the amounts and timing of payments after the death of the Participant) and (v) a description of the relative value of the optional form of benefit compared to the value of the Qualified Joint and Survivor Annuity, with such relative value being expressed in a manner that provides a meaningful comparison of the relative economic values of the two forms of benefit without the Participant having to make calculations using interest or mortality assumptions.

(c) Spousal Consent. If a Participant is married, an election of a form of benefit other than the Qualified Joint and Survivor Annuity option shall require "Spousal Consent." "Spousal Consent" to an election, designation or other action of a Participant shall mean the written consent thereto of the Participant's spouse, witnessed by a Pension Plan representative or notary public, which acknowledges the effect of such election on the rights of the spouse. If Spousal Consent is given to a Beneficiary designation, such designation must state the specific nonspouse Beneficiary and optional form of benefit and such designation may not be changed without further Spousal Consent unless the prior Spousal Consent expressly permits such changes without further consent. Spousal Consent to an election, revocation or change shall not be required if it is established to the satisfaction of the Committee that such consent cannot be obtained because there is no spouse, the spouse cannot be located or such other circumstances as may be permitted by law.

### Section 7.3 Payment of Retirement Benefits.

(a) In General. A Participant must elect the form of distribution of his Accrued Benefit 60 days before his Termination Date in order to commence benefits hereunder as of his Termination Date. A Participant's election of his Benefit Commencement Date under the

Pension Plan is irrevocable once made; provided, however, the Participant may change the form of distribution, subject to Section 7.2(c).

Payment of a Participant's Accrued Benefit shall commence as soon as administratively possible following a Participant's Termination Date and shall continue monthly through the life of the Participant. Payments, if any, after a Participant's death shall be made in accordance with the terms of the form of benefit elected by the Participant.

Retirement benefits under the Pension Plan which are integrated with Social Security Benefits shall not be reduced because of increases subsequently granted under the Federal Insurance Contributions Act after a Participant's Benefit Commencement Date.

(b) Payment of Benefits During Reemployment. In the case of a rehired Participant who was receiving monthly annuity payments before his Reemployment Commencement Date, (i) if the Participant's previous Termination Date was at least six months prior to his Reemployment Commencement Date, such Participant may elect to continue or to discontinue to receive his monthly annuity payments and (ii) if the Participant's previous Termination Date was less than six months prior to his Reemployment Commencement Date, such Participant's monthly annuity payments shall be discontinued. The Retirement Benefit payable to a rehired Participant upon his subsequent retirement shall be reduced by the Actuarial Equivalent of any benefit payments such Participant received prior to his subsequent retirement.

Section 7.4 Required Distribution. Unless the Participant elects otherwise, distribution of his Accrued Benefit shall commence no later than 60 days after the close of the Plan Year in which the latest of the following occurs: (i) the Participant attains Normal Retirement Age, (ii) the tenth anniversary of the Participant's commencement of participation in the Pension Plan and (iii) the Participant's Termination Date.

Notwithstanding the immediately preceding paragraph and any provision of the Pension Plan to the contrary, and except with respect to distributions made pursuant to an election filed by a Participant prior to January 1, 1983, all distributions under the Pension Plan shall be made in accordance with the requirements of section 401(a)(9) of the Code and the regulations thereunder, including the incidental death benefit requirements of Treasury Regulation section 1.401(a)(9)(G). The provisions of this Section 7.4 shall override any distribution options under the Pension Plan if inconsistent with the requirements of section 401(a)(9) of the Code. A Participant who is a 5% owner (as defined in section 416 of the Code) of the Company or an Affiliated Employer who attains age 70½ shall receive or commence receiving benefits no later than the April 1 following the end of the calendar year in which he attains age 70½. A Participant who is not a 5% owner and who attains age 70½ shall be eligible, but not required, to commence receiving benefits on the April 1 of the calendar year following the calendar year in which such Participant attains age 70½; provided, however, that such Participant shall receive or commence receiving benefits no later than the April 1 following the end of the calendar year in which he retires. Upon such Participant's late retirement, his Accrued Benefit shall be calculated using service until his Late Retirement Date, actuarially increased to satisfy section 401(a)(9) of the Code, with an offset for any benefit payments previously received.

If a Participant dies before his Benefit Commencement Date, such Participant's interest shall be distributed to his Surviving Spouse or Beneficiary over the life of the Surviving Spouse or Beneficiary (or over a period certain, not extending beyond the life expectancy of the Surviving Spouse or Beneficiary), commencing not later than the end of the calendar year following the calendar year in which the Participant died or, in the case where the Participant's Surviving Spouse is the sole Beneficiary, commencing not later than the end of the calendar year

following the calendar year in which the Participant would have attained age 70½. If a Participant dies after his Benefit Commencement Date and before his entire interest has been distributed to him, payments to the Participant's Beneficiary or Surviving Spouse shall continue no less rapidly than the rate at which payments were being made at the date of the Participant's death.

Section 7.5 Cash Out of Small Benefits. Notwithstanding any provision of the Pension Plan to the contrary and subject to the immediately following paragraph, if, as of the Participant's Termination Date (including on account of death), the Actuarial Equivalent of the Participant's Accrued Benefit does not exceed \$5,000, such Participant, or in the event of the Participant's death, such Participant's Surviving Spouse or Beneficiary, shall receive a mandatory single lump sum cash distribution as soon as practicable following such Termination Date in satisfaction of all benefits to which the Participant or his Surviving Spouse or Beneficiary, as the case may be, is entitled under the Plan. If such mandatory distribution is greater than \$1,000 and the Participant (or Surviving Spouse or Beneficiary, as applicable) does not elect either (i) to have such distribution paid directly to an eligible retirement plan specified by the Participant (or Surviving Spouse or Beneficiary, as applicable) in a direct rollover or (ii) to receive the distribution directly in accordance with Section 7.1, then the Trustee shall pay the distribution in a direct rollover to an individual retirement account designated by the Committee that is established in the name of the Participant (or Surviving Spouse or Beneficiary, as applicable). For purposes of this Section 7.5, the present value shall be calculated using the Applicable Interest Rate and Applicable Mortality Table. Any Years of Credited Service which is used in computing a distribution to a Participant under this Section 7.5 shall be disregarded for

purposes of computing any subsequent benefit to which such Participant may become entitled under the Pension Plan.

Notwithstanding the immediately preceding paragraph, there shall be no mandatory single lump sum cash distribution of a benefit pursuant to this Section without the consent of a Participant after such Participant has attained his Normal Retirement Age.

Section 7.6 Direct Rollover Distributions. In the case of a distribution under the Pension Plan that is an “eligible rollover distribution” (as defined below) and that is at least \$200, a distributee (as defined below) may elect that all or any portion of such distribution to which such distributee is entitled shall be directly transferred as a rollover contribution from the Pension Plan to (i) an individual retirement account described in section 408(a) of the Code, (ii) an individual retirement annuity described in section 408(b) of the Code, (iii) an annuity plan described in section 403(a) of the Code, (iv) an eligible deferred compensation plan described in section 457(b) of the Code which is maintained by an eligible employer described in section 457(e)(1)(A) of the Code, (v) an annuity contract described in section 403(b) of the Code or (vi) another plan qualified under section 401(a) of the Code (the terms of which permit the acceptance of rollover distributions).

Notwithstanding anything herein to the contrary, a distributee may make a direct rollover distribution to a Roth individual retirement account described in section 408A(e) of the Code if such distribution meets the requirements of (i) section 402(c) of the Code and (ii) effective only for distributions made after December 31, 2007 and before January 1, 2010, section 408A(c)(8)(B) of the Code (i.e., for the taxable year of the distribution, the distributee’s adjusted gross income does not exceed \$100,000 and the distributee is a not a married individual filing a separate income tax return).

For purposes of this Section 7.6, the term “eligible rollover distribution” shall mean any distribution to a distributee of all or any portion of the balance to the credit of such distributee in a qualified trust; except that such term shall not include (i) any distribution which is one of a series of substantially equal periodic payments (not less frequently than annually) made (a) for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee’s designated Beneficiary, or (b) for a specified period of 10 years or more; (ii) any distribution to the extent such distribution is required under section 401(a)(9) of the Code; and (iii) any distribution which is made upon hardship of the distributee. For purposes of this Section 7.6, the term “distributee” shall mean the Participant, the Participant’s surviving spouse and the Participant’s spouse or former spouse who is the alternate payee under a Qualified Domestic Relations Order. Notwithstanding the foregoing, a distributee shall not be entitled to elect to have less than the total amount of such distribution transferred as a rollover contribution unless the amount to be transferred equals at least \$500. The Committee shall establish a procedure when or whereby each distributee who is to receive a rollover distribution from the Pension Plan shall be notified of the special federal income tax provisions applicable to such distributions, to the extent and in the manner required by section 402(f) of the Code.

Section 7.7 Qualified Domestic Relations Orders. The benefits payable under the Pension Plan with respect to a Participant shall not be paid pursuant to a domestic relations order, unless the order is a Qualified Domestic Relations Order; provided, however, that in the case of any domestic relations order entered before January 1, 1985, the Pension Plan administrator (i) may treat such a domestic relations order as a Qualified Domestic Relations Order even though such order fails to meet the requirements set forth below and (ii) must treat



such order as a Qualified Domestic Relations Order if benefits are being paid pursuant to such order on January 1, 1985.

A Qualified Domestic Relations Order is any judgment, decree or order (including approval of a property settlement agreement) made pursuant to a State domestic relations law (including a community property state) which relates to the provision of child support, alimony payments, or marital property rights to a spouse, former spouse, child or other dependent of a Participant (“Alternate Payee”) and which:

(1) creates or recognizes the existence of an Alternate Payee’s right to, or assigns to an Alternate Payee the right to, receive all or a portion of the benefits payable with respect to a Participant under the Pension Plan; and

(2) specifies (a) the name and last known mailing address, if any, of the Participant and of each Alternate Payee covered by the order; (b) the amount or percentage of the Participant’s benefits to be paid to each Alternate Payee, or the manner in which such amount or percentage is to be determined; (c) the number of payments or the period to which the order applies, and (d) each plan to which the order applies; and

(3) does not require the Pension Plan to (a) provide any type or form of benefit or any option not otherwise provided under the Pension Plan; (b) provide increased benefits determined on the basis of actuarial equivalence; or (c) pay benefits to an Alternate Payee which are required to be paid to another Alternate Payee under a prior Qualified Domestic Relations Order.

A domestic relations order that otherwise meets the requirements of a Qualified Domestic Relations Order does not fail to be a Qualified Domestic Relations Order solely because (i) of the time at which the domestic relations order is issued or (ii) it is issued after or revises another domestic relations order or Qualified Domestic Relations Order.

Notwithstanding (3)(a) above, the Pension Plan may provide payment pursuant to a Qualified Domestic Relations Order beginning on or after the date on which the Participant attains age 50, regardless of whether the Participant’s Termination Date has occurred, with such payment calculated as if the Participant had retired with a Deferred Vested Benefit on the date on which such payment is to begin. The Alternate Payee may elect to receive the payment in any

form that may be paid to the Participant, except a joint and survivor annuity option. The amount to be paid shall take into account only the present value of the Participant's Accrued Benefit as of the date specified in the Qualified Domestic Relations Order, not the present value of any Employer subsidy for an Early Retirement Benefit or Deferred Vested Benefit.

If specified in the Qualified Domestic Relations Order, the Alternate Payee's benefits shall be recalculated if the Participant subsequently elects to receive benefits prior to his Normal Retirement Date. The recalculation shall be based on the same actuarial factors used for the Participant, as stated in Appendix A or Appendix B, as applicable, minus the actuarially equivalent value of benefits already paid to the Alternate Payee.

Upon receipt of any domestic relations order by the Pension Plan, the Committee shall take the following steps:

(1) The Committee shall promptly notify the Participant and each Alternate Payee named in such order of the receipt of the domestic relations order and the Pension Plan's procedures for determining whether such order is a Qualified Domestic Relations Order. The notice to the Alternate Payee shall include a statement that he is entitled to designate a representative for receipt of copies of any notices that are sent to the Alternate Payee with respect to the domestic relations order. The notice shall be sent to the Participant and Alternate Payee at the address specified in the order, or if none is specified, at the address of the Participant or Alternate Payee last known to the Company.

(2) Within a reasonable period of time after receipt of such order, the Committee shall determine whether such order is a Qualified Domestic Relations Order and shall notify the Participant and each Alternate Payee of such determination.

(3) Pending a determination of whether a domestic relations order is a Qualified Domestic Relations Order, the Committee shall instruct the Pension Plan's Trustee to segregate the amounts that would be payable to the Alternate Payee during such period if the order shall be determined to be a Qualified Domestic Relations Order. If within 18 months, the Committee or a court determines the order or modifications thereof to be a Qualified Domestic Relations Order, the Pension Plan shall pay the amounts segregated plus any interest thereon to the person or persons entitled thereto pursuant to the terms of the Qualified Domestic Relations Order. If the Committee or a court determines an order is not a Qualified Domestic Relations Order or fails to resolve the issue within 18 months, the Pension Plan shall pay the segregated amounts to the person or persons entitled to such amounts in the absence of the order. If the Committee or a court subsequently determines that an order is a Qualified Domestic Relations Order, the Pension Plan shall pay benefits subsequent to such determination in accordance with the order.

If action is taken in accordance with the above procedure, the Pension Plan's obligations to the Participant and each Alternate Payee shall be discharged to the extent of any payment made pursuant to a Qualified Domestic Relations Order. Any benefit payable pursuant to a Qualified Domestic Relations Order with respect to a Participant shall reduce the Accrued Benefit otherwise payable on behalf of such Participant.

Each Alternate Payee shall be treated as a beneficiary under the Pension Plan, with all the rights accorded to other beneficiaries. The former spouse of a Participant shall not be entitled to any benefits under the Pension Plan except to the extent provided in a Qualified Domestic Relations Order.

Section 7.8 Forfeiture of Unclaimed Distributions. In accordance with section 1521(b) of the California Code of Civil Procedure, any distribution from the Pension Plan and any income or other increment thereon shall not escheat to the state. If a Participant or Beneficiary is entitled to a distribution but he is no longer at his last known address and cannot be located with reasonable efforts within 12 months of entitlement to such distribution, then the Trustee is expressly authorized and required to declare a forfeiture of such distribution and such amount shall be used to reduce Employer contributions under the Pension Plan, provided that in the event that a Participant or Beneficiary whose distribution has been forfeited in accordance with this Section 7.8 seeks a distribution from the Pension Plan in the future, such Participant or Beneficiary shall be entitled to have his distribution restored at the value it had at the time of forfeiture, without any interest or earnings thereupon.

## ARTICLE 8

### LIMITATIONS ON BENEFITS

#### Section 8.1 Statutory Limits.

(a) In General. The provisions of Section 8.1 shall be effective for a Plan Year solely to the extent required by the Code for such year.

Notwithstanding any other provision of the Plan to the contrary, the amount of a Participant's annual benefit (as defined in subsection (d) below) accrued or payable at any time under the Plan shall be limited to an amount such that the annual benefit and the aggregate of the Participant's annual benefits under all other defined benefit plans maintained by his Employer or any Affiliated Employer do not exceed the lesser of:

(i) \$185,000 (for 2008, and as increased from time to time to reflect the cost-of-living adjustments provided under section 415(d) of the Code), multiplied by a fraction (not exceeding 1 and not less than 1/10th), the numerator of which is the Participant's years of participation in the Plan, or any other defined benefit plan which must be aggregated with the Plan pursuant to Treasury Regulation section 1.415(f)-1, and the denominator of which is 10 (the "Dollar Limitation"); and

(ii) an amount equal to 100% of the Participant's average compensation for the three consecutive calendar years in which his compensation from his Employer was the highest multiplied by a fraction (not exceeding 1 and not less than 1/10th), the numerator of which is the Participant's years of service with the Employers and the denominator of which is 10 (the "Compensation Limitation").

If a Participant's annual benefit under the Plan and the aggregate of the Participant's annual benefits under all other defined benefit plans maintained by his Employer or any Affiliated Employer exceed the lesser of the Dollar Limitation and the Compensation Limitation, his annual benefit under the Plan and under each such defined benefit plan shall be reduced on a pro-rata basis, in equal percentages, to the extent necessary to satisfy the requirements of Treasury Regulation section 1.415(a)-1(d)(1).

If a Participant has less than three consecutive (for purposes of this subsection, “consecutive” shall have the meaning set forth in Treasury Regulation section 1.415(b)-1(a)(5)(iii)) calendar years of service with his Employer, the period of service used for purposes of determining the Participant’s average compensation under the Compensation Limitation is the actual number of consecutive calendar years of service (including fractions of years, but not less than one year). In such a case, the Participant’s average compensation for purposes of determining the Compensation Limitation shall be computed by dividing the Participant’s compensation during the Participant’s longest consecutive period of service by the actual period of service in that period (including fractions of years, but not less than one year).

(b) Benefit Commencement Date before Age 62. Effective for Plan Years beginning before January 1, 2008, if the Participant’s Benefit Commencement Date was before the date the Participant attained age 62, then the Dollar Limitation amount set forth in item (i) of Section 8.1(a) applicable to the Participant at such earlier age is an annual benefit payable in the form of a single life annuity beginning at the earlier age that is the Actuarial Equivalent of the Dollar Limitation applicable to the Participant at age 62. The Dollar Limitation applicable at an age earlier than age 62 is determined as the lesser of (i) the Actuarial Equivalent (at such age) of the Dollar Limitation computed using the interest rate and mortality table (or other tabular factor) specified in Section 7.1(c) and (ii) the Actuarial Equivalent (at such age) of the Dollar Limitation computed using a 5% interest rate and the Applicable Mortality Table. Any decrease in the Dollar Limitation determined in accordance with this Section 8.1(b) shall not reflect a mortality decrement if benefits are not forfeited upon the death of the Participant.

Effective for Plan Years beginning on or after January 1, 2008, the Dollar Limitation applicable for a Benefit Commencement Date prior to a Participant’s attainment of age 62 is

equal to the lesser of (i) the actuarial equivalent of a straight life annuity commencing on the Participant's Benefit Commencement Date, using a 5% interest rate and the Applicable Mortality Table, that has the same actuarial present value as a deferred straight life annuity commencing at age 62, and (ii) the amount determined by multiplying the Dollar Limitation by the ratio of the annual amount of the immediately commencing straight life annuity under the Plan at such age to the annual amount of the straight life annuity under the Plan commencing at age 62, with both annual amounts determined without applying the rules of section 415 of the Code. Any decrease in the Dollar Limitation determined in accordance with this Section 8.1(b) shall not reflect a mortality decrement.

(c) Benefit Commencement Date after Age 65. Effective for Plan Years beginning before January 1, 2008, if the Participant's Benefit Commencement Date occurred after the Participant attained age 65, then the Dollar Limitation amount set forth in item (i) of Section 8.1(a) applicable to such Participant on his Benefit Commencement Date is the annual benefit payable in the form of a single life annuity beginning on such date that is the Actuarial Equivalent of the Dollar Limitation applicable to the Participant at age 65. The Actuarial Equivalent of the Dollar Limitation applicable to a Participant on his Benefit Commencement Date that occurs after he attains age 65 is determined as the lesser of the Actuarial Equivalent as of his Benefit Commencement Date of (i) the Dollar Limitation computed using the interest rate and mortality table (or other tabular factor) specified in Section 7.1(c) and (ii) the Dollar Limitation computed using a 5% interest rate assumption and the Applicable Mortality Table. For these purposes, a mortality discount shall not be applied if benefits commence on or after age 65.

Effective for Plan Years beginning on or after January 1, 2008, the Dollar Limitation applicable for a Benefit Commencement Date after a Participant attains age 65 is equal to the lesser of (i) the actuarial equivalent value of the annual straight life annuity commencing on the Participant's Benefit Commencement Date, using a 5% interest rate and the Applicable Mortality Table, that has the same actuarial present value as a straight life annuity commencing at age 65 and (ii) the amount determined by multiplying the Dollar Limitation by the ratio of the annual amount of the "adjusted immediately commencing straight life annuity" under the Plan to the "adjusted age 65 straight life annuity," with both annual amounts determined without applying the rules of section 415 of the Code. The "adjusted immediately commencing straight life annuity" is the annual amount of the immediately commencing straight life annuity payable to the Participant, computed disregarding the Participant's accruals after age 65 but including actuarial adjustments even if those actuarial adjustments are applied to offset accruals. The "adjusted age 65 straight life annuity" is the annual amount of the straight life annuity that would be payable under the Plan to a hypothetical Participant who is 65 years of age and has the same accrued benefit (with no actuarial increases for commencement after age 65) as the Participant receiving the distribution (determined disregarding the Participant's accruals after age 65). For these purposes, a mortality discount shall not be applied if benefits commence on or after age 65.

(d) Definition of Annual Benefit and Adjustment for Other Forms of Benefit. For purposes of Section 8.1, a Participant's "annual benefit" shall mean the Actuarial Equivalent of the Participant's Accrued Benefit. If the annual benefit is payable in a form other than a single life annuity, the annual benefit shall be adjusted to the Actuarial Equivalent of a single life annuity using the assumptions of the following sentences; provided, however, that no adjustment shall be required for survivor benefits payable to a surviving spouse under a Qualified Joint and

Survivor Annuity to the extent such benefits would not be payable if the Participant's annual benefit were paid in another form. Effective for Plan Years beginning January 1, 2004 and January 1, 2005, for any form of benefit subject to section 417(e)(3) of the Code, a Participant's annual benefit shall be the greater of (i) the amount computed using the interest rate and mortality table specified in Section 7.1(c) and (ii) the amount computed using an interest rate assumption of 5.5% and the Applicable Mortality Table. Effective for Plan Years beginning on or after January 1, 2006, for any form of benefit subject to section 417(e)(3) of the Code, a Participant's annual benefit shall be the greatest of (i) the amount computed using a 5.5% interest rate assumption and the Applicable Mortality Table, (ii) the amount computed using the Applicable Interest Rate and Applicable Mortality Table, divided by 1.05 and (iii) the amount computed using the interest rate and mortality table specified in Section 7.1(c). Effective for Plan Years beginning on or after January 1, 2006, for any form of benefit not subject to section 417(e)(3) of the Code, a Participant's annual benefit shall be the greater of (i) the amount computed using the interest rate and mortality table specified in Section 7.1(c) and (ii) the amount computed using a 5% interest rate assumption and the Applicable Mortality Table. An individual's "annual benefit" under any other defined benefit plan maintained by the Employer or any other Affiliated Employer shall be as determined pursuant to the provisions of section 415 of the Code and the terms of such plan.

(e) Total Benefits Not in Excess of \$10,000. Notwithstanding the foregoing provisions of Section 8.1, the limitation provided by this Section shall not apply to a Participant who has not at any time participated in a defined contribution plan maintained by any Employer and whose annual benefit under the Plan does not exceed \$10,000 multiplied by a fraction (not



exceeding 1 and not less than 1/10th) the numerator of which is the Participant's years of service and the denominator of which is 10.

(f) Definitions. For purposes of Section 8.1, the term "defined contribution plan" and "defined benefit plan" shall have the meanings set forth in section 415 of the Code. For purposes of this Article the term "compensation" shall mean "wages," as defined in section 3401(a) of the Code for purposes of income tax withholding at the source, but determined without regard to any rules that limit the remuneration included in "wages" based on the nature or location of the employment or the services performed (such as the exception for agricultural labor in section 3401(a)(2) of the Code) and by including any amounts deferred under sections 125, 132(f)(4), 402(g)(3) and 457 of the Code, provided, however, (A) that a Participant's compensation in excess of the dollar amount prescribed by section 401(a)(17) of the Code (as adjusted for increases in the cost of living pursuant to section 401(a)(17) of the Code) shall not be taken into account for any purposes under the Plan and (B) effective for Plan Years beginning on and after January 1, 2008, for purposes of applying the limitations described in Section 8.1, in the case of a Participant who terminates employment during the Plan Year, compensation shall include amounts paid after such Participant's Termination Date if such amounts (i) are paid by the later of 2 ½ months after his Termination Date and the end of the Plan Year that includes his Termination Date and (ii) are payments of regular compensation for services performed during the Participant's regular working hours or outside of such working hours (such as overtime), commissions, bonuses, and other similar payments that would have been paid to the Participant prior to Termination if the Participant had continued in employment with the Employer. The Employer shall include any Affiliated Employer as such term is defined in Article 2 but modified by section 415(h) of the Code.

## ARTICLE 9

### ADMINISTRATION

#### Section 9.1 The Committee.

(a) The Board of Directors has delegated authority for administering the Pension Plan to the Committee that consists of employees of Sempra Energy who hold the following positions within Sempra Energy: (i) Executive Vice President and Chief Financial Officer; (ii) Executive Vice President Corporate Development; (iii) Senior Vice President, Controller and Chief Tax Counsel; (iv) Senior Vice President, Human Resources; and (v) Senior Vice President and Treasurer. The board of directors of Sempra Energy may, from time to time, appoint any other individual also to serve as a member of the Committee. The board of directors of Sempra Energy shall have the right at any time, with or without cause, to remove any member of the Committee. In addition, any member of the Committee may resign at any time by written notice to the board of directors of Sempra Energy. Any employee who serves on the Committee shall be deemed to have resigned from such Committee upon the termination of the employee's employment with the Employers and the Affiliated Employers, effective as of the employee's termination of employment with such Employers and Affiliated Employers. Upon the removal or resignation of any member of the Committee, or the failure or inability for any reason of any member of the Committee to act hereunder, the board of directors of Sempra Energy shall appoint a successor member of the Committee if such removal, resignation, failure or inability causes the Committee to have fewer than three members. In the case of a vacancy which has been created by the resignation or death of a member who serves on the Committee because he is one of the individuals whose employment title is listed in the first sentence hereof, such vacancy shall be filled by the individual who next holds such position without further action by the board of directors of Sempra Energy, provided, however, that such individual must accept such

appointment by written acknowledgement addressed to the board of directors of Sempra Energy before such individual's service on the Committee shall begin. Any successor member of the Committee shall have all the rights, privileges and duties of the predecessor, but shall not be held accountable for the acts of the predecessor.

(b) No member of the Committee who is a Participant shall take part in any action or any matter of the Committee involving solely such member's rights under the Pension Plan.

(c) Promptly after the appointment of the members of the Committee and from time to time thereafter and promptly after the appointment of any successor member of the Committee, the Trustee shall be notified as to the names of the individuals appointed as members or successor members of the Committee by delivery to the Trustee of a certified copy of the resolution of the board of directors of Sempra Energy making such appointment or by such other instrument as may be acceptable to the Trustee.

(d) The Committee shall have the duty and authority to interpret and construe, in its sole discretion, the terms of the Pension Plan in all respects, including, but not limited to, all questions of eligibility, the status and rights of Participants, distributees and other persons under the Pension Plan, and the manner, time and amount of payment of any distribution under the Pension Plan. The Committee may waive, in a nondiscriminatory manner, certain requirements described in the Pension Plan and any such waiver shall not obligate the Committee to waive any subsequent requirements for other Participants. Each Employer shall, from time to time, upon request of the Committee, furnish to the Committee such data and information as the Committee shall require in the performance of its duties. All determinations and actions of the Committee shall be conclusive and binding upon all affected parties, except that the Committee may revoke or modify a determination or action that it determines to have been in error. Benefits will be

paid under the Pension Plan only if Committee decides in its sole discretion that the applicant is entitled to the benefits.

(e) The Committee shall direct the Trustee to make payments of amounts to be distributed from the Trust under Article 7. In addition, it shall be the duty of the Committee to certify to the Trustee the names and addresses of all Participants, the amounts of all benefits, the dates of death of Participants and all proceedings and acts of the Committee necessary or desirable for the Trustee to be fully informed as to the benefit to be paid out of the Trust.

(f) The Committee shall be the Named Fiduciary for the care, custody and management of Pension Plan assets held by such Trustee, to the extent investment managers are not appointed by Sempra Energy.

(g) The members of the Committee may allocate their responsibilities among themselves and may designate any person, partnership, corporation or committee to carry out any of their responsibilities. Any such allocation or designation shall be reduced to writing and such writing shall be kept with the records of the meetings of the Committee.

(h) The Committee may act at a meeting, or by writing without a meeting, by the vote or written assent of a majority of its members. Subject to the approval of the board of directors of Sempra Energy, the Committee shall have the power to adopt and enforce such rules, regulations and procedures as it deems desirable for the conduct of its affairs and the efficient administration of the Pension Plan and that are consistent with the provisions of the Pension Plan and ERISA.

(i) The Employers hereby jointly and severally indemnify the members of the Committee, and each of them, from the effects and consequences of their acts, omissions and

conduct in their official capacity, except to the extent that such effects and consequences shall result from their own willful misconduct.

(j) No member of the Committee shall receive any compensation or fee for services, unless otherwise agreed between such member of the Committee and the Employers, but the Employers shall reimburse the Committee members for any necessary expenditures incurred in the discharge of their duties as Committee members.

(k) The Committee may employ such counsel (who may be of counsel for an Employer or an Affiliated Employer) and agents and may arrange for such clerical and other services as it may require in carrying out the provisions of the Pension Plan.

(l) The Board of Directors may withdraw its delegation of authority to the Committee at any time in its sole discretion.

Section 9.2 Notification of Eligibility for Benefits. The Company will contact each Participant eligible for a retirement benefit under the Pension Plan prior to his Early Retirement Date and Normal Retirement Date and will notify each Participant of the forms he must complete and any applicable deadlines, as set forth in the Pension Plan. For the same purpose, the Company will also contact each Participant eligible for a Deferred Vested Benefit, at his last known address, prior to the date he is first eligible to receive reduced benefits under the Pension Plan and prior to his Normal Retirement Date.

Section 9.3 Claims Procedure.

(a) Filing a Claim for Benefits. A Participant or other person claiming benefits under the Pension Plan (“Claimant”), who believes that he is not receiving benefits or other rights as required by the Pension Plan, must file a claim in writing with the Committee. The claim shall be on a form provided by the Company.

(b) Notification of Decision. If a claim is wholly or partially denied under the Pension Plan, the Committee shall give the Claimant written notice of the denial (either in writing by registered or certified mail or in an electronic notification which complies with standards imposed by applicable regulations) within 90 days of the date the claim was initially received. Should special circumstances prevent processing the claim within 90 days, the Committee shall have an additional period of up to 90 days to decide the claim, provided the Claimant is notified in writing during the initial 90-day period of the special circumstances requiring an extension of time and the projected date by which a decision shall be made.

The written notice of denial shall specify the reasons for the denial, refer to Pension Plan provisions on which the denial is based, describe any additional material or information necessary for the Claimant to perfect the claim, an explanation of why such material or information is necessary and inform the Claimant of the steps that must be taken and the applicable time limits to submit the claim for further review, including a statement of the Claimant's right to bring a civil action under section 502 of ERISA following an adverse benefit determination on review.

(c) Review Procedure. The Claimant may request review, in writing, of the denied claim from the Committee. The request for review must be filed within 60 days after the Claimant receives written notification of the denial and must specify each of the Claimant's contentions. The Claimant or his duly authorized representative shall be provided, upon request and free of charge, reasonable access to, and copies of, pertinent Pension Plan documents and may submit written comments, documents, records and other information relating to the claim for benefits. If the Claimant is represented by a collective bargaining unit, within 60 days after receipt by the Claimant of written notification of the denial, the Claimant may seek review of a

decision under the Pension Plan through the grievance and arbitration procedures set forth in the then current valid and enforceable collective bargaining agreement applicable to such Claimant.

(d) Decision on Review. The Committee shall make a decision within 60 days after receiving the written request for a review unless special circumstances require an extension of time. If special circumstances require an extension of time, the Committee shall be allowed an extension of up to 60 days, provided the Claimant has been notified of such extension in writing during the initial 60-day period. The extension notice shall indicate the special circumstances requiring an extension of time and the projected date by which a decision shall be made. The review of the Committee shall take into account all comments, documents, records and other information submitted by the Claimant relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination. The decision on review shall be in writing, written in a manner calculated to be understood by the Claimant, state the specific reasons for the decision, refer to the Pension Plan provisions upon which the decision is based, include a statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, pertinent Pension Plan documents and include a statement of the Claimant's right to bring a civil action under section 502 of ERISA. If the Claimant is represented by a collective bargaining unit, any decision shall be rendered through the grievance and arbitration procedure set forth in the collective bargaining agreement.

If the decision on review is not furnished within such time period, the claim shall be deemed denied on review. The Claimant may further appeal a decision under the Pension Plan through the grievance and arbitration provisions in the Statement of Employee Relations Policy of the Company.

## ARTICLE 10

### MISCELLANEOUS

Section 10.1 Assignability of Benefits. Except as provided in a Qualified Domestic Relations Order, none of the benefits under the Pension Plan may be assigned or alienated.

Section 10.2 Not an Employment Contract. The action of the Company in adopting the Pension Plan or contributing to the cost of the benefits provided thereunder, or any other action in connection therewith, shall not be construed as giving to any Employee the right to be retained in the service of an Employer, nor shall any Employee after termination of service, have any right whatsoever hereunder, enforceable either at law or in equity, except as herein provided.

Section 10.3 Military Service. Notwithstanding any provision of the Pension Plan to the contrary, contributions, benefits and service with respect to Military Service shall be provided in accordance with section 414(u) of the Code. A Participant's benefits for his time of Military Service shall be calculated using such Participant's rate of wages that he would have received from the Employer but for his absence during his period of Military Service, or as otherwise required by section 414(u) of the Code.

Section 10.4 Reemployment After Layoff or Before Expiration of an Authorized Leave of Absence. If the employment of an Eligible Employee is terminated for lack of work and the Employee is reemployed within two years of his Termination Date, or if an Eligible Employee is reinstated before the expiration of an authorized leave of absence, such Employee shall again become eligible under the Pension Plan on the day he returns to work and his Years of Service prior to the date of such Termination shall be reinstated.



Section 10.5 Participants' Certificates. Each Participant who retires or who is eligible for Deferred Vested Benefit will receive a certificate setting forth the Accrued Benefit to be paid to such Participant under the Pension Plan.

## ARTICLE 11

### TOP-HEAVY PLAN REQUIREMENTS

Section 11.1 Top-Heavy Plan Determination. If as of the determination date (as hereinafter defined) for any Plan Year the aggregate present value of (i) the accrued benefits under the Plan and under all other defined benefit plans in the aggregation group (as hereinafter defined) and (ii) the aggregate account balances under all defined contribution plans in such aggregation group, in each case with respect to all participants in such plans who are key employees (as defined in section 416(i) of the Code) for such Plan Year, exceeds 60% of the aggregate present value of accrued benefits and the account balances of all participants in all such plans as of the determination date, then the Plan shall be a top-heavy plan for such Plan Year and the requirements of Sections 11.3 and 11.4 shall be applicable for such Plan Year as of the first day thereof. If the Plan shall be a top-heavy plan for any Plan Year, such requirements shall not be applicable for such subsequent Plan Year except to the extent provided in Section 11.3.

Section 11.2 Definitions and Special Rules.

(a) Definitions. For purposes of this Article, the following definitions shall apply:

(i) Determination Date. The determination date for all plans in the aggregation group shall be the last day of the preceding plan year, and the valuation date applicable to a determination date shall be (a) in the case of a defined contribution plan, the date as of which account balances are determined that is coinciding with or immediately precedes the determination date, and (b) in the case of a defined benefit plan, the date as of which the most recent actuarial valuation for the plan year that includes the determination date is prepared, except that if any such plan specifies a different determination or valuation date, such different date shall be used with respect to such plan.

(ii) Aggregation Group. The aggregation group shall consist of (a) each plan of an Employer in which a key employee is a participant, (b) each other plan that enables such a plan to be qualified under section 401(a) of the Code, and (c) any other plans of an Employer that the Company designates as part of the aggregation group.

(iii) Key Employee. Key employee shall have the meaning set forth in section 416(i) of the Code.

(iv) Top-Heavy Compensation. Top-heavy compensation shall have the meaning set forth in section 1.415(c)-2 of the Treasury Regulations; provided, however, with respect to a nonresident alien who is not a Participant in the Plan, compensation shall not include any amounts paid to such nonresident alien which are (i) excludable from gross income and (ii) not effectively connected with the conduct of a trade or business within the United States.

(b) Special Rules. For the purpose of determining the accrued benefit or account balance of a participant, the accrued benefit or account balance of any person who has not been actively at work with an Employer at any time during the one-year period ending on the determination date shall not be taken into account pursuant to this Section, and any person who received a distribution from a plan (including a plan that has terminated) in the aggregation group during the one-year period ending on the last day of the preceding plan year shall be treated as a participant in such plan, and any such distribution shall be included in such participant's account balance or accrued benefit, as the case may be, provided, however, that if such distribution is made for a reason other than severance from employment, death or disability, the time frame for adding back such distributions will be the five-year period ending on the last day of the preceding plan year.

In the event that one or more defined benefit plans are aggregated with the Plan, the present value for purposes of this Article 11 shall be based on the interest and mortality rates described in Section 7.1(c) and shall be used to determine the present value of such benefits in all such aggregated plans for purposes of this Article 11. In addition, the present value shall be determined assuming that the accrued benefit will be determined under a uniform accrual method which applies to all such defined benefit plans as if such benefit accrued not more rapidly than the slowest rate of accrual permitted under the fractional rule of section 411(b)(1)(C) of the Code.

Section 11.3 Minimum Benefit for Top-Heavy Years. A Participant who is a non-Key Employee and who has completed at least 1,000 Hours of Service (or the equivalent) during a Plan Year (regardless of such Participant's level of compensation and whether he is employed on the last day of the Plan Year) shall be entitled to a benefit at Normal Retirement Age which shall in no event be less than two percent of the Participant's highest average compensation (as hereinafter defined) multiplied by the number of the Participant's Years of Service after December 31, 1983, determined as provided below, not in excess of ten. For purposes of this Section, (i) a Participant's Years of Service shall mean his Years of Service but excluding any Year of Service completed in a Plan Year for which the Plan was not a top-heavy plan, and (ii) a Participant's highest average compensation shall be the annual average of his top heavy compensation for the period of consecutive calendar years not exceeding five (5) during which the Participant's top heavy compensation was the greatest, except that calendar years after the last Plan Year for which the Plan was top-heavy shall be disregarded.

The provisions of the immediately preceding paragraph of this Section shall not apply with respect to a Participant if, for each year in which the Plan is a top-heavy plan, (i) the eligible employee's Employer also maintains a defined contribution plan which is included in the aggregation group for such year and (ii) under such plan, contributions made and forfeitures allocated to each eligible employee (other than key employees) equal 5% of such Participant's top heavy compensation for each Plan Year the Plan is top-heavy.

Section 11.4 Top-Heavy Vesting Requirements. Notwithstanding anything in the Pension Plan to the contrary, a Participant who has a Termination before his death or retirement and after he has completed at least two Years of Service shall be eligible for Deferred Vested Benefit if such Termination occurs while the Plan is a top-heavy plan, with the amount of such

Participant's benefit commencing as of his Normal Retirement Date equal to the vested percentage of his Accrued Benefit, determined in accordance with the following table:

<u>Years of Service</u>	<u>Vested Percentage</u>
2 but less than 3	20%
3 but less than 4	40%
4 but less than 5	60%
5 or more	100%

A Participant who had at least 10 Years of Service as of his Termination Date may commence receipt of his Deferred Vested Benefit as of the beginning of any calendar month within the 10-year period preceding his Normal Retirement Date, with the amount of such benefit reduced in accordance with the provisions of Appendix B of the Pension Plan.

If the Plan becomes a top-heavy plan and subsequently ceases to be such, the vesting schedule of this Section 11.4 shall continue to apply in determining the vested percentage of any Participant who had at least three Years of Service as of December 31 of the last Plan Year the Plan was top-heavy. For all other Participants, such schedule shall apply only to their Accrued Benefit as of such December 31.

## ARTICLE 12

### AMENDMENT AND DISCONTINUANCE OF THE PLAN OR PENSION PLAN

Section 12.1 Amendment and Discontinuance of the Plan or Pension Plan. The Company desires and expects to continue the Plan and the Pension Plan indefinitely into the future. Nevertheless, the Company reserves the right, subject to any contractual obligations, to amend or discontinue the Plan or the Pension Plan. Such amendment or discontinuance shall not affect retirement benefits which are being paid at the date of such amendment or discontinuance. The Company shall be entitled to any amounts remaining in the Plan following the complete distribution of Participants' and Beneficiaries' interests in the Plan upon its termination.

Section 12.2 Merger, Consolidation or Transfer of Assets. A merger or consolidation of the Plan with, or transfer of Plan assets or liabilities to, any other plan shall not be effected unless the terms of such merger, consolidation or transfer are such that each Participant, distributee, Beneficiary or other person entitled to receive benefits from the Plan would, if the Plan were to terminate immediately after the merger, consolidation or transfer, receive a benefit equal to or greater than the benefit such person would be entitled to receive if the Plan were to terminate immediately before the merger, consolidation, or transfer.

Section 12.3 Amendment of Vesting Schedule. If the vesting provisions of Section 6.1 are amended, including an amendment caused by the expiration of top-heavy status under the terms of Article 11, no Participant shall have his nonforfeitable vested percentage reduced and each Participant having three or more Years of Vesting Service or three or more years of employment on the date which is the later of the date the amendment is adopted and the date the amendment becomes effective, regardless of whether the years are consecutive, may elect to have his nonforfeitable benefits under the Pension Plan computed without regard to such amendment. Such election may be made at any time during the period beginning with the date of

the amendment and ending 60 days after the later of (i) the date the amendment is adopted, (ii) the date the amendment is effective and (iii) the date the Participant is given written notice of the amendment.

Section 12.4 Distribution of Funds Upon Termination. In the event the Plan shall be fully or partially terminated or contributions permanently discontinued, each affected Participant shall be fully vested in his benefit to the extent then funded. The then present value of benefits vested in each Participant shall be determined as of the Plan termination date and the assets of any fund then held by the Trustee as reserves for benefits for Participants shall be allocated to the extent that they shall be sufficient, after providing for expenses of administration (to the extent not paid by the Company), in the following order of priority:

Category 1 – (a) annuity benefits in pay status within the three-year period ending on the termination date of the Plan, with the amount of such annuity benefits being equal to the lowest benefit level in such three-year period and at the lowest benefit formula under the Plan during the five-year period prior to termination of the Plan, and (b) annuity benefits which would have been paid during such three-year period had the Participant retired and commenced receipt of his benefits, with the amount of such annuity benefit being equal to the lowest benefit formula under the Plan during the five-year period prior to termination of the Plan.

Category 2 - all other benefits guaranteed under Title IV, sections 4044(a)(4)(A) and 4044(a)(4)(B) of ERISA.

Category 3 - all other vested benefits under the provisions of the Plan on its termination date.

Category 4 - all other accrued benefits for Participants who were not vested as of the date of the Plan termination.

If the assets of the fund held by the Trustee as reserves for benefits for Participants and Beneficiaries, as of the date the Plan is terminated, are not sufficient to provide in whole the amounts required within a category (A) in the case of Categories 1 and 2, the assets shall be allocated pro rata among the individuals in such category on the basis of the present value (as of the termination date of the Plan) of their respective benefits and (B) in the case of Category 3, the assets shall be allocated (x) on the basis of benefits that would have been included in Category 3 under the Plan as in effect at the beginning of the five-year period ending on the Plan termination date and, if all such benefits are satisfied in full, then (y) on the basis of benefits under the Plan as amended by the most recent amendment effective during such five-year period. Allocation in any of the above listed categories shall be adjusted for any allocation already made to the same Participant or Beneficiary under a prior category. Allocation of assets may be modified by the Internal Revenue Service to meet nondiscrimination requirements and the benefit of any highly compensated Participant or former Participant will be limited to a benefit that is not discriminatory under section 401(a)(4) of the Code. After all liabilities of the Plan have been satisfied, the Company shall be entitled to any balance of the funds which shall remain.



**Appendix A**

**Early Retirement Reduction Factors**

Number of Years Early Retirement Date Precedes Age 65	Reduction Factor
1	1.00
2	1.00
3	1.00
4	.97
5	.94
6	.90
7	.86
8	.82
9	.78
10	.74

If a Participant's Early Retirement Date does not precede age 65 by a whole number of years, the applicable reduction factor is computed on a proportional basis in relation to the factors for the next greater and the next lesser number of whole years.

The foregoing notwithstanding, the reduction factor shall be 1.00 in the case of a Participant who elects to receive an Early Retirement Benefit and who has attained at least 55 years of age if the sum of such Participant's Years of Credited Service and his age equals or exceeds 90. This 90 point provision shall not apply to executives of the Company or any Employer. For purposes of this Appendix A, executive shall mean an individual employed at the level of Vice President or higher.

**Appendix B**

**Deferred Vested Benefit Reduction Factors**

Number of Years Retirement Date Precedes Age 65	Reduction Factor
0	1.0000
1	.92
2	.85
3	.78
4	.72
5	.67
6	.62
7	.57
8	.53
9	.50
10	.47

Where a Participant's payment date does not precede age 65 by a whole number of years, the applicable reduction factor is computed on a proportional basis in relation to the factors for the next greater and the next lesser number of whole years.

## Appendix C

### Variable Annuity Option

#### **(Only Applicable to Participants Who Elected the Option Prior to April 1, 1979)**

Prior to April 1, 1979, each Participant was given the opportunity to elect, as provided herein, to have 50% of his Accrued Benefit converted to “variable annuity units,” with the value of such variable annuity units being related to the performance of the common stock and other equity investments in the Pension Plan’s Trust fund; provided, however, that the fixed benefits so converted shall not exceed the Accrued Benefit determined under subparagraph (1) of Section 6.2(a).

If a Participant elected the variable annuity option, such option is then also applicable to a Surviving Spouse’s monthly benefits and to any of the optional forms of benefit payment elected by the Participant.

The variable annuity option had to be elected prior to the Participant’s 61st birthday. The first conversion from fixed benefits to variable annuity units shall be made on the Participant’s 61st birthday, with four subsequent annual conversions.

The annual conversions shall be in equal amounts and shall be based on an estimate of the Accrued Benefit the Participant shall be eligible to receive on the first day of the calendar month next following the Participant’s 65th birthday. In making such estimate, the accrual of future benefits shall be based on the Participant’s Straight-Time Wage Rate in effect on the first conversion date. However, all conversions made on or after April 1, 1975, shall be made in recognition of the estimated Accrued Benefit under the Pension Plan as amended April 1, 1975. If a Participant retires before annual conversions are completed, the remaining conversions shall be adjusted so that the fixed dollar portion of the Accrued Benefit converted to variable annuity units shall equal 50% of the Participant’s Accrued Benefit under the Pension Plan.

During the period of conversions, the Participant shall be given a statement each year showing the status of the provisional variable annuity account for the Participant.

A Participant who has elected the variable annuity option may subsequently elect to have future conversions canceled provided he gives the Company written notice at least thirty days before the next scheduled conversion date. The conversions so canceled may not be reinstated. No person other than the Participant may elect the variable annuity option or discontinue the conversion schedule which the Participant’s election established.

As of the first day of each calendar quarter, the investment performance of the equity portion of the Trust fund, including dividend earnings and appreciation or depreciation in market values, shall be measured by the Trustee to determine the value of a variable annuity unit rounded to four decimal places, with the beginning value being \$1.0000 as of January 1, 1968. At each quarterly evaluation, the value of the variable annuity unit shall be increased or decreased to the extent the investment performance exceeds or falls short of a 4% annual rate of increase.

As each conversion is made for a Participant, the provisional variable annuity account for such Participant shall be credited with the number of variable annuity units determined by dividing the dollar amount of fixed benefits being converted by the average of the variable annuity unit values for the last four calendar quarters. When the Participant is eligible to receive his Accrued Benefit, the variable annuity portion of the Participant's benefits shall be determined by multiplying the total number of the variable annuity units in the provisional account for the Participant by the latest variable annuity unit value.

The variable annuity portion of a retiree's monthly pension shall not be less than 90% of the value of the portion of the Participant's Accrued Benefit which was converted to variable annuity units.

If on a Participant's death the Participant's Surviving Spouse becomes eligible for a monthly benefit, or if a Participant retires with a joint and survivor or specified years certain form of benefit, the variable annuity units in the Participant's provisional account shall be reduced in the same ratio that the fixed retirement benefits are reduced.

Changes in a Participant's monthly benefit amount resulting from the quarterly changes in the variable annuity unit value generally shall be reflected in benefits for the third month of the calendar quarter and shall continue at that rate for the next following two months.

**Appendix D**

**Supplemental Retirement Benefit**

Effective September 1, 2002 the fixed (non-variable annuity) portion of a Participant's retirement benefit attributable to retirement before January 1, 1996, shall be increased as follows:

<u>Date of Retirement</u>	<u>Amount of Increase</u>
Before 1969	60%
1969 through 1974	40%
1975 through 1979	30%
1980 through 1990	12%
1991 through 1993	10%
1994 through 1995	5%

These increases are in addition to any prior increases from the Pension Plan.

**Appendix E**  
**Medical Benefits Account**

Section 1. Establishment of Account. An account (the “Medical Benefits Account”) shall be established and maintained under the Trust out of which the Trustee shall pay the cost, which would otherwise be borne by the Employers, for certain medical and related benefits (the “Medical Benefits”) provided under certain Southern California Gas Company medical and health maintenance organization plans and any other plans that provide accident, hospitalization or medical benefits, as may be designated from time to time by the Committee (the “Medical Plans”) for the benefit of retired Employees who qualify for an Early Retirement Benefit or a Normal Retirement Benefit, their spouses and dependents (the “Medical Beneficiaries”). The provisions of this Appendix are intended to comply with section 401(h) of the Code and shall be construed to comply therewith.

The Company and certain Affiliated Employers have established the Southern California Gas Company Voluntary Employee Beneficiary Association Retiree Medical Trust (“VEBA”), which is to provide funding for, and payment of, retiree medical benefits which were the subject of one or more collective bargaining agreements. Notwithstanding anything else in this Appendix to the contrary, in coordinating benefits between this Appendix and the VEBA, the VEBA shall be the primary payor and payments thereunder shall offset payments under this Appendix.

Section 2. Effective Date. Medical Benefits shall be paid from the Medical Benefits Account beginning October 1, 2006.

Section 3. Funding of Benefits. Subject to the right reserved to the Company to amend or terminate the provision of Medical Benefits under its general power to amend the

Pension Plan under Section 12.1, the Company expects and intends to make actuarially determined contributions under the Pension Plan from time to time to fund the Medical Benefits Account. The assets of the Medical Benefits Account may be invested together with the other assets of the Trust, in which case earnings of the Trust shall be allocated to the Medical Benefits Account on a reasonable basis or such assets may be invested separately. In any event, no part of the Trust, other than the assets of the Medical Benefits Account, shall be available to pay for any part of the cost of Medical Benefits.

The amount determined by the Company to be contributed for any Plan Year by the Employers pursuant to the paragraph above shall be reasonable and ascertainable and shall not exceed the total cost for such Plan Year of providing Medical Benefits to the Medical Beneficiaries, determined in accordance with generally accepted actuarial methods and assumptions that are reasonable in view of the provisions and coverage of the medical and other plans providing such benefits, the funding medium and any other applicable considerations. At the time any Employer makes a contribution to the Trustee, the Employer shall designate the portion thereof that is allocable to the Medical Benefits Account.

Section 4. Limitations on Contributions. Notwithstanding Section 3 above, the contributions of the Employers to the Medical Benefits Account for any Plan Year shall not exceed the maximum amount for which a deduction is allowable for federal income tax purposes for the taxable year of the Employers that ends with or within such Plan Year.

In addition, at all times the aggregate of the contributions made by the Employers to provide Medical Benefits, when added to the actual contributions for life insurance under the Plan, shall not exceed 25 percent of the sum of the aggregate contributions made by the Employers to the Pension Plan under Section 4.1, other than the contributions to fund past

service credits, plus the aggregate contributions to the Medical Benefits Account. In the event that a contribution under Section 3 shall exceed the amount described in the preceding sentence, such contribution shall be reduced by the excess amount.

Section 5. Key Employees. Notwithstanding any other provision of the Pension Plan, key employees shall not be entitled to receive Medical Benefits. For purposes of this Section 5, the term "key employee" means any employee, who at any time during the Plan Year or any preceding Plan Year during which contributions were made on behalf of such employee, is or was a key employee as defined in section 416(i) of the Code.

Section 6. Impossibility of Diversion. In no event, prior to the satisfaction of all liabilities to provide Medical Benefits shall the Medical Benefits Account be used for, or diverted to, any purpose other than the payment of such benefits and any necessary or appropriate expenses of administration associated therewith. Any amounts credited to the Medical Benefits Account following the satisfaction of all such liabilities shall be returned to the Employers.

Section 7. Administration. The Medical Plans shall continue to be administered, and claims processed, under their respective terms. Notwithstanding, the interpretation and administration of the terms of this Appendix shall be pursuant to the provisions of the Pension Plan.

Section 8. Right to Amend or Terminate Medical Plans. The Company expressly reserves the exclusive right, retroactively to the extent permitted by law, to amend, modify, change, terminate or revoke any medical or other welfare plan or policy maintained by any Employer or Affiliated Employer that provides medical or other welfare benefits, including but not limited to Medical Benefits, and subject to applicable collective bargaining agreements, to



require Employees, former Employees, their eligible spouses and dependents to pay all or any portion of the cost of such medical benefits.

Section 9. Reversion. At any time prior to the satisfaction of all liabilities under the Pension Plan to provide Medical Benefits, no part of the Medical Benefits Account may be used for any purpose other than providing Medical Benefits, and any necessary or appropriate expenses attributable to the administration of the Medical Benefits Account. If any residual assets remain in the Medical Benefits Account after the satisfaction of all obligations of the Employers to provide Medical Benefits to the Medical Beneficiaries, such assets shall be returned to the Employers. Notwithstanding the previous sentence, if an Employer contribution under Section 3 is disallowed as a deduction for federal income tax purposes, then, to the extent the deduction is disallowed, the Trustee shall return the excess contribution to the Employer within one year after the date that the deduction is disallowed. In the event a Medical Beneficiary's interest in the Medical Benefits Account is forfeited prior to the termination of the plan, an amount equal to such forfeiture shall be applied as soon as possible to reduce the Employers' contributions.

Section 10. Limitation of Rights. A Medical Beneficiary shall have no right, title or claim in any specific asset of the Medical Benefits Account, but shall have the right only to the Medical Benefits provided from time to time under the Medical Benefits Account.

SOUTHERN CALIFORNIA GAS COMPANY  
MANAGEMENT AND ASSOCIATE EMPLOYEE  
CASH BALANCE PROGRAM

(as amended and restated, effective January 1, 2008)

**SOUTHERN CALIFORNIA GAS COMPANY  
MANAGEMENT AND ASSOCIATE EMPLOYEE  
CASH BALANCE PROGRAM**

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## ARTICLE 1

### TITLE AND PURPOSE

The title of the plan shall be the “Southern California Gas Company Pension Plan” (the “Plan”). The Plan is an amendment and restatement of the Southern California Gas Company Pension Plan as originally in effect as of September 30, 1932 and as later amended and restated from time to time.

Effective July 1, 1998, the Plan was amended to provide that benefits would be determined under a cash balance formula for certain eligible employees. The non-cash balance portion of the Plan, which is set forth in a separate document, shall be referred to in the Plan as the “Pension Plan.” The provisions related to the cash balance formula shall be referred to in the Plan as the “Southern California Gas Company Management and Associate Employee Cash Balance Program” (the “Program”). The Program is set forth in this document and is a part of the Plan.

The Program as amended and restated herein shall be effective as of January 1, 2008 in respect of Participants whose employment terminates on or after such date, *provided, however*, that any provision that specifies a different effective date shall be effective as of such date.

## ARTICLE 2

### DEFINITIONS

The following words and phrases used in the Program shall have the following meanings when capitalized.

(1) Accrued Benefit shall mean the benefit earned by a Participant as described in Section 6.3.

(2) Actuarial Equivalent shall mean a benefit or amount having the same value as another benefit or amount, computed using generally accepted actuarial methods and using the applicable tables, interest rates and other factors described in Appendix A of the Program. In the case of a lump sum payment pursuant to Section 7.2(c) or an involuntary lump sum payment pursuant to Section 7.1, the single sum present value determined as of any determination date shall be calculated using the Applicable Mortality Table and an interest rate assumption using the Applicable Interest Rate.

(3) Affiliated Employer shall mean (a) a corporation that is a member of the same controlled group of corporations (within the meaning of section 414(b) of the Code) as an Employer, (b) a trade or business (whether or not incorporated) under common control (within the meaning of section 414(c) of the Code) with an Employer, (c) any organization (whether or not incorporated) that is a member of an affiliated service group (within the meaning of section 414(m) of the Code) that includes (i) an Employer, (ii) a corporation described in clause (a) of this definition or (iii) a trade or business described in clause (b) of this definition, or (d) any other entity that is required to be aggregated with an Employer pursuant to regulations promulgated under section 414(o) of the Code by the U.S. Treasury Department. A corporation, trade or business or entity shall be an Affiliated Employer only for such period or periods of time during which such corporation, trade or business or entity is described in the preceding sentence. In addition, the term "Affiliated Employer" includes any other entity that the Company has designated in writing as an Affiliated Employer for purposes of the Program.

(4) Applicable Interest Rate shall mean the interest rate as defined in section 417(e)(3) of the Code for the November immediately preceding the first day of the Plan Year in which the applicable determination occurs.

(5) Applicable Mortality Table shall mean the mortality table specified by the Commissioner of the Internal Revenue Service for purposes of section 417(e)(3) of the Code as in effect on the date of determination.

(6) Base Account shall mean the hypothetical account established for a Participant to which the Initial Employer Allocation, the Ten-Year Projection Additional Amount (as defined in Appendix D), if any, and credits described in Section 6.1(c) and Section I(c) of Appendix D, if applicable, are made.

(7) Base Interest Rate shall mean the 30-year Treasury securities rate for the November immediately preceding the first day of the applicable Plan Year.

(8) Beneficiary shall mean that person or persons or entity or entities (including a trust or estate) that shall be entitled to receive benefits under Section 7.2 or Section 7.3 in the event of a Participant's death.

(9) Benefit Commencement Date shall mean the first day of the first period (e.g., month, quarter, year) on which a benefit is paid to an individual.

(10) Board of Directors shall mean the Board of Directors of the Company, except that certain actions which could be taken by the Board of Directors may also be taken by a duly authorized committee of the Board of Directors.

(11) Break in Service shall mean a Plan Year during which an Employee does not complete more than 500 Hours of Service. For purposes of determining whether an Employee has incurred a Break in Service, the Employee shall be credited with Hours of Service for any period during which he (a) is in Military Service, provided that after discharge from such Military Service he returns to the employ of an Employer within the period prescribed by laws relating to the reemployment rights of persons in Military Service, (b) is on an uncompensated leave of absence duly granted by his Employer, (c) is on disability leave or (d) is absent from work for any period because of (i) the Employee's pregnancy, (ii) the birth of the Employee's child, (iii) the placement of a child with the Employee in connection with the Employee's adoption of such child or (iv) the need to care for any such child for a period beginning immediately following such birth or placement. The number of hours to be so credited shall be determined under uniform rules adopted by the Employer in accordance with Department of Labor Regulations, except that for purposes of clauses (c) and (d) above, the Employee shall be credited with the number of Hours of Service for which the Employee would have received credit but for such absence (or, if not known, eight (8) hours for each business day of such absence), and (A) in the case of an Employee who would have incurred a Break in Service during the Plan Year in which such period of absence commenced but for the application of such clause (d) above only for such Plan Year, or (B) in the case of any other Employee described in clause (d), only for the Plan Year immediately following the Plan Year in which such period of absence commenced. Notwithstanding the foregoing, no Hours of Service shall be credited under clause (d) above unless the Employee furnishes to the Employer such timely information as it may reasonably require to establish to its satisfaction (i) that the absence is for reasons set forth in such clause and (ii) the duration of such absence.

(12) Code shall mean the Internal Revenue Code of 1986, as amended.

(13) Committee shall mean the committee of individuals appointed by the Compensation Committee of the board of directors of Sempra Energy to be responsible for the operations and administration of the Program in accordance with the provisions of Article 10.

(14) Company shall mean Southern California Gas Company and any successor thereto that shall adopt the Program pursuant to Section 11.1.



(15) Deferred Vested Benefit shall mean the benefit, as calculated in accordance with Section 6.3(d), to which a Participant who (i) terminates employment with the Employers and the Affiliated Employers and (ii) has three (3) or more Years of Vesting Service or is fully vested in his accrued benefit under a Prior Plan is entitled.

(16) Early Retirement Benefit shall mean the benefit to which a Participant is entitled upon his retirement on his Early Retirement Date, as calculated in accordance with Section 6.3(b).

(17) Early Retirement Date shall mean the first day of the calendar month next following the Participant's Termination Date if such date is earlier than the Participant's Normal Retirement Date, provided that as of the Participant's Termination Date, the Participant has attained the age and service required for early retirement under the terms of the applicable Prior Plan.

(18) Early Retirement Subsidy Account shall mean the account established to protect any early retirement subsidy provided under a Prior Plan for each Participant who as of June 30, 1998 (i) participated in a Prior Plan and was any age 59 through 64 on such date or (ii) was entitled to an unreduced benefit under the 90-point provision of a Prior Plan, in accordance with Section I(f) of Appendix D.

(19) Earnings shall mean for any period, an Eligible Employee's cash compensation (as defined below) for employment with an Employer received in that period, plus any salary reduction amounts contributed on a pretax basis to any plan maintained by the Company or an Affiliated Employer, including a plan described under section 401(k) of the Code and a "cafeteria plan" under section 125 of the Code, any "qualified transportation fringe" benefit arrangement within the meaning of section 132(f) of the Code and such other amounts described below. For purposes of this definition:

(a) Cash compensation shall mean (i) base salary, vacation pay, holiday pay, sick pay received from the Employer, certain payments under the Incentive Compensation Plan (as described in subsection (g) below), any annual bonus for Sempra Energy Trading and any salaried planning lump sum merit award (with 1/12 of such salaried planning lump sum merit award being recognized as cash compensation in each of the 12 months of a plan year for purposes of Earnings calculations) and shall exclude (ii) shift differential pay, overtime pay, pay in lieu of meal or rest periods, long term disability benefits, pay in lieu of notice upon Termination, pay to an Employee after he gives advance notice of his Termination in lieu of pay for services through his noticed employment termination date, pay in lieu of vacation, severance pay, moving expenses, tuition reimbursements, hiring and referral bonuses, prizes from contests, suggestion program awards, income from the grant or exercise of stock options and the sale of stock acquired under stock options and any other payment not specified in clause (a)(i), except as otherwise provided in this Section 2(19).

(b) In the case of any Employee who is on international assignment and on the U.S. payroll, cash compensation shall not include foreign service allowances, housing allowances, goods and services differential, reimbursements of taxes and any other special payments associated with a foreign assignment.

(c) An Employee shall be deemed to be paid his base salary by his Employer during an Employer-sponsored work assignment (absence from employment with an Employer which has been approved as an Employer-sponsored work assignment by the Committee).

(d) An Eligible Employee who has a disability shall be assumed to receive base salary as determined on the day before he became disabled, as determined under the terms of the applicable Employer sponsored long-term disability plan, or where the person became disabled while covered under a Prior Plan, the Prior Plan.

(e) Notwithstanding anything in this Section 2(19) to the contrary, the Earnings of an Employee in excess of \$230,000 (as adjusted for changes in the cost-of-living pursuant to section 401(a)(17) of the Code) shall not be taken into account for any purpose under the Program.

(f) Effective January 1, 1999, the Earnings of a Participant who retires after he has (i) attained age 55 and (ii) accrued five (5) or more Years of Vesting Service shall include an award under the Incentive Compensation Plan (the "ICP Award") for the year in which his Retirement Date occurs. If the amount of such ICP Award is unknown on the Participant's Retirement Date, then Earnings shall include the Participant's "Imputed ICP Award," which is an amount equal to the average of the Participant's last three ICP Awards, prorated to reflect the number of months actually worked during the year for which the Imputed ICP Award is calculated. If a Participant did not receive an ICP Award in respect of any of the relevant three years, the Imputed ICP Award will be calculated with a value of \$0 for any such year. The Earnings of a Participant who terminates employment but who does not retire after he has (i) attained age 55 and (ii) accrued five (5) or more Years of Vesting Service shall not include an Imputed ICP Award for the year of his Termination unless such Participant terminates employment on December 31 of such year.

(g) Effective only for Participants who terminate employment with the Employers on or after August 31, 2005 and whose Benefit Commencement Date is on or after January 1, 2006, Earnings shall include amounts credited by the Participant's Employer to an account established on behalf of the Participant under a deferred compensation plan.

(h) Cash compensation shall include any grandfathered transportation or car allowance for any Employee who was entitled to receive such allowance before July 1, 1998

(i) Notwithstanding anything in this Section 1(19) to the contrary, for purposes of calculating a Participant's Grandfathered Benefit under the Pension Plan (the non-cash balance portion of the Plan), the total of compensation used for such calculation shall include a prorated share of the Participant's ICP Award (as defined in subsection (f) above) earned in the year in which such Termination occurs. Such proration shall be based on the Participant's actual Retirement Date, and if the amount of such ICP Award is unknown on such Participant's Retirement Date, the amount of the ICP Award shall be equal to his Imputed ICP

Award (as defined in subsection (f) above). This subsection shall be applicable to ICP Awards earned in 1999 through 2003. In addition, for Participants whose actual Retirement Date was February 1 or March 1 of 2000, 2001, 2002 or 2003, the amount of compensation used for the calculation of average monthly compensation shall also include an additional amount equal to the full ICP Award earned in the year in which his Termination occurred, determined in accordance with this subsection.

(20) Effective Date shall mean January 1, 2008 except as otherwise provided in Section 16.2.

(21) Eligible Employee shall mean an Employee paid on an Employer's U.S. payroll. Notwithstanding anything in the Program to the contrary, an individual is not an Eligible Employee if he is:

- (a) a member of a collective bargaining unit covered by a collective bargaining agreement, unless such agreement provides for coverage of the bargaining unit members under the Program;
- (b) eligible to participate in or accrue benefits under any other funded pension or funded retirement plan to which his Employer makes contributions, other than federal Social Security and a plan satisfying the requirements of section 401(k) of the Code;
- (c) a nonresident alien who receives no earned income from an Employer constituting income from sources within the United States;
- (d) employed outside the United States and is not on an Employer's U.S. payroll, unless the Committee designates such an employee or group of such Employees as eligible to participate in the Program; or
- (e) employed by a division or operating unit for which the Affiliated Employer has not adopted the Program or the Committee has not consented to such adoption or is a member of a group of employees for which the Affiliated Employer has not adopted the Program or the Committee has not consented to such adoption. Any such excluded division, operating unit or group of employees will be listed on Appendix E of the Program, as it may be amended from time to time. The failure to update Appendix E shall not affect the effectiveness of any such designation. Such designations will be effective whether adopted before or after January 1, 2008 and regardless of whether the designation is reflected in Appendix E of the Program.

(22) Employee shall mean an individual whose relationship with an Employer is, under common law, that of an employee. Notwithstanding the foregoing, no individual who renders services to an Employer shall be considered an Employee for purposes of the Program if such individual renders such services pursuant to (i) an agreement providing that such services are to be rendered by the individual as an independent contractor or (ii) an agreement with an entity, including a leasing organization within the meaning of section 414(n)(2) of the Code, that is not an Employer or Affiliated Employer or (iii) an agreement that contains a waiver of participation in the Program. Even if such an individual who is described in the immediately preceding sentence is later determined (by judicial action or otherwise) to have been an employee of an

Employer under common law, such individual shall not, notwithstanding such determination, be an Employee or otherwise eligible to participate in or receive benefits under the Program. An individual's status as an Employee shall be determined by the Company and all such determinations shall be conclusive and binding on all persons.

(23) Employer shall mean the Company or any Affiliated Employer that, with the consent of the Company, elects to participate in the Program in the manner described in Article 11, and any successor entity which is substituted for the Company or such subsidiary entity as described in Article 12. If any such entity withdraws from participation in the Program pursuant to Section 11.2 or terminates its participation in the Program pursuant to Section 15.3, then such entity shall thereupon cease to be an Employer. Additionally, if any such entity ceases to be an Affiliated Employer, then such entity shall be deemed to have withdrawn from participation in the Program and shall thereupon cease to be an Employer, as of the date such Employer ceases to be an Affiliated Employer.

(24) Employer Credit Account shall mean the hypothetical account established for a Participant to which the allocations and credits described in Section 6.1 are made.

(25) Employer Credit shall mean an amount which is a percentage of the Participant's Earnings credited to the Employer Credit Account, in accordance with the procedures of Article 6.

(26) Employment Commencement Date shall mean the date on which an Employee first is credited with an Hour of Service.

(27) ERISA shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time.

(28) Frozen Benefit Plus+ Account shall mean the hypothetical account established as of March 1, 2007 for a Participant to which the Initial Frozen Benefit Plus+ Allocation and credits as described in Section 6.1 and Section I(d) of Appendix D, if applicable, are made.

(29) Grandfathered Benefit shall mean the accrued benefit at normal retirement age as of June 30, 2003 of a Participant who was an eligible employee on June 30, 1998 under the terms of a Prior Plan, with such accrued benefit calculated as of the Participant's Termination Date under the terms of the applicable Prior Plan(s) as in effect on June 30, 1998, including any subsequent clarifying or corrective amendments with effective dates prior to the earlier of (i) the Participant's Termination Date and (ii) June 30, 2003. Notwithstanding anything to the contrary, a Participant shall be entitled to receive his Grandfathered Benefit in any of the optional forms of benefit that were available to the Participant under the terms of such Prior Plan(s).

(30) Hour of Service shall mean each hour for which:

(a) an Employee is paid, or entitled to payment, by the Employer or a Predecessor Employer for the performance of duties;

(b) an Employee is paid, or entitled to payment, by the Employer or a Predecessor Employer on account of a period of time during which no duties are performed (irrespective of whether a Termination has occurred) due to vacation,

holiday, illness, incapacity (including disability), layoff, jury duty, military duty or leave of absence, *provided, however*, that no more than 501 Hours of Service will be credited under this subsection (b) for any single continuous period (regardless of whether such period occurs in a single computation period) except as provided in subsection 2(11)(c) and subsection (d) below and Section 13.10;

(c) each hour for which back pay, irrespective of mitigation of damages, is either awarded or agreed to by an Employer or Predecessor Employer; and

(d) each hour for which an Employee is not paid or entitled to payment but during which he normally would have performed duties for an Employer or Affiliated Employer during any period for which he is eligible to receive benefits under the long-term disability plan of an Employer or Affiliated Employer.

Hours of Service shall be computed in accordance with paragraphs (b) and (c) of Department of Labor Regulation section 2530.200b-2. Notwithstanding the preceding sentence, in calculating Hours of Service the Committee may, in lieu of actual hour counting, use any of the following equivalencies for classifications of Employees for whom exact hour counting would be administratively burdensome, provided that, if the Committee decides to calculate Hours of Service based upon any of the following equivalencies for any classification of Employees, the equivalencies shall be reasonable and nondiscriminatory and shall be consistently applied. The equivalencies which may be used are:

(e) Hours Worked: 870 hours worked shall be treated as equivalent to 1000 Hours of Service and 435 hours worked shall be treated as equivalent to 500 Hours of Service.

(f) Regular Time Hours: 750 regular time hours shall be treated as equivalent to 1000 Hours of Service and 375 regular time hours shall be treated as equivalent to 500 Hours of Service.

(g) Days of Employment: One day of employment for which the Employee would have been credited under the general rules with at least one Hour of Service shall be equivalent to 10 Hours of Service.

(h) Weeks of Employment: One week of employment for which the Employee would have been credited under the general rules with at least one Hour of Service shall be treated as 45 Hours of Service.

(i) Semi-Monthly Payroll Periods: One semi-monthly payroll period for which the Employee would have been credited under the general rules with at least one Hour of Service shall be treated as 95 Hours of Service.

(j) Months of Employment: One month of employment for which the Employee would have been credited under the general rules with at least one Hour of Service shall be treated as 190 Hours of Service.

In interpreting the foregoing equivalencies, the Committee shall rely on U.S. Department of Labor Regulation section 2530.200b-3.

(31) Incentive Compensation Plan shall mean the “Incentive Compensation Plan for Sempra Energy and Affiliates, Subsidiaries, and Business Units.”

(32) Initial Employer Allocation shall mean the allocation, if any, to a Participant’s Base Account made in accordance with Appendix D.

(33) Initial Frozen Benefit Plus+ Allocation shall mean the allocation on March 1, 2007, if any, to a Participant’s Frozen Benefit Plus+ Account in an amount equal to the Employer Credits and Special Employer Credits, if applicable, credited to a Participant’s Employer Credit Account during the period from July 1, 2003 through February 28, 2007 and Interest Credits that are attributable to such Employer Credits and Special Employer Credits.

(34) Interest Credit shall mean an addition to a Participant’s Employer Credit Account and Base Account, if any. Effective as of March 1, 2007, the term shall also mean an addition to a Participant’s Frozen Benefit Plus+ Account, if any. The amount of an Interest Credit shall be calculated by multiplying the Base Interest Rate by the balance of the relevant account.

(35) Medical Beneficiaries shall mean Participants who are not key employees and who have retired from employment with the Employers and Affiliated Employers and the spouses and dependants of such Participants who are receiving post-retirement benefits in accordance with the terms of the retiree medical plan.

(36) Medical Benefits shall mean the provision of payments for certain sickness, accident, hospitalization and medical benefits within the meaning of Treasury Regulation section 1.401-14(a), including dental, vision and mental health benefits as designated by the Committee that are available under the Southern California Gas Company medical and health maintenance organization plans and any other plan so designated by the Committee. The Committee shall have the power and authority to add or delete at any time any medical plan of an Employer to those plans pursuant to which Medical Benefits are payable and to specify which benefits under such plans are Medical Benefits.

(37) Medical Benefits Account shall mean the bookkeeping account established under Section 16.1 to provide for the payment of Medical Benefits on behalf of Medical Beneficiaries.

(38) Military Service shall mean any service in the “uniformed services,” as defined in 38 U.S.C. section 4303, by an individual if such individual is entitled to reemployment rights under the Uniformed Services Employment and Reemployment Rights Act of 1994 with respect to such service.

(39) Named Fiduciary shall mean a fiduciary designated as such under the provisions of Section 10.1(f).

(40) Normal Retirement Age shall mean age 65. A Participant who attains his Normal Retirement Age while employed by an Employer shall be fully vested in his Accrued Benefit.

(41) Normal Retirement Benefit shall mean the benefit to which a Participant is entitled upon his retirement on his Normal Retirement Date, as calculated in accordance with Section 6.3(a).

(42) Normal Retirement Date shall mean the first day of the calendar month next following a Participant's 65<sup>th</sup> birthday.

(43) Participant shall mean an Eligible Employee who has satisfied the requirements set forth in Article 3. An individual shall cease to be a Participant upon the complete distribution of his benefit under the Program.

(44) PBGC shall mean the Pension Benefit Guaranty Corporation.

(45) Plan shall mean the Southern California Gas Company Pension Plan.

(46) Plan Year shall mean the calendar year.

(47) Postponed Retirement Benefit shall mean the benefit to which a Participant is entitled upon his retirement after his Normal Retirement Date, as calculated in accordance with Section 6.3(c).

(48) Postponed Retirement Date shall mean the first day of the calendar month next following the Participant's Termination Date, if such date is later than the Participant's Normal Retirement Date. A Participant shall be fully vested in his Accrued Benefit upon his Postponed Retirement Date.

(49) Predecessor Employer shall mean, with respect to an Employee, Pacific Enterprises, Sempra Energy, Enova Corporation, San Diego Gas & Electric Company and other Affiliated Employers that are listed in Appendix B to the extent such Employee had been employed to perform services for such company or organizational unit.

(50) Prior Plan shall mean (i) any plan maintained by a Predecessor Employer where all or a portion of such plan's assets have been merged into the Program or (ii) any other plan sponsored by an entity which became an Affiliated Employer by acquisition or merger and which adopted the Program for any of its employees who had been participants in such other plan. Notwithstanding the previous sentence, the Pacific Enterprises Pension Plan, the San Diego Gas & Electric Company Pension Plan (the "Transferee Plans") shall be treated as Prior Plans with respect to Participants who became Participants on July 1, 1998, regardless of whether all or a portion of the assets of such Transferee Plans merged into the Program. Additionally, for purposes of the Program, the Southern California Gas Company Pension Plan shall be treated as a Prior Plan.

(51) Program shall mean the Southern California Gas Company Management and Associate Employee Cash Balance Program, as set forth herein, and any amendments thereto.

(52) Qualified Domestic Relations Order shall mean any domestic relations order which the Committee has determined, in accordance with procedures established by the Committee, to be a "qualified domestic relations order" defined in section 414(p) of the Code.

(53) Qualified Joint and Survivor Annuity shall mean a joint and 50 percent survivor annuity with the Participant's spouse as the Participant's joint and survivor annuitant. The Qualified Joint and Survivor Annuity for a married Participant shall be at least the Actuarial

Equivalent, determined under the applicable factors of Appendix A, of the Participant's Accrued Benefit.

(54) Reemployment Commencement Date shall mean the date an Employee completes an Hour of Service after incurring a Termination and a Break in Service.

(55) Retirement Date shall mean a Participant's Early Retirement Date, Normal Retirement Date or Postponed Retirement Date.

(56) Sempra Energy shall mean Sempra Energy, a California corporation.

(57) Termination shall mean the cessation of employment with the Employers and the Affiliated Employers as reflected on the books and records of the Employers. A transfer of employment between an Employer and an Affiliated Employer or between Employers or Affiliated Employers shall not constitute a Termination.

(58) Termination Date shall mean the first date on which an Employee ceases active employment with the Employers and the Affiliated Employers.

(59) Trust shall mean any trust established under an agreement between Sempra Energy and a Trustee under which any portion of the assets of the Plan are held, and shall include any and all amendments to the trust agreement.

(60) Trustee shall mean any trustee holding any portion of the money or property of any kind held by the Trust under a Trust agreement forming a part of the Plan.

(61) Year of Eligibility Service shall mean each year considered for purposes of eligibility to participate in the Program. An Eligible Employee shall be credited with a Year of Eligibility Service if he performs 1,000 or more Hours of Service during the 12-month computation period commencing with the person's Employment Commencement Date (or Reemployment Commencement Date).

(62) Year of Vesting Service shall mean each year considered under Section 6.2 for determining a Participant's right to vest in his Accrued Benefit. A Participant shall be credited with a Year of Vesting Service if he performs 1,000 or more Hours of Service during the 12-month computation period commencing with his Employment Commencement Date or any anniversary of the end of such computation period. In the event a Participant was previously covered by a Prior Plan which measured years of vesting service using a different computation period, then for the year in which he becomes a Participant in the Program, such Participant will receive the greater of (i) the Years of Vesting Service determined under the Program and (ii) the years of vesting service which would have been credited under the Prior Plan. Notwithstanding anything in the Program to the contrary, a Participant shall not be credited with more than one Year of Vesting Service for the calendar year ending December 31, 1998 except in the case of former participants of the San Diego Gas & Electric Company Pension Plan, who shall receive Years of Vesting Service in accordance with Department of Labor Regulation section 2530.203-2(c) as a result of the change in plan year. Years of Vesting Service shall include periods of service under a Prior Plan but shall not include any period of service prior to the date of establishment of the Program, or if a person was covered under a Prior Plan, any year of vesting



service prior to the establishment of the Prior Plan, except as otherwise provided under the terms of a Prior Plan.

## ARTICLE 3

### PARTICIPATION

Section 3.1. Eligibility for Participation. Each Participant in the Program as in effect immediately prior to January 1, 2008 shall remain a Participant on such date. Each other Eligible Employee shall become a Participant after such Eligible Employee completes a Year of Eligibility Service with an Employer. If the Eligible Employee does not complete a Year of Eligibility Service in the first 12-month computation period after his Employment Commencement Date, then the Eligible Employee shall become a Participant on the first anniversary of his Employment Commencement Date (or Reemployment Commencement Date) upon which a Year of Eligibility Service is completed.

Section 3.2. Employment Transfers.

(a) Transfers to Affiliated Employer – In General. Except as provided in Section 3.2(b) and (c), if a Participant's employment is transferred from an Employer to an Affiliated Employer that either (i) has not adopted the Program or (ii) has not adopted the Program with respect to employees whose job classifications are the same or substantially the same as the Participant's job classification, then the Participant shall continue to participate in the Program until an event occurs that would have entitled the Participant to a complete distribution of the Participant's vested benefit had the Participant continued to be employed by an Employer until the occurrence of such event. Nevertheless, such Participant shall not be entitled to receive Employer Credits under Section 6.1(b) and shall only receive Interest Credits under Section 6.1(c), or Section I(c) of Appendix D, if applicable, during any period of employment by any Affiliated Employer that is not an Employer. Periods of employment with an Affiliated

Employer that is not an Employer shall only be taken into account for purposes of determining Years of Vesting Service and Years of Cash Balance Service, as defined in Appendix D.

(b) Transfers to and from Collectively Bargained Jobs. If a Participant's employment is transferred to an employment position in a job classification that is covered by a collective bargaining agreement with the Company, an Employer or Affiliated Employer pursuant to which the Participant is required to participate in the Pension Plan (the non-cash balance portion of the Plan) or other defined benefit plan, then the Participant shall become a participant in the Pension Plan or such other defined benefit plan, as the case may be, and shall not be entitled to receive Employer Credits under Section 6.1(b) during the time he participates in the Pension Plan or such other defined benefit plan. Such Participant shall only receive Interest Credits under Section 6.1(c), or Section I(c) of Appendix D, if applicable, during any period of such employment.

If an Employee becomes an Eligible Employee because his employment position is no longer covered by a collective bargaining agreement, then such Eligible Employee shall immediately become a Participant in the Program. The Participant's Accrued Benefit shall be offset by the Actuarial Equivalent of his vested accrued benefit, if any, under the Pension Plan or other defined benefit plan.

(c) Transfers to Sempra Energy and San Diego Gas & Electric Company. If a Participant's employment is transferred from an Employer to Sempra Energy or San Diego Gas & Electric Company, then the Participant shall cease to participate in the Program and the assets and liabilities associated with the benefits of such Participant shall be transferred to the applicable plan of the Participant's new employer. Any such transfer shall be made in

accordance with section 414(1) of the Code and shall not result in the reduction of any protected benefits within the meaning of section 411(d)(6) of the Code.

Section 3.3. Cessation of Participation. A Participant who has a Termination Date at a time when the Participant is not entitled to an Early Retirement Benefit, a Normal Retirement Benefit, a Postponed Retirement Benefit or a Deferred Vested Benefit shall be deemed to have received a distribution of his Base Account and Employer Credit Account pursuant to Section 7.1(d) and shall cease to participate in the Program upon the occurrence of five (5) consecutive Breaks in Service. A Participant who incurs a Break in Service and who is entitled to a retirement benefit or a Deferred Vested Benefit shall cease to participate in the Program upon receipt of payments equal to his total vested Accrued Benefit.

## ARTICLE 4

### CONTRIBUTIONS

Section 4.1. Source of Contributions. The Employers intend to make contributions to the Trust of amounts which, in the aggregate over a period of time, shall be sufficient to finance the benefits provided by the Program. Any such contributions shall be in such amounts and shall be made in such manner and at such time as the Employers shall from time to time determine, and the Employers shall not be obligated to make any contribution at any time. Forfeitures arising under the Program for any reason shall be applied to reduce the cost of the Program, not to increase the benefits otherwise payable to the Participants. Participant contributions to the Trust are not permitted.

Section 4.2. Limitation on Contributions. The contributions of an Employer for any Plan Year shall not exceed the maximum amount for which a deduction is allowable to such Employer for federal income tax purposes for the taxable year of such Employer that ends with or within such Plan Year. Any contribution made by an Employer by reason of a good faith mistake of fact, or the portion of any contribution made by an Employer that exceeds the maximum amount for which a deduction is allowable to such Employer for federal income tax purposes, shall upon the request of such Employer be returned by the Trustee to the Employer. An Employer's request and the return of any such contribution must be made within one year after such contribution was mistakenly made or after the deduction of such excess portion of such contribution was disallowed, as the case may be. The amount to be returned to an Employer pursuant to this Section shall be the excess of (i) the amount contributed over (ii) the amount that would have been contributed had there not been a mistake of fact or the maximum amount that is so deductible, as the case may be. Earnings attributable to the mistaken

contribution shall not be returned to the Employer, but losses attributable thereto shall reduce the amount to be so returned.

## ARTICLE 5

### **THE TRUST**

Sempra Energy has entered into a funding arrangement with one or more Trustees providing for the administration of the Trust or Trusts in which the assets of the Program are held. Sempra Energy or the Committee may at any time or from time to time appoint one or more investment managers, as defined under section 3(38) of ERISA.

## ARTICLE 6

### **PARTICIPANT ACCOUNTS, VESTING AND BENEFITS**

#### Section 6.1. Accounts and Credits.

(a) Establishment of Accounts. A separate Employer Credit Account, a separate Base Account, if applicable, and a separate Frozen Benefit Plus+ Account, if applicable, shall be established for each Participant. Each such account shall be for accounting purposes only, and there shall be no segregation of assets with respect to any such account. A Participant's Employer Credit Account consists of the sum of Employer Credits, Interest Credits and, if applicable, Special Employer Credits (as defined in Section I(d) of Appendix D). A Participant's Base Account, if any, consists of the Initial Employer Allocation, the Ten-Year Projection Additional Amount (as defined in Section I(b) of Appendix D), if any, Interest Credits and Special Interest Credits (as defined in Section I(c) of Appendix D), if any. A Participant's Frozen Benefit Plus+ Account, if any, shall consist of the Initial Frozen Benefit Plus+ Allocation, Employer Credits, Special Employer Credits, if any, and Interest Credits.

(b) Employer Credits. Each Participant's Employer Credit Account shall be credited at the end of each calendar month with an Employer Credit equal to 7.5% of the Participant's Earnings, from the first day of the first payroll period, any portion of which falls within such month, through the last payroll end date of such month. Notwithstanding the immediately preceding sentence, upon the completion of a Participant's first Year of Eligibility Service, the Participant's Employer Credit Account shall be credited with Employer Credits for the 12-month computation period used to satisfy the Year of Eligibility Service requirement. Effective as of March 1, 2007, each Participant's Frozen Benefit Plus+ Account shall be credited at the end of each calendar month with an Employer Credit equal to 7.5% of the Participant's Earnings from the first day of the first payroll period, any portion of which falls within such month, through the last payroll end date of such month.

(c) Interest Credits. A Participant's Employer Credit Account shall be credited, as of the last day of each calendar month, regardless of whether the Participant is an Eligible Employee during such calendar month, with an amount equal to the balance of such Participant's Employer Credit Account as of the last calendar day of the prior month multiplied by a rate, which if compounded monthly for twelve (12) months would yield an annual rate equal to the



Base Interest Rate. A Participant's Base Account shall be credited, as of the first day of each calendar month, regardless of whether the Participant is an Eligible Employee during such calendar month, with an amount equal to the balance of such Participant's Base Account as of the first calendar day of the prior month multiplied by a rate, which if compounded monthly for twelve (12) months would yield an annual rate equal to the Base Interest Rate. A Participant's Frozen Benefit Plus+ Account shall be credited as of the last day of each calendar month, regardless of whether the Participant is an Eligible Employee during such calendar month, with an amount equal to the balance of such Participant's Frozen Benefit Plus+ Account as of the last calendar day of the prior month multiplied by a rate, which if compounded monthly for twelve (12) months would yield an annual rate equal to the Base Interest Rate.

Section 6.2. Vesting. A Participant who terminates employment with the Employers at a time when he is not entitled to an Early Retirement Benefit, a Normal Retirement Benefit or a Postponed Retirement Benefit shall be entitled to his Accrued Benefit only if the Participant has three (3) or more Years of Vesting Service on his Termination Date. Notwithstanding the previous sentence, a Participant who is fully vested in his accrued benefit under a Prior Plan shall be fully vested in his Accrued Benefit under the Program.

Section 6.3. Accrued Benefit.

(a) In General. The Accrued Benefit of a Participant shall mean the annual pension benefit, payable monthly as a single life annuity, commencing at the Participant's Normal Retirement Date, equal to the greater of (i) the Actuarial Equivalent of the sum of the Participant's Employer Credit Account and Base Account, if any, and Interest Credits on such account(s) at the Base Interest Rate projected to his Normal Retirement Age and (ii) the sum of the Participant's Grandfathered Benefit, if any, and his Frozen Benefit Plus+ Account, if any, and Interest Credits on such account at the Base Interest Rate projected to his Normal Retirement Date.

(b) Accrued Benefit at Early Retirement Date. A Participant who (i) retires from employment with the Employers and the Affiliated Employers before his Normal Retirement Date and (ii) would have qualified for an early retirement benefit at his retirement had the terms

of the Prior Plan in which he had participated remained in effect until his retirement is entitled to an Early Retirement Benefit, payable monthly, commencing at the Participant's Early Retirement Date, in an amount that is the greater of (i) the Actuarial Equivalent of the sum of the Participant's Employer Credit Account, Base Account and Early Retirement Subsidy Account, as applicable, and (ii) the sum of the Participant's Grandfathered Benefit, if any, payable at the Participant's Early Retirement Date in accordance with the terms of the Prior Plan, and the Actuarial Equivalent of his Frozen Benefit Plus<sup>+</sup> Account, if any.

(c) Accrued Benefit At Postponed Retirement Date. The Accrued Benefit of a Participant who remains employed with an Employer after his Normal Retirement Date shall be a single life annuity, payable monthly, equal to an amount which is the greater of (i) the Actuarial Equivalent of the sum of the Participant's Employer Credit Account and Base Account, as applicable, and (ii) the sum of the Participant's Grandfathered Benefit actuarially increased to his Benefit Commencement Date, based on the Prior Plan's definition of actuarial equivalence, and the Actuarial Equivalent of his Frozen Benefit Plus<sup>+</sup> Account, as applicable.

(d) Deferred Vested Participant. A Participant entitled to a Deferred Vested Benefit shall be entitled to elect to receive his Accrued Benefit in an Actuarial Equivalent amount calculated in accordance with the factors set forth in Appendix A.

ARTICLE 7  
**DISTRIBUTIONS**

Section 7.1. Time of Distribution.

(a) In General. A Participant who has reached his Normal Retirement Age shall be entitled to receive a distribution of his Accrued Benefit in a form of distribution provided by Section 7.2 commencing as soon as practicable after the first day of the month immediately following the date on which the Participant's Termination occurs. Notwithstanding the preceding sentence, a Participant whose Termination occurs prior to such Participant's attainment of age 70½ shall be deemed to have elected to defer receipt of his Accrued Benefit until the April 1 next following the date the Participant attains age 70½, unless the Participant elects, in the time and manner described in the following sentence, to receive a distribution prior to such date. A Participant may elect to commence a distribution of his Accrued Benefit by giving the Committee not less than 30 and no more than 180 days advance written notice of the Benefit Commencement Date desired by the Participant; *provided, however*, that the Committee may waive such advance written notice requirement if the Participant submits the appropriate form to the Committee in accordance with the requirements set forth in Section 7.4(d) (relating to notice of availability of optional forms of benefit). A Participant who is fully vested in his Accrued Benefit, as set forth in Section 6.2, on his Termination Date and who does not make an election as described in the preceding sentence prior to such Participant's attainment of age 70½ shall receive a distribution of his Accrued Benefit in the manner provided by Section 7.2 commencing no later than April 1 next following the date the Participant attains age 70½.

A Participant who is fully vested in his Accrued Benefit, as set forth in Section 6.2, and who remains in employment after attaining age 70½ shall be permitted, but not required, to

commence distribution of his Accrued Benefit on the April 1<sup>st</sup> of the year following the year in which such Participant attains age 70½. Notwithstanding the previous sentence, a Participant whose Termination occurs after such Participant's attainment of age 70½ shall receive a distribution of his Accrued Benefit in the manner provided by Section 7.2 commencing no later than April 1 next following the date of the Participant's Termination.

All distributions shall be made in accordance with section 401(a)(9) of the Code and the regulations promulgated by the U.S. Treasury Department thereunder, and any Plan provisions reflecting the requirements of section 401(a)(9) of the Code shall override any distribution option in the Program which is inconsistent with section 401(a)(9) of the Code.

(b) Distributions to Five Percent Owners. Notwithstanding any provision of the Program to the contrary, the distribution of the Accrued Benefit of a Participant who is a "five percent owner" (as described in section 416(i) of the Code) who remains employed by the Employers and the Affiliated Employers after attaining age 70½ shall commence on the April 1<sup>st</sup> of the year following the year in which the Participant attains age 70½.

(c) Immediate Distribution of Small Benefits. Notwithstanding any provision of the Program to the contrary, if, as of the Participant's Termination Date (including on account of death), the Actuarial Equivalent of the Participant's Accrued Benefit does not exceed \$5,000, such Participant, or in the event of the Participant's death, such Participant's Beneficiary or Beneficiaries, shall receive a mandatory single lump sum cash distribution as soon as practicable following such Termination Date in satisfaction of all benefits to which the Participant or his Beneficiaries, as the case may be, is entitled under the Program. If such mandatory distribution is greater than \$1,000 and the Participant or Beneficiary does not elect either (i) to have such distribution paid directly to an eligible retirement plan specified by the

Participant in a direct rollover or (ii) to receive the distribution directly in accordance with Section 7.2, then the Trustee shall pay the distribution in a direct rollover to an individual retirement account designated by the Committee that is established in the name of the Participant.

(d) Deemed Distributions. If the vested portion of a Participant's Accrued Benefit is zero (as a result of having less than three (3) Years of Vesting Service), then the Participant shall be deemed to have received a complete distribution of his Accrued Benefit upon his Termination Date and concurrent therewith shall forfeit all benefits hereunder.

Section 7.2. Form of Distribution.

(a) Manner of Distribution With Respect to Unmarried Participants. A Participant who is not married on his Benefit Commencement Date shall have the Actuarial Equivalent of the Participant's Accrued Benefit distributed in the form of a single life annuity for the life of the Participant unless the Participant elects an optional form of distribution described in Section 7.2(c) at the time and in the manner described in Section 7.4.

(b) Manner of Distribution With Respect to Married Participants. A Participant who is married on his Benefit Commencement Date shall have the Actuarial Equivalent of the Participant's Accrued Benefit distributed in the form of a Qualified Joint and Survivor Annuity. Notwithstanding the preceding sentence, the Participant, with the consent of his spouse, may elect an optional form of distribution described in Section 7.2(c) at the time and in the manner described in Section 7.4.

(c) Optional Forms of Distribution. Upon written request to the Committee made at the time and in the manner prescribed in Section 7.4, a Participant may elect to receive a

distribution of the Participant's benefit under the Program in one of the following optional forms:

Option 1: Life Annuity. If the Participant is married on his Benefit Commencement Date an annuity payable for the life of the Participant in an amount that is the Actuarial Equivalent of the Participant's Accrued Benefit.

Option 2: Lump Sum Distribution. A single, lump sum distribution in an amount equal to the Actuarial Equivalent of the Participant's Accrued Benefit as of the Participant's Benefit Commencement Date.

Option 3: 50% Joint and Survivor Annuity. A reduced annuity payable to the Participant during the Participant's lifetime and, thereafter, if the Participant's designated Beneficiary survives the Participant, an annuity equal to 50% of such reduced annuity payable to the designated Beneficiary during the remaining lifetime of such designated Beneficiary, the aggregate amount of which is the Actuarial Equivalent of the Participant's Accrued Benefit.

Option 4: 75% Joint and Survivor Annuity. A reduced annuity payable to the Participant during the Participant's lifetime and, thereafter, if the Participant's designated Beneficiary survives the Participant, an annuity equal to 75% of such reduced annuity payable to the designated Beneficiary during the remaining lifetime of such designated Beneficiary, the aggregate amount of which is the Actuarial Equivalent of the Participant's Accrued Benefit.

Option 5: Prior Plan Options. Notwithstanding the foregoing and subject to Section 7.4(c) (relating to spousal consent to optional form of benefit), a Participant who has an Initial Employer Allocation based upon an accrued benefit under a Prior Plan shall also be eligible to elect any distribution option available under the Prior Plan with respect to his entire Accrued Benefit under the Program, as provided in Appendix F.

(d) Special Rules.

(1) If a Participant's spouse dies before the distribution of a Participant's Accrued Benefit commences and the Participant has not elected an optional form of distribution as described in Section 7.4(c), then the Participant shall be entitled to elect any optional form of benefit provided in Section 7.2(c) to which the Participant is otherwise entitled.

(2) If a benefit to a five-percent owner commences pursuant to Section 7.1(b), then such benefit shall be actuarially adjusted as of January 1 following the end of each calendar year during which such Participant remains employed by an Employer to reflect any additional Employer Credits, Special Employer Credits, Interest Credits and Special Interest Credits, as applicable, as of December 31 of the preceding calendar year.

(3) If a Participant elects any Option other than Options 1 or 2 under Section 7.2(c) and the Participant's Beneficiary is other than the Participant's spouse, then the

benefit payable to the Participant and to the Beneficiary shall be adjusted as is necessary to satisfy the incidental benefit requirement under section 401(a)(9) of the Code.

(4) If a Participant dies after his Benefit Commencement Date, payments to the Participant's Beneficiary shall continue no less rapidly than the rate at which payments were being made at the date of the Participant's death.

### Section 7.3. Pre-retirement Death Benefits.

(a) Eligibility and Form. If a Participant with a vested Accrued Benefit dies before his Benefit Commencement Date, then the Participant's Beneficiary shall be entitled to receive a pre-retirement death benefit pursuant to this Section 7.3(a). If such a Participant is survived by a "Spouse" (as defined in Section 7.3(d)), then, regardless of any Beneficiary designation under Section 7.4(b), such Spouse shall be the Participant's Beneficiary unless such Participant has, with his Spouse's consent, designated another Beneficiary to receive the pre-retirement death benefit in the manner described in Section 7.3(e). In the case of a Participant with a vested Accrued Benefit who is an Eligible Employee on January 1, 2008 or who becomes an Eligible Employee thereafter and whose employment by an Employer was not subject to a collective bargaining agreement at his date of death or date of termination, if earlier, the amount of the pre-retirement death benefit shall be the lump sum Actuarial Equivalent of the Participant's Accrued Benefit under Section 6.3. In the case of such a Participant who was not an Eligible Employee on January 1, 2008 or thereafter or whose employment with an Employer was subject to a collectively bargained agreement at his date of death, or date of termination, if earlier, the amount of the pre-retirement death benefit shall be equal to the greater of (i) the amount credited to the Participant's Employer Credit Account and Base Account, if applicable, as of the date of the Participant's death and (ii) the sum of (x) the Actuarial Equivalent of the 50% survivor portion of the Participant's Grandfathered Benefit, payable as a Qualified Joint and Survivor Annuity, and (y) the balance of the Participant's Frozen Benefit Plus+ Account, if applicable, as

of the date of the Participant's death. If any pre-retirement death benefit is less than the value of the qualified pre-retirement survivor annuity required by sections 401(a)(11) and 417(c) of the Code, then such Spouse or Beneficiary shall instead be entitled to a distribution equal to the value of the required qualified pre-retirement survivor annuity.

(b) Deferred Lump Sum or Annuity. The Participant's Beneficiary may elect to defer receipt of the pre-retirement death benefit, provided that (i) if the Beneficiary elects a lump sum distribution, payment must be made no later than December 31 of the calendar year which contains the fifth anniversary of the Participant's death and (ii) if the Beneficiary elects an annuity, payments must commence no later than December 31 of the calendar year which contains the first anniversary of the Participant's death. Notwithstanding the foregoing, if the Participant's Beneficiary is his surviving Spouse (as defined in Section 7.3(d)), distributions shall not be required to commence before April 1 of the calendar year following the calendar year in which the Participant would have attained age 70½ had he survived. In the event of deferral of the pre-retirement death benefit, the Employer Credit Account, Base Account and Frozen Benefit Plus+ Account, each as applicable, shall continue to be credited with Interest Credits during the deferral period.

(c) Qualified Domestic Relations Order. The death benefits provided by this Section shall not be effective to the extent required to comply with the terms of a Qualified Domestic Relations Order.

(d) Definition of Spouse. For purposes of this Section 7.3, "Spouse" shall mean an individual (i) to whom such Participant is married pursuant to state law and from whom such Participant is not legally separated pursuant to a court order on the date in question, or (ii) to whom a deceased Participant was married pursuant to state law and from whom such Participant



was not legally separated pursuant to a court order at such Participant's death, regardless of whether such individual is remarried.

(e) Beneficiary Designation for Pre-retirement Death Benefit. A married Participant may designate a Beneficiary for the pre-retirement death benefit provided in Section 7.3(a) who is not the Participant's Spouse (as defined in Section 7.3(d)) at any time before the Participant's death, provided, however, that if the designation is made before the Plan Year in which the Participant attains age 35, the designation shall become invalid as of the first day of the Plan Year in which the Participant attains age 35 unless (i) the Participant has previously terminated employment with his Employer and Affiliated Employers or (ii) is no longer married. The Beneficiary of a Participant whose designation so becomes invalid shall be his Spouse. Such Participant may at any time thereafter, with his Spouse's consent, designate another Beneficiary to receive the pre-retirement death benefit provided in Section 7.3(a). A Beneficiary designation made pursuant to this subsection (e) shall be made by delivering a written notice thereof to the Committee on a form provided by the Committee for this purpose with a written consent of the Participant's Spouse which satisfies the requirements of Section 7.4(c) (unless it is determined pursuant to Section 7.4(c) that such consent is not needed). A Beneficiary designation described in this Section 7.3(e) shall cease to be effective on the earliest of (i) the date on which the Participant is married to a person other than the Spouse who consented to such Beneficiary designation, (ii) the Participant's Benefit Commencement Date, and (iii) the date of the Participant's revocation of such Beneficiary designation.

(f) Notice of Right to Name Beneficiary Other Than Spouse for the Pre-retirement Death Benefit. The Committee shall give each Participant by mail or personal delivery written notice in nontechnical language that he may designate a Beneficiary other than his Spouse to

receive the pre-retirement death benefit provided by Section 7.3(a). Such notice shall include a general description of the terms and conditions of such benefit and the circumstances under which it will be provided and the Participant's right to revoke any Beneficiary designation. Such notice shall also advise the Participant that, upon written request to the Committee before the end of the Beneficiary designation period set forth in Section 7.3(e), the Participant will be given a written explanation in nontechnical language of the terms and conditions of such benefit. Such explanation shall be mailed or personally delivered to the Participant within 30 days from the date his written request is received by the Committee. The Participant's designation must be received by the Committee not later than twelve months after the day following the later of (i) the end of the period beginning with the first day of the Plan Year in which the Participant attains age 32 and ending with the last day of the Plan Year preceding the Plan Year in which the Participant attains age 35 or (ii) the date the Employee becomes a Participant. In the case of a Participant who terminates employment with the Employer and Affiliated Employers before attainment of age 35, such notice shall also be given no later than twelve months following the Termination Date.

Section 7.4. Election and Waiver Procedures.

(a) Election of Optional Form of Benefit. Subject to Section 7.4(c), a Participant may elect, change or revoke any form of distribution provided under Section 7.2 at any time during the 180-day period ending on the Participant's Benefit Commencement Date. Such an election, change or revocation shall be made by the Participant delivering a written notice describing the election, change or revocation to the Committee on a form provided by the Committee for this purpose.

(b) Beneficiary Designation. Subject to Sections 7.3 and 7.4(c), each Participant may designate one or more Beneficiaries to receive the death benefit pursuant to Sections 7.2 and 7.3 in the event of such Participant's death and may change or cancel any such designation from time to time, without the consent of any Beneficiary. Any Beneficiary designation and each change thereto shall be made in the form prescribed by the Committee and shall be filed with the Committee. If no Beneficiary has been designated by a deceased Participant, or the designated Beneficiary has predeceased the Participant, any payment pursuant to Section 7.2 or 7.3 shall be made by the Trustee at the direction of the Committee (i) to the surviving spouse of such deceased Participant, if any, or (ii) if there shall be no surviving spouse, to the surviving children of such deceased Participant, if any, in equal shares, or (iii) if there shall be no surviving spouse or surviving children, to the executor or administrator of the estate of such deceased Participant, or (iv) if no executor or administrator shall have been appointed for the estate of such deceased Participant within six months following the date of the Participant's death, in equal shares to the person or persons who would be entitled under the intestate succession laws of the state of the Participant's domicile to receive the Participant's personal estate. The marriage of a Participant shall be deemed to revoke any prior designation of a Beneficiary made by him and a divorce shall be deemed to revoke any prior designation of the Participant's divorced spouse if written evidence of such marriage or divorce shall be received by the Committee before distribution shall have been made in accordance with such designation.

(c) Spousal Consent to Election of Optional Form of Benefit or Beneficiary Designation. If a Participant is married on his Benefit Commencement Date, and if after giving effect to an election, revocation or change described in Section 7.4(a), the Participant's spouse

would not be entitled to receive a survivor's benefit at least equal to that provided by Section 7.2(b), such election, revocation or change shall not be effective unless it shall have been consented to at the time of such election, revocation or change in writing by the Participant's spouse and such consent acknowledges the effect of such election and is witnessed by a notary public or a representative of the Program. The consent of a spouse to such an election, revocation or change shall not be required if it is established to the satisfaction of the Committee that such consent cannot be obtained because there is no spouse, the spouse cannot be located or such other circumstances as may be permitted by law. If the spouse is legally incompetent to give consent, then consent may be executed by the spouse's legal guardian (including the Participant, if the Participant is the legal guardian). An election of an optional form of distribution shall be deemed a rejection of the distribution form provided by Section 7.2(b). The consent of a spouse otherwise required by this paragraph shall not be necessary for a distribution required by a Qualified Domestic Relations Order.

(d) Notice of Availability of Optional Forms of Benefit. No less than 30 days (or such shorter period as may be permitted by applicable law) and no more than 180 days before the Participant's Benefit Commencement Date, the Committee shall give the Participant by mail or personal delivery written notice in non-technical language that he may elect an optional form of distribution set forth in Section 7.2; *provided, however*, that the Participant may waive (with applicable spousal consent) such 30-day notice period as long as the Participant's distribution commences not less than eight (8) days after such notice is provided. Such notice shall include (i) a general description of the eligibility conditions and other material features of the optional forms of distribution provided under the Program; (ii) the circumstances under which the basic forms of distribution set forth in Section 7.2 will be provided unless a Participant, with the

consent of the Participant's spouse, elects otherwise; (iii) the circumstances in which a Participant has a right to revoke any such election; (iv) a description of the financial effect of electing the optional form of benefit (i.e., the amounts and timing of payments to the Participant under the form of benefit during the Participant's lifetime and the amounts and timing of payments after the death of the Participant) and (v) a description of the relative value of the optional form of benefit compared to the value of the Qualified Joint and Survivor Annuity, with such relative value being expressed in a manner that provides a meaningful comparison of the relative economic values of the two forms of benefit without the Participant having to make calculations using interest or mortality assumptions.

(e) Automatic Cancellation of Elections. If a Participant's benefit is payable in the form of a Qualified Joint and Survivor Annuity and if, prior to the date distributions actually commence, the Participant's spouse dies or the Participant and such spouse divorce, the Participant's election or deemed election to receive a Qualified Joint and Survivor Annuity shall, upon the Participant's notice to the Committee of such death or divorce, be automatically cancelled and the Participant shall receive a single life annuity unless he elects another form of benefit. Notwithstanding the previous sentence, if the Participant remarries after his divorce or the death of his spouse, then the automatic form of benefit shall be a Qualified Joint and Survivor Annuity.

Section 7.5. Distributions to Minor and Disabled Distributees. Any distribution under this Article that is payable to a distributee who is a minor or to a distributee who, in the opinion of the Committee, is unable to manage his affairs by reason of illness or mental incompetency may be made to or for the benefit of any such distributee at such time consistent with the provisions of Section 7.2 and in such of the following ways as the legal representative of such

distributee shall direct: (i) directly to any such minor distributee if, in the opinion of such legal representative, he is able to manage his affairs, (ii) to such legal representative, (iii) to a custodian under a Uniform Gifts to Minors Act for any such minor distributee or (iv) directly in payment of expenses of support or maintenance of such person. Neither the Committee nor the Trustee shall be required to see to the application by any third party other than the legal representative of a distributee of any distribution made to or for the benefit of such distributee pursuant to this Section.

Section 7.6. Direct Rollover Distributions. In the case of a distribution under the Program that is an “eligible rollover distribution” (as defined below) and that is at least \$200, a “distributee” (as defined below) may elect that all or any portion of such distribution to which such distributee is entitled shall be directly transferred as a rollover contribution from the Program to (i) an individual retirement account described in section 408(a) of the Code, (ii) an individual retirement annuity described in section 408(b) of the Code, (iii) an annuity plan described in section 403(a) of the Code, (iv) an eligible deferred compensation plan described in section 457(b) of the Code which is maintained by an eligible employer described in section 457(e)(1)(A) of the Code, (v) an annuity contract described in section 403(b) of the Code or (vi) another plan qualified under section 401(a) of the Code (the terms of which permit the acceptance of rollover distributions).

Notwithstanding anything herein to the contrary, a distributee may make a direct rollover distribution to a Roth individual retirement account described in section 408A(e) of the Code if such distribution meets the requirements of (i) section 402(c) of the Code and (ii) effective only for distributions made after December 31, 2007 and before January 1, 2010, section 408A(c)(8)(B) of the Code (i.e., for the taxable year of the distribution, the distributee’s adjusted

gross income does not exceed \$100,000 and the distributee is a not a married individual filing a separate income tax return).

For purposes of this Section 7.6, the term “eligible rollover distribution” shall mean any distribution to a distributee of all or any portion of the balance to the credit of such distributee in a qualified trust; except that such term shall not include (i) any distribution which is one of a series of substantially equal periodic payments (not less frequently than annually) made (a) for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee’s designated Beneficiary, or (b) for a specified period of 10 years or more; (ii) any distribution to the extent such distribution is required under section 401(a)(9) of the Code; and (iii) any distribution which is made upon hardship of the distributee. For purposes of this Section 7.6, the term “distributee” shall mean the Participant, the Participant’s surviving spouse and the Participant’s spouse or former spouse who is the alternate payee under a Qualified Domestic Relations Order. Effective with respect to distributions made on or after January 1, 2007, the term “distributee” shall also include the non-spouse Beneficiary of a Participant; *provided, however*, that a surviving non-spouse Beneficiary may elect to roll over all or any portion of a distribution to which he is entitled under the Program that is an “eligible rollover distribution” and that is at least \$200 only to an individual retirement account or annuity and only if: (i) such transfer is a direct trustee-to-trustee transfer and (ii) such account or annuity has been established for the purpose of receiving such distribution on behalf of the surviving nonspouse Beneficiary (such account or annuity so established shall be treated as an inherited account or annuity within the meaning of section 408(d)(3)(C) of the Code and shall be subject to the requirements of section 401(a)(9)(B) of the Code).

Notwithstanding the foregoing, a distributee shall not be entitled to elect to have less than the total amount of such distribution transferred as a rollover contribution unless the amount to be transferred equals at least \$500. The Committee shall establish a procedure when or whereby each distributee who is to receive a rollover distribution from the Program shall be notified of the special federal income tax provisions applicable to such distributions, to the extent and in the manner required by section 402(f) of the Code.

Section 7.7. Withholding Requirements. Any benefit payment made under the Program will be subject to any applicable income tax withholding requirements.

Section 7.8. Forfeiture of Unclaimed Distributions. In accordance with section 1521(b) of the California Code of Civil Procedure, any distribution from the Program and any income or other increment thereon shall not escheat to the state. If a Participant or Beneficiary is entitled to a distribution but he is no longer at his last known address and cannot be located with reasonable efforts within 12 months of entitlement to such distribution, then the Trustee is expressly authorized and required to declare a forfeiture of such distribution and such amount shall be used to reduce Employer contributions under the Program, *provided* that in the event that a Participant or Beneficiary whose distribution has been forfeited in accordance with this Section 7.8 seeks a distribution from the Program in the future, such Participant or Beneficiary shall be entitled to have his distribution restored at the value it had at the time of forfeiture, without any interest or earnings thereupon.



## ARTICLE 8

### LIMITATIONS ON BENEFITS

#### Section 8.1. Statutory Limits.

(a) In General. The provisions of this Section 8.1 shall be effective for a Plan Year solely to the extent required by the Code for such year.

Notwithstanding any other provision of the Plan to the contrary, the amount of a Participant's annual benefit (as defined in subsection (d) below) accrued or payable at any time under the Plan shall be limited to an amount such that the annual benefit and the aggregate of the Participant's annual benefits under all other defined benefit plans maintained by his Employer or any other Affiliated Employer do not exceed the lesser of:

(i) \$185,000 (for 2008 and as increased from time to time to reflect the cost-of-living adjustments provided under section 415(d) of the Code), multiplied by a fraction (not exceeding 1 and not less than 1/10th), the numerator of which is the Participant's years of participation in the Plan, or any other defined benefit plan which must be aggregated with the Plan pursuant to Treasury Regulation section 1.415(f)-1, and the denominator of which is 10 (the "Dollar Limitation"); and

(ii) an amount equal to 100% of the Participant's average compensation for the three consecutive calendar years in which his compensation from his Employer was the highest multiplied by a fraction (not exceeding 1 and not less than 1/10th), the numerator of which is the Participant's years of service with the Employers and the denominator of which is 10 (the "Compensation Limitation").

If a Participant's annual benefit under the Plan and the aggregate of the Participant's annual benefits under all other defined benefit plans maintained by his Employer or any Affiliated Employer exceed the lesser of the Dollar Limitation and the Compensation Limitation, his annual benefit under the Plan and under Each such defined benefit plan shall be reduced on a pro-rata basis, in equal percentages, to the extent necessary to satisfy the requirements of Treasury Regulation section 1.415(a)-1(d)(1).

If a Participant has less than three consecutive (for purposes of this subsection, “consecutive shall have the meaning set forth in Treasury Regulation section 1.415(b)-1(a)(5)(iii)) calendar years of service with his Employer, the period of service used for purposes of determining the Participant’s average compensation under the Compensation Limitation is the actual number of consecutive calendar years of service (including fractions of years, but not less than one year). In such a case, the Participant’s average compensation for purposes of determining the Compensation Limitation shall be computed by dividing the Participant’s compensation during the Participant’s longest consecutive period of service by the actual period of service in that period (including fractions of years, but not less than one year).

(b) Benefit Commencement Date before Age 62. Effective for Plan Years beginning before January 1, 2008, if the Participant’s Benefit Commencement Date was before the date the Participant attained age 62, then the Dollar Limitation amount set forth in item (i) of Section 8.1(a) applicable to the Participant at such earlier age is an annual benefit payable in the form of a single life annuity beginning at the earlier age that is the Actuarial Equivalent of the Dollar Limitation applicable to the Participant at age 62. The Dollar Limitation applicable at an age earlier than age 62 is determined as the lesser of (i) the Actuarial Equivalent (at such age) of the Dollar Limitation computed using the interest rate and mortality table (or other tabular factor) specified in Appendix A and (ii) the Actuarial Equivalent (at such age) of the Dollar Limitation computed using a 5% interest rate and the Applicable Mortality Table. Any decrease in the Dollar Limitation determined in accordance with this Section 8.1(b) shall not reflect a mortality decrement if benefits are not forfeited upon the death of the Participant.

Effective for Plan Years beginning on or after January 1, 2008, the Dollar Limitation applicable for a Benefit Commencement Date prior to a Participant’s attainment of age 62 is

equal to the lesser of (i) the actuarial equivalent of a straight life annuity commencing on the Participant's Benefit Commencement Date using a 5% interest rate and the Applicable Mortality Table, that has the same actuarial present value as a deferred straight life annuity commencing at age 62, and (ii) the amount determined by multiplying the Dollar Limitation by the ratio of the annual amount of the immediately commencing straight life annuity under the Plan at such age to the annual amount of the straight life annuity under the Plan commencing at age 62, with both annual amounts determined without applying the rules of section 415 of the Code. Any decrease in the Dollar Limitation determined in accordance with this Section 8.1(b) shall not reflect a mortality decrement.

(c) Benefit Commencement Date after Age 65. Effective for Plan Years beginning before January 1, 2008, if the Participant's Benefit Commencement Date occurred after the Participant attained age 65, then the Dollar Limitation amount set forth in item (i) of Section 8.1(a) applicable to such Participant on his Benefit Commencement Date is the annual benefit payable in the form of a single life annuity beginning on such date that is the Actuarial Equivalent of the Dollar Limitation applicable to the Participant at age 65. The Actuarial Equivalent of the Dollar Limitation applicable to a Participant on his Benefit Commencement Date that occurs after he attains age 65 is determined as the lesser of the Actuarial Equivalent as of his Benefit Commencement Date of (i) the Dollar Limitation computed using the interest rate and mortality table (or other tabular factor) specified in Appendix A and (ii) the Dollar Limitation computed using a 5% interest rate assumption and the Applicable Mortality Table. For these purposes, a mortality discount shall not be applied if benefits commence on or after age 65.

Effective for Plan Years beginning on or after January 1, 2008, the Dollar Limitation applicable for a Benefit Commencement Date after a Participant attains age 65 is equal to the lesser of (i) the actuarial equivalent value of the annual straight life annuity commencing on the Participant's Benefit Commencement Date, using a 5% interest rate and the Applicable Mortality Table, that has the same actuarial present value as a straight life annuity commencing at age 65 and (ii) the amount determined by multiplying the Dollar Limitation by the ratio of the annual amount of the "adjusted immediately commencing straight life annuity" under the Plan to the "adjusted age 65 straight life annuity," with both annual amounts determined without applying the rules of section 415 of the Code. The "adjusted immediately commencing straight life annuity" is the annual amount of the immediately commencing straight life annuity payable to the Participant, computed disregarding the Participant's accruals after age 65 but including actuarial adjustments even if those actuarial adjustments are applied to offset accruals. The "adjusted age 65 straight life annuity" is the annual amount of the straight life annuity that would be payable under the Plan to a hypothetical Participant who is 65 years of age and has the same accrued benefit (with no actuarial increases for commencement after age 65) as the Participant receiving the distribution (determined disregarding the Participant's accruals after age 65). For these purposes, a mortality discount shall not be applied if benefits commence on or after age 65.

(d) Definition of Annual Benefit and Adjustment for Other Forms of Benefit. For purposes of Section 8.1, a Participant's "annual benefit" shall mean the Actuarial Equivalent of the Participant's Accrued Benefit. If the annual benefit is payable in a form other than a single life annuity, the annual benefit shall be adjusted to the Actuarial Equivalent of a single life annuity using the assumptions of the following sentences; *provided, however*, that no adjustment shall be required for survivor benefits payable to a surviving spouse under a Qualified Joint and

Survivor Annuity to the extent such benefits would not be payable if the Participant's annual benefit were paid in another form. Effective for Plan Years beginning January 1, 2004 and January 1, 2005, for any form of benefit subject to section 417(e)(3) of the Code, a Participant's annual benefit shall be the greater of (i) the amount computed using the interest rate and mortality table specified in Appendix A and (ii) the amount computed using an interest rate assumption of 5.5% and the Applicable Mortality Table. Effective for Plan Years beginning on or after January 1, 2006, for any form of benefit subject to section 417(e)(3) of the Code, a Participant's annual benefit shall be the greatest of (i) the amount computed using a 5.5 % interest rate assumption and the Applicable Mortality Table, (ii) the amount computed using the Applicable Interest Rate and Applicable Mortality Table, divided by 1.05 and (iii) the amount computed using the interest rate and mortality table specified in Appendix A. Effective for Plan Years beginning on or after January 1, 2006, for any form of benefit not subject to section 417(e)(3) of the Code, a Participant's annual benefit shall be the greater of (i) the amount computed using the interest rate and mortality table specified in Appendix A and (ii) the amount computed using a 5% interest rate assumption and the Applicable Mortality Table. An individual's "annual benefit" under any other defined benefit plan maintained by the Employer or any other Affiliated Employer shall be as determined pursuant to the provisions of section 415 of the Code and the terms of such plan.

(e) Total Benefits Not in Excess of \$10,000. Notwithstanding the foregoing provisions of this Section 8.1, the limitation provided by this Section shall not apply to a Participant who has not at any time participated in a defined contribution plan maintained by any Employer and whose annual benefit under the Plan does not exceed \$10,000 multiplied by a

fraction (not exceeding 1 and not less than 1/10th) the numerator of which is the Participant's years of service and the denominator of which is 10.

(f) Definitions. For purposes of this Section 8.1, the term "defined contribution plan" and "defined benefit plan" shall have the meanings set forth in section 415 of the Code. For purposes of this Article, the term "compensation" shall mean "wages," as defined in section 3401(a) of the Code for purposes of income tax withholding at the source, but determined without regard to any rules that limit the remuneration included in "wages" based on the nature or location of the employment or the services performed (such as the exception for agricultural labor in section 3401(a)(2) of the Code) and by including any amounts deferred under sections 125, 132(f)(4), 402(g)(3) and 457 of the Code, *provided, however*, (A) that a Participant's compensation in excess of the dollar amount prescribed by section 401(a)(17) of the Code (as adjusted for increases in the cost of living pursuant to section 401(a)(17) of the Code) shall not be taken into account for any purposes under the Plan and (B) effective for Plan Years beginning on and after January 1, 2008, for purposes of applying the limitations described in Section 8.1, in the case of a Participant who terminates employment during the Plan Year, compensation shall include amounts paid after such Participant's Termination Date if such amounts (i) are paid by the later of 2 ½ months after his Termination Date and the end of the Plan Year that includes his Termination Date and (ii) are payments of regular compensation for services performed during the Participant's regular working hours or outside of such working hours (such as overtime), commissions, bonuses, and other similar payments that would have been paid to the Participant prior to Termination if the Participant had continued in employment with the Employer. The Employer shall include any Affiliated Employer as such term is defined in Article 2 but modified by section 415(h) of the Code.

Section 8.2. Surviving Spouse Payments. If, upon the death of a Participant whose benefits were limited under Section 8.1, the Participant's surviving spouse would be entitled to a benefit payment which is less than that which was payable to the Participant while the Participant was alive, then the benefit payments to the spouse shall be increased to equal the lesser of (1) and (2) below, where

(1) is the benefit payment which would be payable to the surviving spouse if benefits under the Plan had not been limited by Section 8.1, and

(2) is the benefit payment which would be payable to the surviving spouse if the benefit provided under the Plan had been a joint and survivor annuity with survivor benefits equal to 100% of the amount payable while the Participant was alive, subject to the maximum limitations provided under Section 8.1.

Section 8.3. Restrictions on Benefits.

(a) The annual Plan payments to a Participant in the Restricted Group (as defined below) for any Plan Year may not exceed an amount equal to the annual payments that would be made to or on behalf of the Participant under a single life annuity that is equal to the Participant's Accrued Benefit and any other Benefit (as defined below) to which the Participant is entitled under the Plan.

(b) Application of Restriction. The restriction set forth in paragraph (a) of this Section 8.3 shall not apply to any payment if any of the following conditions is satisfied at the date as of which the payment is to be made:

(i) after reduction to reflect the present value of all Benefits payable to or on behalf of the Participant under the Plan, the value of the Plan's assets would equal or exceed 110% of the value of the Plan's current liabilities, as defined in section 412(1)(7) of the Code;

(ii) the present value of the Benefits payable to or on behalf of the Participant under the Plan is less than 1% of the value of the Plan's current liabilities, as defined in section 412(l)(7) of the Code; or

(iii) the present value of the Benefits payable to or on behalf of the Participant under the Plan does not exceed \$5,000 (or such greater amount as may be set forth in section 411(a)(11)(A) of the Code).

(c) Distributions Allowed if Security Furnished. A benefit that is restricted pursuant to this Section 8.3 nevertheless may be distributed if the Participant is obligated to repay the Plan any amount necessary to satisfy the requirements of section 401(a)(4) of the Code in the event of the Plan termination. The amount the Participant or former Participant shall be obligated to repay shall not exceed the restricted amount. The restricted amount shall equal, at any measurement date, the excess of the distributions the Participant or former Participant has received over the amount which he would have received had such distributions commenced in a manner that would not have violated the provisions of this Section 8.3, both such amounts accumulated at a reasonable rate of interest from the date payment was (or would have been) made to the measurement date. The Participant's or former Participant's obligation to repay must be secured by either: (a) an escrow account with an initial value at the date of distribution of at least 125% of the restricted amount, and at all times thereafter, a value of at least 110% of the restricted amount, (b) a bond equal in value to 100% of the restricted amount, issued by a surety approved by the U.S. Treasury as an acceptable surety for federal bonds or (c) a bank letter of credit equal to 100% of the restricted amount.

(d) Plan Termination Rule. In the event of termination of the Plan, the benefit of any Participant in the Restricted Group shall be limited to a benefit that is nondiscriminatory under section 401(a)(4) of the Code.



(e) Definitions. For purposes of this Section 8.3:

(i) “Restricted Group” consists of the highly compensated employees and highly compensated former employees (both within the meaning of section 414(q) of the Code as determined by application of the top-paid group election) of the Employer and its Affiliated Employers, but the total number in the Restricted Group for any calendar year shall be limited to 25 and shall consist of those highly compensated active and highly compensated former employees with the greatest compensation in the current or any prior year for which compensation information is available.

(ii) The term “Benefit” includes, without limitation, any periodic income from the Plan, any withdrawal values payable to a living employee under the Plan and any Plan death benefits not provided for by insurance on the Employee's or former Employee's life.

(iii) The “current liability” of the Plan shall be as defined in section 412(l)(7) of the Code. For purposes of this Section, the value of the Plan’s assets shall be determined on the same date as of which the current liability is determined.

(f) Effective Date. The restrictions set forth in this Section 8.3 shall cease to be in effect when (i) a condition set forth in subparagraph (b)(i), (b)(ii) or (b)(iii) above is satisfied, (ii) the Participant is not in the Restricted Group, (iii) the Plan is terminated and the benefit received by the Participant is nondiscriminatory or (iv) such restrictions are not required by law to be applied to such payment.

ARTICLE 9

**SPECIAL PARTICIPATION AND DISTRIBUTION RULES  
RELATING TO RECOMMENCEMENT OF EMPLOYMENT AND  
EMPLOYMENT BY RELATED ENTITIES**

Section 9.1. Recommencement of Employment.

(a) Rehire before Break-in-Service. If an Employee who has a Termination recommences employment with an Employer before incurring five (5) consecutive Breaks in Service, and if such Employee was a Participant on his Termination Date, then such Employee shall become an active Participant in the Program as of his Reemployment Commencement Date if he is then an Eligible Employee.

(b) Rehire after Break-in-Service. If an Employee who was not fully vested in his Accrued Benefit under the Program, as provided in Section 6.2, at the time of his Termination recommences employment with an Employer after having incurred five (5) consecutive Breaks in Service, then such Employee shall be treated as a new Employee and will recommence participation in the Program when he again satisfies the conditions of Section 3.1. If an Employee who was fully vested in his Accrued Benefit under the Program, as provided in Section 6.2, at the time of his Termination recommences employment with an Employer, then such Employee shall become an active Participant in the Program as of his Reemployment Commencement Date if he is then an Eligible Employee.

(c) Reestablishment of Accounts for Rehired Participant. If a Participant whose Termination occurs before becoming vested in his Accrued Benefit recommences employment with an Employer and becomes a Participant pursuant to paragraph (a) above before incurring five (5) consecutive Breaks in Service, such Participant's Employer Credit Account and Base Account, if applicable, shall be reinstated and credited with Interest Credits for the Participant's

period of severance, but such Participant shall have no Early Retirement Subsidy Account. Such Participant's Frozen Benefit Plus+ Account shall also be restored but shall not thereafter be credited with any Employer Credits and shall receive Interest Credits for the Participant's period of severance and for the period beginning on the Participant's Reemployment Commencement Date and ending on the Participant's Benefit Commencement Date.

If a Participant whose Termination occurs after becoming vested in his Accrued Benefit receives a complete distribution of his benefit under the Program and subsequently recommences employment with an Employer and becomes a Participant, a new Employer Credit Account shall be established for such Participant as of such Reemployment Commencement Date. Unless the Participant repays to the Program the amount he received from the Program as provided in Section 9.1(e), such new Employer Credit Account shall have an initial balance of zero and shall be credited with Employer Credits and Interest Credits solely for the Participant's period of employment on and after his Reemployment Commencement Date.

In the case of a rehired Participant who was receiving monthly annuity payments before his Reemployment Commencement Date, such Participant may elect to (i) continue to receive his monthly annuity payments, in which case his Employer Credit Account shall have an initial balance of zero and shall be credited with Employer Credits and Interest Credits solely for the Participant's period of employment thereafter or (ii) discontinue to receive his monthly annuity payments, in which case (a) his Base Account shall be credited with the lump sum equivalent of the future monthly annuity amounts that would have been paid to him if he had not been rehired, computed using the Applicable Interest Rate and Applicable Mortality Table as of the Reemployment Commencement Date and (b) his Employer Credit Account shall have an initial

balance of zero and shall be credited with Employer Credits and Interest Credits solely for the Participant's period of employment thereafter.

If a rehired Participant repays the distribution in accordance with Section 9.1(e) or is in payment status and elects to cease monthly payments, such Participant's Grandfathered Benefit, if applicable, shall be restored, but remain frozen, as of the Participant's Reemployment Commencement Date. Such Participant's Frozen Benefit Plus+ Account shall also be restored but shall not thereafter be credited with any Employer Credits and shall only receive Interest Credits after the Participant's Reemployment Commencement Date. Such rehired Participant shall then again be eligible for an Early Retirement Benefit if he satisfies the applicable age and service requirements at his subsequent Termination.

(d) Reemployment of Employee who received an Open Window Benefit. An Employee who received an open window benefit from the Company and who did not take a distribution of his benefit shall have his reinstated Base Account reduced by the value of (1) minus (2) (but not less than zero), where:

(1) is the value of the open window benefit, and

(2) is the amount the Participant would have received in compensation for the period of separation if he continued to receive his base salary at the annual rate in effect at the time of the Participant's Termination.

(e) Repayment of Distributions. A Participant who received a complete distribution of his benefit under the Program in a lump sum payment may repay to the Program the amount distributed and an amount of interest for the period the amount distributed was not held by the Program, with such interest calculated annually using the Base Interest Rates in effect from the

date of distribution to the date the distribution is repaid. The amount paid to the Program shall be credited to the Participant's Base Account.

Section 9.2. Eligibility for Participation in the Program after Reemployment. If a Participant is reemployed by an Employer or an Affiliated Employer in a job classification with respect to which similarly situated employees of such Employer or Affiliated Employer are not eligible to participate in the Program but are instead eligible to participate in another defined benefit pension plan maintained by such Employer or Affiliated Employer, then such individual shall remain a Participant in the Program and shall not participate in any other defined benefit pension plan maintained by such Employer or Affiliated Employer. Notwithstanding the preceding sentence, (i) if such Participant is reemployed by an Employer in a job position that is covered by a collective bargaining agreement pursuant to which the Participant is required to participate in a retirement plan other than the Program, the Participant shall become a participant in such other retirement plan and shall not be entitled to receive Employer Credits under Section 6.1(b) during the time the individual participates in such other retirement plan and (ii) if such Participant is reemployed by Sempra Energy or San Diego Gas & Electric Company, the Participant shall cease to participate in the Program and such assets and liabilities associated with the benefits of such Participant shall be transferred to the applicable plan of the Participant's new Employer.

If a Participant is reemployed by an entity that is an Affiliated Employer, then any period of employment by such entity (but only after such entity became an Affiliated Employer) shall be taken into account for the purpose of measuring such individual's Years of Vesting Service for purposes of determining vesting percentage under Article 6 and determining when such

individual's Termination occurs for purposes of Article 7 to the same extent such period would have been taken into account had such employment been with an Employer.

## ARTICLE 10

### ADMINISTRATION

#### Section 10.1. The Committee.

(a) The Board of Directors has delegated authority for administering the Program to the Committee that consists of employees of Sempra Energy who hold the following positions within Sempra Energy: (i) Executive Vice President and Chief Financial Officer; (ii) Executive Vice President Corporate Development; (iii) Senior Vice President, Controller and Chief Tax Counsel; (iv) Senior Vice President, Human Resources; and (v) Senior Vice President and Treasurer. The board of directors of Sempra Energy may, from time to time, appoint any other individual also to serve as a member of the Committee. The board of directors of Sempra Energy shall have the right at any time, with or without cause, to remove any member of the Committee. In addition, any member of the Committee may resign at any time by written notice to the board of directors of Sempra Energy. Any employee who serves on the Committee shall be deemed to have resigned from such Committee upon the termination of the employee's employment with the Employers and the Affiliated Employers, effective as of the employee's termination of employment with such Employers and Affiliated Employers. Upon the removal or resignation of any member of the Committee, or the failure or inability for any reason of any member of the Committee to act hereunder, the board of directors of Sempra Energy shall appoint a successor member of the Committee if such removal, resignation, failure or inability causes the Committee to have fewer than three members. In the case of a vacancy which has been created by the resignation or death of a member who serves on the Committee because he is one of the individuals whose employment title is listed in the first sentence hereof, such vacancy shall be filled by the individual who next holds such position without further action by the board

of directors of Sempra Energy, *provided, however*, that such individual must accept such appointment by written acknowledgement addressed to the board of directors of Sempra Energy before such individual's service on the Committee shall begin. Any successor member of the Committee shall have all the rights, privileges and duties of the predecessor, but shall not be held accountable for the acts of the predecessor.

(b) No member of the Committee who is a Participant shall take part in any action or any matter of the Committee involving solely such member's rights under the Program.

(c) Promptly after the appointment of the members of the Committee and from time to time thereafter and promptly after the appointment of any successor member of the Committee, the Trustee shall be notified as to the names of the individuals appointed as members or successor members of the Committee by delivery to the Trustee of a certified copy of the resolution of the board of directors of Sempra Energy making such appointment or by such other instrument as may be acceptable to the Trustee.

(d) The Committee shall have the duty and authority to interpret and construe, in its sole discretion, the terms of the Program in all respects, including, but not limited to, all questions of eligibility, the status and rights of Participants, distributees and other persons under the Program, and the manner, time and amount of payment of any distribution under the Program. The Committee may waive, in a nondiscriminatory manner, certain requirements described in the Program and any such waiver shall not obligate the Committee to waive any subsequent requirements for other Participants. Each Employer shall, from time to time, upon request of the Committee, furnish to the Committee such data and information as the Committee shall require in the performance of its duties. All determinations and actions of the Committee shall be conclusive and binding upon all affected parties, except that the Committee may revoke



or modify a determination or action that it determines to have been in error. Benefits will be paid under the Program only if Committee decides in its sole discretion that the applicant is entitled to the benefits.

(e) The Committee shall direct the Trustee to make payments of amounts to be distributed from the Trust under Article 7. In addition, it shall be the duty of the Committee to certify to the Trustee the names and addresses of all Participants, the amounts of all benefits, the dates of death of Participants and all proceedings and acts of the Committee necessary or desirable for the Trustee to be fully informed as to the benefit to be paid out of the Trust.

(f) The Committee shall be the Named Fiduciary for the care, custody and management of Plan assets held by such Trustee, to the extent investment managers are not appointed by Sempra Energy.

(g) The members of the Committee may allocate their responsibilities among themselves and may designate any person, partnership, corporation or committee to carry out any of their responsibilities. Any such allocation or designation shall be reduced to writing and such writing shall be kept with the records of the meetings of the Committee.

(h) The Committee may act at a meeting, or by writing without a meeting, by the vote or written assent of a majority of its members. Subject to the approval of the board of directors of Sempra Energy, the Committee shall have the power to adopt and enforce such rules, regulations and procedures as it deems desirable for the conduct of its affairs and the efficient administration of the Program and that are consistent with the provisions of the Program and ERISA.

(i) The Employers hereby jointly and severally indemnify the members of the Committee, and each of them, from the effects and consequences of their acts, omissions and conduct in their official capacity, except to the extent that such effects and consequences shall result from their own willful misconduct.

(j) No member of the Committee shall receive any compensation or fee for services, unless otherwise agreed between such member of the Committee and the Employers, but the Employers shall reimburse the Committee members for any necessary expenditures incurred in the discharge of their duties as Committee members.

(k) The Committee may employ such counsel (who may be of counsel for an Employer or an Affiliated Employer) and agents and may arrange for such clerical and other services as it may require in carrying out the provisions of the Program.

(l) The Board of Directors may withdraw its delegation of authority to the Committee at any time in its sole discretion.

Section 10.2. Claims Procedure. Any Participant or distributee who believes he is entitled to benefits in an amount greater than those which he is receiving or has received must file a claim with the Committee. Such a claim shall be in writing and state the nature of the claim, the facts supporting the claim, the amount claimed, and the address of the claimant. No claim may be filed by any Participant or distributee more than two years after he knew, or had reason to know, of the circumstances giving rise to the claim. The Committee shall review the claim and, unless special circumstances require an extension of time, within 90 days after receipt of the claim, give notice to the claimant, either in writing by registered or certified mail or in an electronic notification, of the Committee's decision with respect to the claim. Any electronic notice delivered to the claimant shall comply with the standards imposed by applicable

regulations. If the Committee determines that special circumstances require an extension of time for processing the claim, the claimant shall be so advised in writing within the initial 90-day period and in no event shall such an extension exceed 90 days. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Committee expects to render the benefit determination. A notice of the decision of the Committee with respect to a claim shall be written in a manner calculated to be understood by the claimant and, if the claim is wholly or partially denied, the Committee shall notify the claimant of the adverse benefit determination and shall set forth the specific reasons for the adverse determination, the references to the specific Plan provisions on which the determination is based, a description of any additional material or information necessary for the claimant to perfect the claim, an explanation of why such material or information is necessary, and a description of the claim review procedures under the Program and the time limits applicable to such procedures, including a statement of the claimant's right to bring a civil action under section 502 of ERISA following an adverse benefit determination on review. Such notice shall also include (a) a statement that, as required by Section 13.12 of the Program, no legal or equitable action may be commenced under section 502 of ERISA later than one year after the claimant receives a final decision from the Committee in response to the claimant's request for review of the adverse benefit determination and (b) a statement that, as required by Section 13.13 of the Program, any legal or equitable action brought under section 502 of ERISA or any other action involving the Program brought under any other law shall be litigated in the federal courts located in the Southern District of California and no other federal or state court. The Committee shall also advise the claimant that the claimant or the claimant's duly authorized representative may request a review by the Committee of the adverse benefit determination by filing with the

Committee, within 60 days after receipt of a notification of an adverse benefit determination, a written request for such review. The claimant shall be informed that, within the same 60-day period, he (x) must be provided, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to the claimant's claim for benefits, (y) may submit to the Committee written comments, documents, records and other information relating to the claim for benefits and (z) may request a hearing before the Committee. If a request is so filed, review of the adverse benefit determination shall be made by the Committee, and if the claimant shall have so requested, the claimant or his representative shall be afforded a hearing before the Committee, within 60 days after receipt of such request, unless special circumstances require an extension of time, and the claimant shall be given written notice of the Committee's final decision. If the Committee determines that special circumstances require an extension of time for processing the claim, the claimant shall be so advised in writing within the initial 60-day period and in no event shall such an extension exceed 60 days. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Committee expects to render the determination on review. The review of the Committee shall take into account all comments, documents, records and other information submitted by the claimant relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination. The notice of the final decision shall be written in a manner calculated to be understood by the claimant and shall include (i) specific reasons for the determination (ii) references to the specific Program provisions on which the determination is based (iii) a statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of all documents, records and other information

relevant to the claimant's claim for benefits and (iv) a statement of the claimant's right to bring a civil action under section 502 of ERISA .

Section 10.3. Notices to Participants, Etc. All written notices, reports and statements given, made, delivered or transmitted to a Participant or Beneficiary or any other person entitled to or claiming benefits under the Program shall be deemed to have been duly given, made or transmitted when mailed by first class mail with postage prepaid and addressed to the Participant or Beneficiary or such other person at the address last appearing on the records of the Committee. A Participant or Beneficiary or other person may record any change of his address from time to time by written notice filed with the Committee.

Section 10.4. Responsibility to Advise Committee of Current Address. Each person entitled to receive a payment under the Program shall file with the Committee in writing his complete mailing address and each change therein. A check or communication mailed to any person at his address on file with the Committee shall be deemed to have been received by such person for all purposes of the Program, and neither the Committee, the Employers, the Affiliated Employers nor the Trustee shall be obliged to search for or ascertain the location of any person. If the Committee shall be in doubt as to whether payments are being received by the person entitled thereto, it shall, by registered mail addressed to the person concerned at his last address known to the Committee, notify such person that all future benefit payments will be withheld until such person submits to the Committee evidence of his continued life and his proper mailing address.

Section 10.5. Notices to Employer or Committee. Written directions, notices and other communications from Participants or Beneficiaries or any other persons entitled to or claiming benefits under the Program to the Employers or the Committee shall be deemed to have been

duly given, made or transmitted either when delivered to such location as shall be specified upon the form prescribed by the Committee for the giving of such directions, notices and other communications or when mailed by first class mail with postage prepaid and addressed to the addressee at the address specified upon such forms.

Section 10.6. Responsibility to Furnish Information and Sign Documents. Each person entitled to a payment under the Program shall furnish such information and data, including birth certificates or other evidence of age satisfactory to the Committee, and sign such documents as may reasonably be requested by the Committee or the Trustee in connection with the administration of the Program.

Section 10.7. Actuary to be Employed. The Committee shall engage an enrolled actuary (within the meaning of section 7701(a)(35) of the Code) to do such technical and advisory work as the Committee may request, including analyses of the experience of the Program from time to time, the preparation of actuarial tables for the making of computations thereunder, and the submission to the Committee of an annual actuarial report, which report shall contain information showing the financial condition of the Program, a statement of the contributions to be made by the Company for the ensuing year, and such other information as may be requested by the Committee.

Section 10.8. Funding Policy. The Committee shall establish a funding policy and method consistent with the objectives of the Program and the requirements of Title I of ERISA.

Section 10.9. Electronic Media. Notwithstanding any provision of the Program to the contrary and for all purposes of the Program, to the extent permitted by the Committee and any applicable law or regulation, including Treasury Regulation section 1.401(a)-21, the use of electronic technologies shall be deemed to satisfy any written notice, consent, delivery,

signature, disclosure or recordkeeping requirement under the Program, the Code or ERISA to the extent permitted by or consistent with applicable law and regulations. Any transmittal by electronic technology shall be deemed delivered when successfully sent to the recipient, or such other time specified by the Committee.

## ARTICLE 11

### **PARTICIPATION BY OTHER EMPLOYERS**

Section 11.1. Adoption of Program. With the consent of the Company, any Affiliated Employer may become a participating Employer under the Program with respect to all or a designated group of its employees by taking such action as shall be necessary or desirable to adopt the Program and executing and delivering such instruments as may be necessary or desirable to put the Program into effect with respect to such entity.

Section 11.2. Withdrawal from Participation. Any Employer may, with the consent of the Company, withdraw from participation in the Program at any time by filing with the Committee a duly certified copy of a resolution of its board of directors to that effect and giving notice of its intended withdrawal to the Committee and the Trustee prior to the effective date of withdrawal.

Section 11.3. Company and Committee Agent for Employers. Each Affiliated Employer that shall become an Employer pursuant to Section 11.1 or Article 12, by so doing shall be deemed to have appointed the Company and the Committee its agent to exercise on its behalf all of the powers and authorities hereby conferred upon the Company and the Committee by the terms of the Program, including, but not by way of limitation, the power to amend and terminate the Program. The authority of the Company and the Committee to act as such agent shall continue unless and until the portion of the Trust held for the benefit of Employees of the particular Employer and their Beneficiaries is set aside in a separate trust as provided in Section 15.2.



## ARTICLE 12

### **CONTINUANCE BY A SUCCESSOR**

In the event that any Employer shall be reorganized by way of reincorporation, consolidation, merger or some other similar method and thereafter such Employer continues to be an Affiliated Employer, the successor corporation shall be substituted for such Employer unless action is taken to the contrary.

## ARTICLE 13

### MISCELLANEOUS

Section 13.1. Expenses. All costs and expenses incurred in administering the Program and the Trust, including the expenses of the Committee, any premiums due to the PBGC, the fees of counsel and any agents for the Committee, the fees and expenses of the Trustee, including the fees of counsel for the Trustee, to the extent permitted by law, shall be paid by the Trustee from the Trust. Brokerage fees and stock transfer taxes shall be paid by the Trustee or, as applicable, by the Investment Manager and shall reduce the proceeds received from the sale or transfer of the investments involved in such sale or transfer.

Section 13.2. Non-Assignability.

(a) In General. It is a condition of the Program, and all rights of each Participant and Beneficiary shall be subject thereto, that no right or interest of any Participant or Beneficiary in the Program shall be assignable or transferable in whole or in part, either directly or by operation of law or otherwise, including, but not limited to, by way of limitation, execution, levy, garnishment, attachment, pledge or bankruptcy, but excluding devolution by death or mental incompetency, and no right or interest of any Participant or Beneficiary in the Program shall be liable for, or subject to, any obligation or liability of such Participant or Beneficiary, including claims for alimony or the support of any spouse.

(b) Exception for Qualified Domestic Relations Orders. Notwithstanding any provision of the Program to the contrary, if a Participant's Accrued Benefit under the Program, or any portion thereof, shall be the subject of one or more Qualified Domestic Relations Orders, the Program may distribute the Actuarial Equivalent of any benefit payable to an alternate payee prior to the Participant's Benefit Commencement Date, but no earlier than the date the

Participant's benefit becomes immediately distributable, without regard to whether the Participant is then retired. An alternate payee's election of a contingent annuitant option, lump sum option or other option for distribution of his Plan benefit shall be conditioned upon satisfying any election requirement equivalent to those applicable to the Participant. The Company or its agent, in its sole discretion, shall determine whether any order constitutes a Qualified Domestic Relations Order under this paragraph (b).

Section 13.3. Employment Non-Contractual. Neither the Program nor any action taken by the Committee confers any right upon an Employee to continue in employment with any Employer.

Section 13.4. Limitation of Rights. A Participant or distributee shall have no right, title or claim in or to any specific asset of the Trust, but shall have the right only to distributions from the Trust on the terms and conditions herein provided. Neither the Program nor any action taken by the Committee shall obligate any Employer to make contributions to the Trust in excess of the contributions authorized by the Board of Directors or create any liability on an Employer for the payment of benefits under the Program.

Section 13.5. Merger or Consolidation with Another Plan. A merger or consolidation with, or transfer of assets or liabilities to, any other plan shall not be effected unless the terms of such merger, consolidation or transfer are such that each Participant, distributee, Beneficiary or other person entitled to receive benefits from the Program would, if the Program were to terminate immediately after the merger, consolidation or transfer, receive a benefit equal to or greater than the benefit such person would be entitled to receive if the Program were to terminate immediately before the merger, consolidation, or transfer.

Section 13.6. Construction. Wherever used in the Program, words in the masculine gender shall include masculine or feminine gender, and, unless the context otherwise requires, words in the singular shall include the plural, and words in the plural shall include the singular. All references to employment or the rehire or termination thereof shall refer to employment by any and all Employers, and to the extent provided herein, and, to the extent required by Section 3.2 (relating to transfers to affiliates) and Section 9.2 (relating to eligibility for participation after transfer of employment or reemployment and employment by related entities), any and all Affiliated Employers, unless the context requires otherwise. Heading to Articles and Sections are inserted solely for convenience and reference.

Section 13.7. Applicable Law. The Program and all rights hereunder shall be governed by and construed in accordance with the laws of the State of California to the extent such laws have not been preempted by applicable federal law.

Section 13.8. Severability. If a provision of the Program shall be held illegal or invalid, the illegality or invalidity shall not affect the remaining parts of the Program and the Program shall be construed and enforced as if the illegal or invalid provision had not been included in the Program.

Section 13.9. No Guarantee. Neither the Committee, the Employer, nor the Trustee in any way guarantees the Trust from loss or depreciation nor the payment of any money that may be or become due to any person from the Trust or pursuant to the Program. Nothing herein contained shall be deemed to give any Participant, distributee, or Beneficiary an interest in any specific part of the Trust or any other interest, right or claim except the right to receive benefits out of the Trust in accordance with the provisions of the Program and the Trust.

Section 13.10. Military Service. Notwithstanding any provision of the Program to the contrary, contributions, benefits and service with respect to Military Service shall be provided in accordance with section 414(u) of the Code.

Section 13.11. Limitation on Distributions. Notwithstanding any provision of the Program regarding distributions, the Committee may withhold payment to any person if the Committee determines that such payment may expose the Program to conflicting claims for payment. As a condition for any benefit payments, the Committee may require such consent, representations, releases, waivers or other information as it deems appropriate.

Section 13.12. Statute of Limitations for Actions under the Program. Except for actions to which the statute of limitations prescribed by section 413 of ERISA applies, (a) no legal or equitable action under section 502 of ERISA may be commenced later than one year after the claimant receives a final decision from the Committee in response to the claimant's request for review of the adverse benefit determination (or, if later, one year after the effective date of this provision, which is September 1, 2008) and (b) no other legal or equitable action involving the Program may be commenced later than two years from the time the person bringing an action knew, or had reason to know, of the circumstances giving rise to the action (or, if later, two years after the effective date of this provision, which is September 1, 2008). This provision shall not bar the Program or its fiduciaries from (x) recovering overpayments of benefits or other amounts incorrectly paid to any person under the Program at any time or (y) bringing any legal or equitable action against any party.

Section 13.13. Forum for Legal Actions under the Program. Any legal action involving the Program that is brought by any Participant, any Beneficiary or any other person

shall be litigated in the federal courts located in the Southern District of California and no other federal or state court.

Section 13.14. Legal Fees. Any award of legal fees in connection with an action involving the Program shall be calculated pursuant to a method that results in the lowest amount of fees being paid, which amount shall be no more than the amount that is reasonable. In calculating any award of legal fees, there shall be no enhancement for the risk of contingency, nonpayment or any other risk nor shall there be applied a contingency multiplier or any other multiplier. In no event shall legal fees be awarded for work related to (a) administrative proceedings under the Program, (b) unsuccessful claims brought by a Participant, Beneficiary or any other person, or (c) actions that are not brought under ERISA.

## ARTICLE 14

### TOP-HEAVY PLAN REQUIREMENTS

Section 14.1. Top-Heavy Plan Determination. If as of the determination date (as hereinafter defined) for any Plan Year the aggregate present value of (i) the accrued benefits under the Plan and under all other defined benefit plans in the aggregation group (as hereinafter defined) and (ii) the aggregate account balances under all defined contribution plans in such aggregation group, in each case with respect to all participants in such plans who are key employees (as defined in section 416(i) of the Code) for such Plan Year, exceeds 60% of the aggregate present value of accrued benefits and the account balances of all participants in all such plans as of the determination date, then the Plan shall be a top-heavy plan for such Plan Year and the requirements of Sections 14.3 and 14.4 shall be applicable for such Plan Year as of the first day thereof. If the Plan shall be a top-heavy plan for any Plan Year, such requirements shall not be applicable for such subsequent Plan Year except to the extent provided in Section 14.3.

Section 14.2. Definitions and Special Rules.

(a) Definitions. For purposes of this Article, the following definitions shall apply:

(i) Determination Date. The determination date for all plans in the aggregation group shall be the last day of the preceding plan year, and the valuation date applicable to a determination date shall be (a) in the case of a defined contribution plan, the date as of which account balances are determined that is coinciding with or immediately precedes the determination date, and (b) in the case of a defined benefit plan, the date as of which the most recent actuarial valuation for the plan year that includes the determination date is prepared, except that if any such plan specifies a different determination or valuation date, such different date shall be used with respect to such plan.

(ii) Aggregation Group. The aggregation group shall consist of (a) each plan of an Employer in which a key employee is a participant, (b) each other plan that enables such a plan to be qualified under section 401(a) of the Code, and

(c) any other plans of an Employer that the Company designates as part of the aggregation group.

(iii) Key Employee. Key employee shall have the meaning set forth in section 416(i) of the Code.

(iv) Top-Heavy Compensation. Top-heavy compensation shall have the meaning set forth in section 1.415(c)-2 of the Treasury Regulations.

(b) Special Rules. For the purpose of determining the accrued benefit or account balance of a participant, the accrued benefit or account balance of any person who has not been actively at work with an Employer at any time during the one-year period ending on the determination date shall not be taken into account pursuant to this Section, and any person who received a distribution from a plan (including a plan that has terminated) in the aggregation group during the one-year period ending on the last day of the preceding plan year shall be treated as a participant in such plan, and any such distribution shall be included in such participant's account balance or accrued benefit, as the case may be, *provided, however*, that if such distribution is made for a reason other than severance from employment, death or disability, the time frame for adding back such distributions will be the five-year period ending on the last day of the preceding plan year.

In the event that one or more defined benefit plans are aggregated with the Plan, the present value for purposes of this Article 14 shall be based on the interest and mortality rates described in Appendix A and shall be used to determine the present value of such benefits in all such aggregated plans for purposes of this Article 14. In addition, the present value shall be determined assuming that the accrued benefit will be determined under a uniform accrual method which applies to all such defined benefit plans as if such benefit accrued not more rapidly than the slowest rate of accrual permitted under the fractional rule of section 411(b)(1)(C) of the Code.



Section 14.3. Minimum Benefit for Top-Heavy Years.

(a) The benefit to which a Participant is entitled at Normal Retirement Age under Section 6.3 shall in no event be less than two percent of the Participant's highest average compensation (as hereinafter defined) multiplied by the number of the Participant's Years of Vesting Service, determined as provided below, not in excess of ten. For purposes of this Section, (i) a Participant's Years of Vesting Service shall mean his Years of Vesting Service but excluding any Year of Vesting Service completed in a Plan Year for which the Plan was not a top-heavy plan, and (ii) a Participant's highest average compensation shall be the annual average of his top heavy compensation for the period of consecutive calendar years not exceeding five (5) during which the Participant's top heavy compensation was the greatest, except that calendar years after the last Plan Year for which the Plan was top-heavy shall be disregarded.

(b) The provisions of paragraph (a) of this Section shall not apply with respect to a Participant if, for each year in which the Plan is a top-heavy plan, (i) the eligible employee's Employer also maintains a defined contribution plan which is included in the aggregation group for such year and (ii) under such plan, contributions made and forfeitures allocated to each eligible employee (other than key employees) equal 5% of such Participant's top heavy compensation for each Plan Year the Plan is top-heavy.

Section 14.4. Top-Heavy Vesting Requirements. Notwithstanding anything in the Plan or Program to the contrary, a Participant who has a Termination before his death or retirement and after he has completed at least two Years of Vesting Service shall be eligible for Deferred Vested Benefit if such Termination occurs while the Plan is a top-heavy plan, with the amount of such Participant's benefit commencing as of his Normal Retirement Date equal to the vested percentage of his Accrued Benefit, determined in accordance with the following table:

<u>Years of Vesting Service</u>	<u>Vested Percentage</u>
2 but less than 3	20%
3 or more	100%

If the Plan becomes a top-heavy plan and subsequently ceases to be such, the vesting schedule of this Section 14.4 shall continue to apply in determining the vested percentage of any Participant who had at least three Years of Vesting Service as of December 31 of the last Plan Year the Plan was top-heavy. For all other Participants, such schedule shall apply only to their Accrued Benefit as of such December 31.

## ARTICLE 15

### AMENDMENT, ESTABLISHMENT OF SEPARATE PLAN AND TERMINATION

#### Section 15.1. Amendment.

(a) In General. The Company reserves the right to modify, alter or amend the Plan or the Program from time to time to any extent that it may deem necessary or desirable. Pursuant to a delegation of authority from the Board of Directors, the Committee, by adopting one or more resolutions or consent actions, may, at any time, and from time to time, amend, in whole or in part: (i) any or all of the provisions of the Plan or Program as may be necessary to remain tax-qualified under the Code or as may otherwise be required to comply with other applicable law, (ii) any provision which would simplify administration of the Plan or Program but which does not materially affect the cost of maintaining the Plan or Program and (iii) any or all of the provisions of any trust agreement as may be established hereunder, in order to carry out the purposes of the Program. Any such amendment or modification to the Program shall become effective on such date as the Company or Committee, as the case may be, shall determine and may apply to Participants in the Program at the time thereof as well as to future Participants, *provided, however,* that, no such amendment or modification shall have the effect of reducing accrued benefits under the Program unless permitted by applicable law. No such amendment shall increase the duties or responsibilities of the Trustee without its consent thereto in writing and no such amendment shall allow any portion of the principal or income of the Trust to be used for any purposes other than for the exclusive benefit of Participants or Beneficiaries at any time prior to the satisfaction of all the liabilities under the Program with respect to such persons.

(b) Amendment of Vesting Schedule. If the vesting provisions of Section 6.2 of the Program are amended, including an amendment caused by the expiration of top-heavy status under the terms of Article 14, Participants who, on the date which is the later of the date the amendment is adopted and the date the amendment becomes effective, have attained three (3) or more Years of Vesting Service or three (3) or more years of employment, regardless of whether the years are consecutive, shall automatically be vested, from that time forward, in accordance with the schedule, either before or after the amendment, that gives the greater vesting percentage.

Section 15.2. Establishment of Separate Plan. If an Employer shall withdraw from the Program pursuant to Section 11.2 (relating to withdrawal from participation), the Committee shall determine the portion of the Trust held by the Trustee which is applicable to the Participants of such Employer and direct the Trustee to segregate such portion in a separate trust. Such separate trust shall thereafter be held and administered as a part of a separate plan of such Employer.

Section 15.3. Termination of the Program by an Employer. The Company may at any time, by resolution adopted by the Board of Directors, terminate the Program or the Plan in its entirety. In addition, any Employer may at any time terminate its participation in the Program by resolution adopted by its board of directors to that effect. Contributions of an Employer to the Plan are conditioned on the receipt from the Internal Revenue Service of an initial favorable determination letter that the Plan and the Trust as adopted by the Company meet the requirements of section 401(a) of the Code and that the Trust is exempt from tax under section 501(a) of the Code, and if the Internal Revenue Service shall refuse to issue such letter, any

Employer may terminate its participation in the Program and direct the Trustee to pay and deliver to that Employer the portion of the Trust applicable to its contributions.

Section 15.4. Vesting and Distribution Upon Termination or Partial Termination. Upon termination or partial termination of the Plan, the benefit as of the date of termination or partial termination, as the case may be, of all affected Participants shall be fully vested; *provided, however,* that full vesting shall be required with respect to a termination or partial termination only to the extent the Plan is then funded.

Allocation and distribution of the terminated portion of the Trust shall thereafter be made in accordance with the applicable requirements of ERISA and the Code and with any applicable approval of the PBGC. If the Committee is notified by PBGC that PBGC is unable to determine that the Trust is sufficient to discharge when due all obligations of the Plan with respect to benefits guaranteed by PBGC pursuant to section 4022 of ERISA, then the allocation and distribution of such portion of the Trust shall be made only under the direction of PBGC or a United States district court pursuant to section 4044 of ERISA.

In the event that, after the termination of the Plan, any assets remain after such allocation, such assets shall be paid to the Company. The portion of the assets allocated to provide benefits to any person or group of persons may be applied for the benefit of such person or persons by the distribution of cash, continuance of the Trust, establishment of a new Trust, or otherwise, as determined by the Committee in its sole discretion; *provided, however,* that the benefit of any Participant or former Participant shall be paid either in a lump sum or in equal monthly installments through the purchase of a nontransferable annuity contract(s).

Contributions of an Employer to the Plan are conditioned on the receipt from the Internal Revenue Service of an initial favorable determination letter that the Program and Trust as

adopted by the Company meet the requirements of section 401(a) of the Code and that the Trust is exempt from tax under section 501(a) of the Code, and, in the event that the Internal Revenue Service shall refuse to issue such letter, the Company may terminate the Program and/or the Plan and shall direct the Trustee to pay and deliver the Trust funds to the Company.

Section 15.5. Trust to Be Applied Exclusively for Participants and Their Beneficiaries.

Subject only to the provisions of Sections 4.2 and 15.4, and any other provision of the Plan to the contrary notwithstanding, it shall be impossible for any part of the Trust to be used for or diverted to any purpose not for the exclusive benefit of Participants and their beneficiaries and the payment of expenses in accordance with Section 13.1 either by operation or termination of the Plan, power of amendment or otherwise.

## ARTICLE 16

### RETIREE MEDICAL ACCOUNT

Section 16.1. Establishment of Account. As of the effective date described in Section 16.2, a Medical Benefits Account shall be established and maintained under the Trust out of which the Trustee shall pay the cost, which would otherwise be borne by the Employers, for certain medical and related benefits provided under the Southern California Gas Company medical and health maintenance organization plans and any other plans that provide accident, hospitalization or medical benefits as may be designated from time to time by the Committee (the "Medical Plans") for the benefit of the Medical Beneficiaries. The provisions of this Article 16 are intended to comply with section 401(h) of the Code and shall be construed to comply therewith.

Section 16.2. Effective Date. Medical Benefits shall be paid from the Medical Benefits Account beginning October 1, 2006.

Section 16.3. Funding of Benefits. Subject to the right reserved to the Company to amend or terminate the provision of Medical Benefits under its general power to amend the Program under Section 15.1, the Company expects and intends to make actuarially determined contributions under the Program from time to time to fund the Medical Benefits Account. The assets of the Medical Benefits Account may be invested together with the other assets of the Trust, in which case earnings of the Trust shall be allocated to the Medical Benefits Account on a reasonable basis or such assets may be invested separately. In any event, no part of the Trust, other than the assets of the Medical Benefits Account, shall be available to pay for any part of the cost of Medical Benefits.

The amount determined by the Company to be contributed for any Plan Year by the Employers pursuant to the paragraph above shall be reasonable and ascertainable and shall not exceed the total cost for such Plan Year of providing Medical Benefits to the Medical Beneficiaries, determined in accordance with generally accepted actuarial methods and assumptions that are reasonable in view of the provisions and coverage of the medical and other welfare plans providing such benefits, the funding medium and any other applicable considerations. At the time any Employer makes a contribution to the Trustee, the Employer shall designate the portion thereof that is allocable to the Medical Benefits Account.

Section 16.4. Limitations on Contribution. Notwithstanding Section 16.3 above, the contributions of the Employers to the Medical Benefits Account for any Plan Year shall not exceed the maximum amount for which a deduction is allowable for federal income tax purposes for the taxable year of the Employers that ends with or within such Plan Year.

In addition, at all times the aggregate of the contributions made by the Employers to provide Medical Benefits shall not exceed 25 percent of the sum of the aggregate contributions made by the Employers to the Program under Section 4.1, other than the contributions to fund past service credits, plus the aggregate contributions to the Medical Benefits Account. In the event that a contribution under Section 16.3 shall exceed the amount described in the preceding sentence, such contribution shall be reduced by the excess amount.

Section 16.5. Key Employees. Notwithstanding any other provision of the Program, key employees shall not be entitled to receive Medical Benefits. For purposes of this Section 16.5, the term "key employee" means any employee, who at any time during the Plan Year or any preceding Plan Year during which contributions were made on behalf of such employee, is or was a key employee as defined in section 416(i) of the Code.



Section 16.6. Impossibility of Diversion. In no event, prior to the satisfaction of all liabilities to provide Medical Benefits shall the Medical Benefits Account be used for, or diverted to, any purpose other than the payment of such benefits and any necessary or appropriate expenses of administration associated therewith. Any amounts credited to the Medical Benefits Account following the satisfaction of all such liabilities shall be returned to the Employers.

Section 16.7. Administration. The Medical Plans shall continue to be administered, and claims processed, under their respective terms. Notwithstanding, the interpretation and administration of the terms of this Article 16 shall be pursuant to the provisions of the Program.

Section 16.8. Right to Amend or Terminate Medical Plans. The Company expressly reserves the exclusive right, retroactively to the extent permitted by law, to amend, modify, change, terminate or revoke any medical or other welfare plan or policy maintained by any Employer or Affiliated Employer that provides medical or other welfare benefits, including but not limited to Medical Benefits, and to require Employees, former Employees, their eligible spouses and dependents to pay all or any portion of the cost of such medical benefits.

Section 16.9. Reversion. At any time prior to the satisfaction of all liabilities under the Program to provide Medical Benefits, no part of the Medical Benefits Account may be used for any purpose other than providing Medical Benefits, and any necessary or appropriate expenses attributable to the administration of the Medical Benefits Account. If any residual assets remain in the Medical Benefits Account after the satisfaction of all obligations of the Employers to provide Medical Benefits to the Medical Beneficiaries, such assets shall be returned to the Employers. Notwithstanding the previous sentence, if an Employer contribution under Section 16.3 is disallowed as a deduction for federal income tax purposes, then, to the extent the

deduction is disallowed, the Trustee shall return the excess contribution to the Employer within one year after the date that the deduction is disallowed. In the event a Medical Beneficiary's interest in the Medical Benefits Account is forfeited prior to the termination of the plan, an amount equal to such forfeiture shall be applied as soon as possible to reduce the Employers' contributions.

Section 16.10. Limitation of Rights. A Medical Beneficiary shall have no right, title or claim in any specific asset of the Medical Benefits Account, but shall have the right only to the Medical Benefits provided from time to time under the Medical Benefits Account.

IN WITNESS WHEREOF, the Committee has caused this instrument to be executed by its duly authorized officers on this \_\_\_\_\_ day of September, 2008.

SOUTHERN CALIFORNIA GAS COMPANY

By \_\_\_\_\_

Title \_\_\_\_\_

**SOUTHERN CALIFORNIA GAS COMPANY**  
**MANAGEMENT AND ASSOCIATE EMPLOYEE**  
**CASH BALANCE PROGRAM**  
**APPENDIX A**

**Actuarial Equivalent Factors**

Lump sum option amounts shall be determined based on the following:

Mortality Table	Applicable Mortality Table
Interest Rate	Applicable Interest Rate
Adjustment Factor	An adjustment factor is used to calculate the lump sum actuarial present value of a Participant's benefits accrued under the San Diego Gas & Electric Company Pension Plan if such Participant was a participant in the San Diego Gas & Electric Company Pension Plan before July 1, 1998 (November 1, 1998 in the case of individuals whose employment was subject to a collective bargaining agreement on October 31, 1998). The adjustment factor shall be 2 ½ %, commencing at age 55. The adjustment factor shall also be used to convert such Participant's Employer Credit Account and Base Account to an annuity. The adjustment factor shall not apply in the case of a Participant who terminates employment, receives a lump sum distribution, and does not repay such distribution pursuant to Section 9.1(e) of the Program.

Optional forms of benefit payment, other than the lump sum option, for individuals who were participants in either the Pacific Enterprises Pension Plan (other than former participants in the Pacific Enterprises Oil Company (USA) Pension Plan) or the Southern California Gas Company Pension Plan as of June 30, 1998, shall be determined based on the following:

Mortality Table	Applicable Mortality Table
Interest Rate	7%
Minimum Benefit for 50% Joint and Survivor Annuity	For any Participant who commences receipt of a 50% joint and survivor annuity option after March 31, 1987, the minimum benefit payable during the Participant's lifetime shall be 90% of the single life annuity option amount if, and only if, the Participant designates his spouse as the beneficiary.

Optional forms of benefit payment for benefits accrued under the Pacific Enterprises Oil Company (USA) Pension Plan, the Terra Resources Inc. Employee Retirement Plan and the Retirement Plan for Employees of Sabine Corporation, are based on the plan provisions in effect for these plans on June 30, 1998. In no event shall a lump sum benefit be less than the greater of the present value of (i) the Actuarial Equivalent of the early retirement annuity and (ii) the minimum lump sum guaranteed under section 417(e) of the Code.

Optional forms of benefit payment, other than a lump sum or level income option, for individuals who were participants in the San Diego Gas & Electric Company Pension Plan as of June 30, 1998 shall be determined based on the following:

Mortality Table	Applicable Mortality Table
Interest Rate	7%, with a 2 ½ % cost-of-living adjustment commencing at age 55

The level income option is only available to a Participant whose Benefit Commencement Date is on or after he attains age 55. A Participant's level income option benefit amount shall equal the greater of (i) the amount determined using the Applicable Interest Rate and Applicable Mortality Table and (ii) the amount determined using the factors below:

Mortality Table	Applicable Mortality Table
Interest Rate	7%, with a 2 ½ % cost-of-living adjustment commencing at age 55

Notwithstanding anything in this paragraph to the contrary, a Participant's level income option benefit amount shall not be less than the amount of the Participant's level income option benefit based on the Participant's Accrued Benefit as of February 28, 2007 determined using the mortality table and the interest rate in effect under this Appendix A on February 28, 2007.

(1) San Diego Gas & Electric Company and Enova Corporation Employees.

(a) The actuarial adjustment factors that apply to Participants who were employees of San Diego Gas & Electric Company or Enova Corporation are set forth on pages A-4 through A-79. All optional benefit factors reflect a cost-of-living feature (maximum of 3% per year).

(b) Factors for determining the Initial Employer Allocation (as defined in Appendix D) of Participants who were employees of San Diego Gas & Electric Company or Enova Corporation, as of the date their Initial Employer Allocation is determined, are set forth on page A-80.

(2) Pacific Enterprises, Southern California Gas Company and Other Subsidiaries.

(a) The actuarial adjustment factors that apply to Participants who were employees of Pacific Enterprises, the Company, and other subsidiaries are set forth on pages A-81 through A-157. The optional benefit factors do not include a cost-of-living feature.

(b) Factors for determining the Initial Employer Allocation of Participants who were employees of Pacific Enterprises, the Company, and other subsidiaries, as of the date their Initial Employer Allocation is determined, are set forth on pages A-158 and A-159.

(3) Employees Who First became Participants in the Program or a Prior Plan After June 30,

1998. The only distribution options available to Employees who became Participants in the Program after June 30, 1998 are a single lump sum payment, a single life annuity and 50% joint and survivor annuity and, effective as of January 1, 2008, a 75% joint and survivor annuity. The amounts distributable pursuant to these distribution forms are determined using the Applicable Mortality Table and the Applicable Interest Rate.

**SOUTHERN CALIFORNIA GAS COMPANY**  
**MANAGEMENT AND ASSOCIATE EMPLOYEE**  
**CASH BALANCE PROGRAM**  
**APPENDIX B**

**List of Predecessor Employers**

San Diego Gas & Electric Company  
Enova Energy, Inc.  
Enova Financial, Inc.  
Enova Technologies  
Califia Company  
Pacific Diversified Capital Company  
Phase One Development, Inc.  
Enova International  
E M Service Company  
Sempra Energy  
Sempra Energy Solutions  
Sempra Energy Resources  
Sempra Energy International  
Sempra Energy Utility Ventures  
Pacific Offshore Pipeline Company  
Pacific Interstate Transmission Company  
Pacific Enterprises Oil and Gas Company  
Energy Management Services  
Pacific Enterprises  
Pacific Enterprises Leasing Company  
Pacific Energy  
Dual Fuel International, Inc.  
Pacific Lighting Gas Supply Company  
Pacific Enterprises International U S A  
Pacific Enterprises International Latin America  
Pacific Enterprises International Mexico Service  
Sempra Energy Trading Corporation  
Sempra Energy Services Company (formerly known as CES/Way International, Inc.)

**SOUTHERN CALIFORNIA GAS COMPANY**  
**MANAGEMENT AND ASSOCIATE EMPLOYEE**  
**CASH BALANCE PROGRAM**  
**APPENDIX C**

**Application of Special Features**

Company	Special Interest Credit	Special Employer Credit	Grandfathered Benefit	10 Year Projection
Sempra Energy (Corporate Center)	Eligible	Eligible	Eligible	Eligible
Sempra Energy Solutions	Eligible	Eligible	Eligible	Not Eligible
Central Plants	Eligible	Eligible	Eligible	Eligible
Pacific Offshore Pipeline Company	Eligible	Eligible	Eligible	Eligible
Sempra Energy International	Eligible	Eligible	Eligible	Not Eligible
Sempra Energy Trading	Prior Plan Transferees Eligible Only	Prior Plan Transferees Eligible Only	Prior Plan Transferees Eligible Only	Not Eligible
CES/Way	Prior Plan Transferees Eligible Only	Prior Plan Transferees Eligible Only	Prior Plan Transferees Eligible Only	Not Eligible
Rehires	Not Eligible	Not Eligible	Not Eligible	Not Eligible

**SOUTHERN CALIFORNIA GAS COMPANY**  
**MANAGEMENT AND ASSOCIATE EMPLOYEE**  
**CASH BALANCE PROGRAM**  
**APPENDIX D**

I. Special Features for Participants who Participated in Prior Plans.

(a) Initial Employer Allocation. The Initial Employer Allocation for a Participant who was a participant in a Prior Plan on June 30, 1998 and who became a Participant on July 1, 1998 is the Actuarial Equivalent of the Participant's accrued benefit under the terms of the Prior Plan as of June 30, 1998, using the factors described in Appendix A; *provided, however*, the Actuarial Equivalent of such a Participant's accrued benefit under either the Pacific Enterprises Pension Plan or Southern California Gas Company Pension Plan was determined using the early retirement reduction factors stated in appendix A of the applicable plan, and the Actuarial Equivalent of such a Participant's accrued benefit under the San Diego Gas & Electric Company Pension Plan was determined using the early retirement reduction factors stated in appendix A of the applicable plan and by assuming a cost-of-living adjustment factor of 2 ½ %, commencing upon the Participant's attainment of age 55.

(b) Ten-Year Projection. If the actuarial present value of the benefit payable under the Prior Plan as projected pursuant to this Section I(b) of Appendix D exceeded the value of the Participant's Base Account as projected pursuant to this Section I(b) of Appendix D, then in addition to the Initial Employer Allocation, an additional amount (the "Ten-Year Projection Additional Amount") was credited to the Participant's Base Account so that the projected Participant's Base Account equaled the projected actuarial present value of the Prior Plan benefit, each as calculated pursuant to this Section I(b) of Appendix D. The value of a Participant's Base Account as of July 1, 1998 (or the date the Base Account was first



established, if later than July 1, 1998) and the actuarial present value of such Participant's benefit payable under the Prior Plan as of June 30, 1998 were projected, where applicable as provided in Appendix C, to July 1, 2008 (or, if a Base Account was first established after July 1, 1998, to a date that is 10 years after the date the account was first established) using the following assumptions:

- (i) Base Interest Rate of 7%,
- (ii) Special Interest Rate (as defined below) of 9%,
- (iii) Earnings after the date the Base Account was first established increase 4% per year,
- (iv) Social Security benefits (wages, cost-of-living adjustment ("COLA"), etc.) used in computing benefits under the Prior Plan increase 3% per year,
- (v) The 30-year U.S. Treasury Securities rate for November 2007 is 8%, and
- (vi) A 2 ½ % COLA, commencing at age 55, for those Employees who were participants of the San Diego Gas & Electric Company Pension Plan on June 30, 1998.

Notwithstanding the immediately preceding sentences, the total amount credited to a Participant's Base Account as of July 1, 1998 (or, if the date a Participant's Base Account was established was later than July 1, 1998, then the total amount credited as of such later date) shall not exceed the benefit that was payable under the terms of the most recent window program prior to June 30, 1998, if the Participant was eligible for such program.

(c) Special Interest Credit. The Base Account of each Participant who was a participant in a Prior Plan on June 30, 1998 shall be credited with an Interest Credit equal to the Base Interest Rate plus 2% (the "Special Interest Rate") for each Year of Cash Balance Service, as defined in subsection (e) below, until and including the month the Participant completes 30 Years of Cash Balance Service and thereafter shall be credited with an Interest Credit equal to the Base Interest Rate. Notwithstanding the previous sentence, if an Employee has a Termination prior to completing 30 Years of Cash Balance Service, the Employee's Base

Account shall be credited with the Special Interest Rate only up to and including the month of the Employee's Termination and thereafter with the Base Interest Rate only. Notwithstanding any provision of the Program, including its appendices, to the contrary, a Participant who recommences participation in the Program shall not be entitled to the Special Interest Rate for the period of service after his Reemployment Commencement Date.

(d) Special Employer Credit. The Employer Credit Account of a Participant who was a participant in a Prior Plan on June 30, 1998 and who was at least 40 years of age on the date his Employer Credit Account was established, but who then had less than 15 Years of Cash Balance Service, as defined in subsection (e) below, was credited with the Employer Credit plus 2% (the "Special Employer Credit") and continued (or continues) to be credited with the Special Employer Credit until and including the month the Participant attains 15 Years of Cash Balance Service. If the Participant has a Termination before completing 15 Years of Cash Balance Service, then the Participant's Employer Credit Account shall be credited with the Special Employer Credit only up to and including the month of the Participant's Termination. Notwithstanding any provision of the Program, including its appendices, to the contrary, a Participant who recommences participation in the Program shall not be entitled to any Special Employer Credit for the period of service after his Reemployment Commencement Date.

(e) Cash Balance Service.

(1) Credit for Prior Service. Years of Cash Balance Service as of the date the Initial Employer Allocation is credited to a Participant's Base Account (the "IEA Effective Date") is determined as follows:

(A) Southern California Gas Company Pension Plan and Pacific Enterprises Pension Plan. Participants in either the Southern California Gas Company Pension Plan or the Pacific Enterprises Pension Plan

receive one Year of Cash Balance Service for each year of credited service (as such term is defined in the applicable plan) under the applicable plan.

(B) Sempra Energy Trading. Individuals who became Participants in the Program as of July 1, 1998 in connection with a corporate acquisition that occurred as of January 1, 1998, which later resulted in establishment of Sempra Energy Trading Corporation, received 0.5 Years of Cash Balance Service as of July 1, 1998.

(C) San Diego Gas & Electric Company Pension Plan. A Participant who was a participant in the San Diego Gas & Electric Company Pension Plan immediately before becoming a Participant in this Plan shall receive one Year of Cash Balance Service for each year of participation (as such term is defined in the San Diego Gas & Electric Company Pension Plan) as of the IEA Effective Date plus one additional Year of Cash Balance Service, *provided, however*, if the Participant is hired by an Employer on or after attainment of age 40, such Participant receives one Year of Cash Balance Service for each year of participation in such Prior Plan.

(2) Computation Period. The computation period for purposes of this Section I(e) of Appendix D is the Plan Year; however, the first computation period was (i) July 1, 1998 through December 31, 1998 for all Participants who became Participants on July 1, 1998; and (ii) the date of participation through December 31, 1998 for any Employee who was not an Eligible Employee on July 1, 1998.

(3) Cash Balance Service after the IEA Effective Date. A Year of Cash Balance Service for periods after the IEA Effective Date equals 2,080 Hours of Service. A Participant shall accrue a Year of Cash Balance Service pro-rata each month in an amount which is equal to his Hours of Service for that month divided by 2,080. A Participant shall accrue a maximum of one Year of Cash Balance Service for any computation period.

(f) Early Retirement Subsidy Account. Notwithstanding anything contained herein to the contrary, any Participant who as of June 30, 1998 (i) participated in a Prior Plan and was at least age 59 but not yet age 65 on such date or (ii) who was entitled to an unreduced benefit under the 90-point provision of a Prior Plan, had his accrued benefit under the Prior Plan as of

June 30, 1998 split into two accounts, the Base Account and the Early Retirement Subsidy Account. Only the Base Account shall be eligible for Interest Credits in accordance with Section 6.1(c) and Special Interest Credits in accordance with Section I(c) of Appendix D. The Early Retirement Subsidy Account shall be reduced each month, according to the table below, until the value of the Early Retirement Subsidy Account is zero.

PERCENTAGE OF ACCRUED BENEFIT

<u>AGE</u>	<u>BASE ACCOUNT</u>	<u>EARLY RETIREMENT SUBSIDY ACCOUNT</u>
Age 59 - age 63 and 9 months	90	10
Age 63 and 10 months – age 64	92	8
Age 64 and 1 month - age 64 and 3 months	94	6
Age 64 and 4 months –age 64 and 6 months	96	4
Age 64 and 7 months –age 64 and 9 months	98	2
Age 64 and 10 months	100	0

(g) Frozen Benefit Plus+ Account. Effective as of March 1, 2007, a Frozen Benefit Plus+ Account shall be established for each Participant who as of March 1, 2007 (i) has a Grandfathered Benefit, (ii) had a Base Account established as of July 1, 1998, (iii) has been continuously employed by the Company or an Affiliated Employer since July 1, 1998 (or has become disabled within the meaning of the long-term disability plan of his Employer during

such time) and (iv) has continuously been a participant from July 1, 1998 through March 1, 2007 in any of the Program, the San Diego Gas & Electric Company Cash Balance Plan and the Sempra Energy Cash Balance Plan. A Frozen Benefit Plus+ Account shall not be established for any Participant who (i) has a Grandfathered Benefit but had a Termination after July 1, 1998 and before March 1, 2007, even if such Participant later becomes reemployed by the Company or an Affiliated Employer, (ii) was a participant in a Prior Plan but was not an Eligible Employee on July 1, 1998 and who is subsequently rehired as described in Section II of Appendix D or (iii) was a member of a collective bargaining unit and employed by the Company who transferred to a position that was not represented by a collective bargaining unit on or after July 1, 1998. The Frozen Benefit Plus+ Account shall be credited with the Initial Frozen Benefit Plus+ Allocation on March 1, 2007 and thereafter shall be credited with Employer Credits and Special Employer Credits, if applicable, through the Participant's Termination Date and Interest Credits until such Participant's Benefit Commencement Date. Thereafter, even if such Participant is later reemployed by an Employer or Affiliated Employer, such Participant's Frozen Benefit Plus+ Account shall not receive any additional Employer Credits or Special Employer Credits, if applicable, and shall only receive Interest Credits until such Participant's Benefit Commencement Date.

II. Special Provisions for Rehires.

(a) Initial Allocations for Participants Who Were Not Eligible Employees on July 1, 1998. If an Employee who was not an Eligible Employee on July 1, 1998 becomes a Participant in the Program after July 1, 1998 as a result of being rehired by an Employer, and if such Participant earned a benefit under a Prior Plan, such benefit shall be converted to an Initial

Employer Allocation upon commencement of participation in the Program. Such Participant's Employer Credit Account and Base Account shall be credited as follows:

(1) Employees Who Were Participants in the San Diego Gas & Electric Company Pension Plan and Whose Employment Was Not Subject to a Collective Bargaining Agreement as of June 30, 1998. The Employer Credit Account and Base Account of a Participant who was a participant in the San Diego Gas & Electric Company Pension Plan and whose employment with San Diego Gas & Electric Company was not subject to a collective bargaining agreement as of June 30, 1998 and who is rehired by an Employer after July 1, 1998 shall be credited as determined under paragraphs (i) through (iv) below.

- (i) Initial Employer Allocation: The Initial Employer Allocation shall be equal to the actuarial present value of the Participant's accrued benefit under the San Diego Gas & Electric Company Pension Plan as of the Participant's first Reemployment Commencement Date after July 1, 1998. The present value calculation and the San Diego Gas & Electric Company Pension Plan early retirement reduction factors are based on the Applicable Interest Rate and Applicable Mortality Table in effect for the year in which the Base Account is first established, and includes an annual cost-of-living-adjustment commencing at age 55.
- (ii) Ten-Year Projection: An individual who (a) was a participant in the San Diego Gas & Electric Company Pension Plan before July 1, 1998, (b) was not an Eligible Employee on July 1, 1998, (c) is rehired by an Employer after July 1, 1998 and (d) becomes a Participant in the Program shall not be eligible for the Ten-Year Projection Additional Amount described in Section I(b) of this Appendix D.
- (iii) Special Interest Credit: An individual who (a) was a participant in the San Diego Gas & Electric Company Pension Plan before July 1, 1998, (b) was not an Eligible Employee on July 1, 1998, (c) is rehired by an Employer after July 1, 1998 and (d) becomes a Participant in the Program shall not be eligible to have the Special Interest Rate applied to the balance of his Base Account.
- (iv) Special Employer Credit: An individual who (a) was a participant in the San Diego Gas & Electric Company Pension Plan before July 1, 1998, (b) was not an Eligible Employee on July 1, 1998, (c) is rehired by an Employer after July 1, 1998 and (d) becomes a Participant in the Program shall not be eligible to receive the Special Employer Credit.

(2) Employees Who Were Participants in the Southern California Gas Company Pension Plan and Whose Employment Was Not Subject to a Collective Bargaining Agreement as of June 30, 1998. The Employer Credit Account and Base Account of a Participant who was a participant in the Southern California Gas Company Pension Plan and whose employment with the Company was not subject to a collective bargaining agreement as of June 30, 1998 and who is rehired by an Employer after July 1, 1998 shall be credited as determined under paragraphs (i) through (iv) below.

- (i) Initial Employer Allocation: The Initial Employer Allocation shall be equal to the actuarial present value of the Participant's accrued benefit under the Southern California Gas Company Pension Plan as of the Participant's first Reemployment Commencement Date after July 1, 1998. The present value calculation and the Southern California Gas Company Pension Plan early retirement reduction factors are based on the Applicable Interest Rate and Applicable Mortality Table in effect for the year in which the Base Account is first established, and do not include an annual cost-of-living-adjustment commencing at age 55.
- (ii) Ten-Year Projection: An individual who (a) was a participant in the Southern California Gas Company Pension Plan before July 1, 1998, (b) was not an Eligible Employee on July 1, 1998, (c) is rehired by an Employer after July 1, 1998 and (d) becomes a Participant in the Program shall not be eligible for the Ten-Year Projection Additional Amount described in Section I(b) of this Appendix D.
- (iii) Special Interest Credit: An individual who (a) was a participant in the Southern California Gas Company Pension Plan before July 1, 1998, (b) was not an Eligible Employee on July 1, 1998, (c) is rehired by an Employer after July 1, 1998 and (d) becomes a Participant in the Program shall not be eligible to have the Special Interest Rate applied to the balance of his Base Account.
- (iv) Special Employer Credit: An individual who (a) was a participant in the Southern California Gas Company Pension Plan before July 1, 1998, (b) was not an Eligible Employee on July 1, 1998, (c) is rehired by an Employer after July 1, 1998 and (d) becomes a Participant in the Program shall not be eligible for the Special Employer Credit.

**SOUTHERN CALIFORNIA GAS COMPANY**  
**MANAGEMENT AND ASSOCIATE EMPLOYEE**  
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**APPENDIX E**

**Excluded Groups of Employees**

Frontier Energy LLC

Topaz Power Group LLC

Mesquite Power LLC

Elk Hills Power L.P.

Twin Oaks Power LLC

El Dorado Power LLC



**SOUTHERN CALIFORNIA GAS COMPANY**  
**MANAGEMENT AND ASSOCIATE EMPLOYEE**  
**CASH BALANCE PROGRAM**  
**APPENDIX F**

**Distribution Options under Prior Plans**

<b><u>Prior Plan</u></b>	<b><u>Distribution Option</u></b>
<p>San Diego Gas &amp; Electric Company  Pension Plan</p>	<ul style="list-style-type: none"> <li>▪ Single life annuity</li> <li>▪ 100% joint and survivor annuity</li> <li>▪ 50% joint and survivor annuity with a “pop-up” option (which allows the Participant to receive a single life annuity if his spouse predeceases him)</li> <li>▪ 10-year certain and life annuity</li> <li>▪ Level income option</li> <li>▪ Annuity options are eligible for periodic cost-of-living adjustments</li> </ul>
<p>Pacific Enterprises Pension Plan  and  Southern California Gas Company Pension Plan</p>	<ul style="list-style-type: none"> <li>▪ Single life annuity</li> <li>▪ 33 1/3%, 50%, 75% or 100% joint and survivor annuity</li> <li>▪ 10-year certain and life annuity</li> <li>▪ 15-year certain and life annuity</li> <li>▪ Variable annuity option (only if elected prior to April 1, 1979)</li> </ul>

**SOUTHERN CALIFORNIA GAS COMPANY PENSION PLAN**  
**(as amended and restated effective January 1, 2008)**

**AMENDMENT NUMBER ONE**

**WHEREAS**, the Southern California Gas Company (the “Company”) maintains the Southern California Gas Company Pension Plan (the “Plan”), which is comprised of both a cash balance portion, the “Southern California Gas Company Management and Associate Employee Cash Balance Program” (the “Program”), and a non-cash balance portion (the “Pension Plan”);

**WHEREAS**, the Company has reserved the right to amend the Plan, subject to its collective bargaining obligations, and has delegated such right to a committee of individuals appointed by the board of directors (the “Committee”); and

**WHEREAS**, pursuant to such power of amendment, the Committee desires to amend the Program in certain respects.

**NOW, THEREFORE, BE IT RESOLVED**, the Program is hereby amended as follows.

1. Effective January 1, 2008, Section 6.3(c) of the Program is hereby amended by adding the following at the end thereof:

Notwithstanding anything in the Program to the contrary, in any case in which a Participant’s Postponed Retirement Benefit, as calculated pursuant to the previous sentence, shall exceed the limitations of Section 8.1 within a Plan Year, a suspension of benefits notice, as required under Department of Labor Regulation section 2530.203-3(b)(4), shall be given. Such notice shall be given to the Participant by personal delivery or first class mail during the first calendar month, or payroll period, in which the Program suspends payments and shall conform to the requirements of Department of Labor Regulations section 2520.203-3.

2. Effective November 7, 2008, Section 13.2(b) of the Program is hereby amended by adding the following paragraphs at the end thereof:

Effective as of November 7, 2008, in the case of a “Shared Interest QDRO” (as defined in the next sentence), (i) if the Participant pre-deceases an alternate payee, then all payments under the Shared Interest QDRO shall cease upon the death of the Participant and no payments shall be made under the Program to the alternate payee after such death (unless the alternate payee is designated as the Beneficiary under the form of benefit elected by the Participant) and (ii) if the alternate payee pre-deceases the Participant, then the alternate payee’s portion of the Participant’s Accrued Benefit shall revert to the Participant. For purposes of this Section 13.2(b), a “Shared Interest QDRO” means a Qualified Domestic Relations Order pursuant to which an alternate payee receives a portion of the Participant’s Accrued Benefit but does not have a separate interest in the Program.

Effective as of November 7, 2008, in the case of a “Separate Interest QDRO” (as defined in the next sentence), (i) if the Participant pre-deceases an alternate payee, then payments shall continue to the alternate payee as specified in the Separate Interest QDRO and (ii) if the alternate payee pre-deceases the Participant, then payments shall continue as specified in the Separate Interest QDRO and shall not revert to the Participant. For purposes of this Section 13.2(b), a “Separate Interest QDRO” means a Qualified Domestic Relations Order pursuant to which an alternate payee receives a separate interest in the Program.

**SOUTHERN CALIFORNIA GAS COMPANY  
PENSION PLAN**

(as amended and restated, effective January 1, 2008)

**AMENDMENT NUMBER TWO**

1. Effective September 2, 2009, Section 7.5 of the non-cash balance portion of the Southern California Gas Company Pension Plan (the "Plan") is hereby amended to read as follows:

"Cash Out of Small Benefits. Notwithstanding any provision of the Pension Plan to the contrary and subject to the immediately following paragraph, if, as of the Participant's Termination Date (including on account of death), the Actuarial Equivalent of the Participant's Accrued Benefit does not exceed \$5,000, such Participant, or in the event of the Participant's death, such Participant's Surviving Spouse or Beneficiary, shall receive a mandatory single lump sum cash distribution as soon as practicable following such Termination Date in satisfaction of all benefits to which the Participant or his Surviving Spouse or Beneficiary, as the case may be, is entitled under the Plan. Effective March 28, 2005, if such mandatory distribution is greater than \$1,000 and the Participant (or Surviving Spouse or Beneficiary, as applicable) does not elect either (i) to have such distribution paid directly to an eligible retirement plan specified by the Participant (or Surviving Spouse or Beneficiary, as applicable) in a direct rollover or (ii) to receive the distribution directly in accordance with Section 7.1, then the Trustee shall pay the distribution in a direct rollover to an individual retirement account designated by the Committee that is established in the name of the Participant (or Surviving Spouse or Beneficiary, as applicable). For purposes of this 7.5, the present value shall be calculated using the Applicable Interest Rate and Applicable Mortality Table. Any Years of Credited Service which is used in computing a distribution to a Participant under this Section 7.5 shall be disregarded for purposes of computing any subsequent benefit to which such Participant may become entitled under the Pension Plan.

Notwithstanding the immediately preceding paragraph, there shall be no mandatory single lump sum cash distribution of a benefit pursuant to this Section without the consent of a Participant after such Participant has attained his Normal Retirement Age."

2. Effective September 2, 2009, Section 7.1(c) of the cash balance portion, the "Southern California Gas Company Management and Associate Employee Cash Balance Program", is hereby amended to read as follows:

"Immediate Distribution of Small Benefits. Notwithstanding any provision of the Program to the contrary, if, as of the Participant's Termination Date (including on account of death), the Actuarial Equivalent of the Participant's Accrued Benefit does not exceed \$5,000, such Participant, or in the event of the Participant's death, such Participant's Beneficiary or Beneficiaries, shall receive a mandatory single lump sum cash distribution as soon as practicable following such Termination Date in satisfaction of all benefits to which the Participant or his Beneficiaries, as the case may be, is entitled under the Program. Effective March 28, 2005, if such mandatory distribution is greater than \$1,000 and the Participant or Beneficiary does not elect either (i) to have such distribution paid directly to an eligible retirement plan specified by the Participant in a direct rollover or (ii) to receive the distribution directly in accordance with

Section 7.2, then the Trustee shall pay the distribution in a direct rollover to an individual retirement account designated by the Committee that is established in the name of the Participant.”

**SOUTHERN CALIFORNIA GAS COMPANY PENSION PLAN**  
**(as amended and restated effective January 1, 2008)**

**AMENDMENT NUMBER THREE**

**WHEREAS**, the Southern California Gas Company (the “Company”) maintains the Southern California Gas Company Pension Plan (the “Plan”), which provides benefits to certain eligible employees under a cash balance formula, the “Southern California Gas Company Management and Associate Employee Cash Balance Program” (the “Program”), and benefits to certain other eligible employees under another type of defined benefit formula (the “Pension Plan”);

**WHEREAS**, the Company has reserved the right to amend the Plan and has delegated such right to a committee of individuals appointed by the board of directors (the “Committee”); and

**WHEREAS**, pursuant to such power of amendment, the Committee desires to amend the Program to implement the Class Action Settlement Agreement dated May 26, 2009 between the Company and Susana H. Selesky (on behalf of herself and each and every member of the class defined in such agreement) (the “Agreement”) in connection with the settlement of *Hurlic, et. al. v. Southern California Gas Company*.

**NOW, THEREFORE, BE IT RESOLVED**, the Program is hereby amended, effective as of November 5, 2009, by adding the following Appendix G after Appendix F thereof:

**APPENDIX G**

**Special Provisions Related to Class Settlement of *Hurlic, et. al. v. Southern California Gas Company***

This Appendix G is intended to implement the Class Action Settlement Agreement dated May 26, 2009 between the Company and Susana H. Selesky (on behalf of herself and each and every member of the class defined in such agreement) (the “Agreement”) in connection with the settlement of *Hurlic, et. al. v. Southern California Gas Company*. This Appendix G provides for payment of benefits with respect to certain Participants and former Participants in connection with the Agreement.

Section 1. Definitions. For purposes of this Appendix G, the following terms shall have the meaning indicated below. Terms not otherwise defined in this Appendix G shall have the meaning specified in Article 2 of the Program.

(d) Class Member shall mean an individual who is a member of the class consisting of (a) all individuals who satisfy each of the following requirements: (i) participated in the Plan on June 30, 1998, (ii) on July 1, 1998 accrued benefits under the Program, (iii) were vested in their pension benefits under the Program on or before the Preliminary Approval Order Date and

(iv) did not have a Termination Date at any time before July 1, 2003, and (b) the Beneficiaries of all such individuals.

(e) FBPA Participant shall mean a Class Member for whom a Frozen Benefit Plus<sup>+</sup> Account was established as of March 1, 2007 pursuant to Section I(g) of Appendix D and who did not have a Termination Date prior to the Preliminary Approval Order Date

(f) Hypothetical Frozen Benefit Plus+ Amount shall mean the amount equal to (i) the Employer Credits and Special Employer Credits, if applicable, that would have been allocated to a Frozen Benefit Plus<sup>+</sup> Account for a Pre-FBPA Participant for the period beginning on July 1, 2003 and ending on his Termination Date had the provisions of Section I(g) of Appendix D been in effect during such period, and (ii) Interest Credits (determined for 2003 by using the Base Interest Rate for the November immediately preceding the first day of 2003 Plan Year and for each following Plan Year by using the Base Interest Rate for the November immediately preceding the first day of each following Plan Year prior to the Plan Year in which his Benefit Commencement Date occurs) on such Employer Credits and Special Employer Credits through his Benefit Commencement Date; *provided, however*, that such amount shall not exceed 55% of the excess of:

(A) the lump sum value of the accrued benefit (calculated by excluding any incentive compensation) the Pre-FBPA Participant would have been entitled to receive under the terms of the Southern California Gas Company Pension Plan as in effect as of June 30, 1998 had it continued in effect through his Termination Date, over

(B) the sum of (i) the lump sum value of the Pre-FBPA Participant's Accrued Benefit determined as of his Benefit Commencement Date and (ii) the lump sum value of the amount, if any, the Pre-FBPA Participant received, or is entitled to receive, from the Sempra Energy Supplemental Executive Retirement Plan and the Sempra Energy Cash Balance Restoration Plan on his date of benefit commencement under the applicable plan.

(g) Minimum Payment shall mean \$100.

(h) Post-FBPA Participant shall mean a Class Member whose Termination Date is on or after March 1, 2007 and before the Preliminary Approval Order Date.

(i) Preliminary Approval Order Date shall mean the "Preliminary Approval Order Date" as defined in the Agreement.

(j) Pre-FBPA Participant shall mean a Class Member (i) whose Termination Date is on or after July 1, 2003 and prior to March 1, 2007 and (ii) who has commenced receipt, or is entitled to commence receipt, of his Accrued Benefit under the Program.

(k) Settlement Benefit shall mean the benefit to which a Class Member is entitled under Section 3 of this Appendix G.

(l) Settlement Effective Date shall mean the "Effective Date" as defined in the Agreement.

Section 2. Eligibility and Vesting. Each Class Member shall be entitled to receive a Settlement Benefit and shall be fully vested in his Settlement Benefit as of the Settlement Effective Date.

Section 3. Settlement Benefit.

(m) Pre-FBPA Participants. Each Pre-FBPA Participant shall receive the greater of (i) the Hypothetical Frozen Benefit Plus+ Amount and (ii) the Minimum Payment.

(n) Post-FBPA Participants. Each Post-FBPA Participant shall receive the Minimum Payment.

(o) FBPA Participants. Each FBPA Participant shall continue to earn benefits under Section I(g) of Appendix D until at least July 1, 2011 or, if earlier, his Termination Date. Notwithstanding the preceding sentence of this Section 3(c) of Appendix G, the Company shall have the sole discretion to discontinue the provisions of Section I(g) of Appendix D at any time, including prior to July 1, 2011, in the event of: (i) regulatory changes imposed by the California Public Utilities Commission that affect the Company's ability to recover pension benefit costs in rates; or (ii) a material change in the law, financial accounting regulations, or state or federal tax regulations that has a material adverse effect on the Company's assets, liabilities or income.

Section 4. Payment of Settlement Benefit.

(p) Hypothetical Frozen Benefit Plus+ Amount. If a Pre-FBPA Participant's Hypothetical Frozen Benefit Plus+ Amount exceeds \$5,000, then such amount shall be distributed in the form and manner as elected by such Pre-FBPA Participant pursuant to Section 7.2 of the Program. If such Pre-FBPA Participant has already commenced receipt of his benefit under the Program, then his Hypothetical Frozen Benefit Plus+ Amount shall be distributed in the same form as he previously elected. If a Pre-FBPA Participant's Hypothetical Frozen Benefit Plus+ Amount does not exceed \$5,000, then such Pre-FBPA Participant shall receive a single lump sum cash distribution. However, if a Pre-FBPA Participant's Hypothetical Frozen Benefit Plus+ Amount is greater than \$1,000 but less than or equal to \$5,000 and the Pre-FBPA Participant does not elect either (i) to have such distribution paid directly to an eligible retirement plan specified by the Pre-FBPA Participant in a direct rollover or (ii) to receive the distribution directly in accordance with Section 7.2 of the Program, then the Trustee shall pay the distribution in a direct rollover to an individual retirement account designated by the Committee that is established in the name of the Pre-FBPA Participant.

(q) Minimum Payment. Each Class Member who is entitled to the Minimum Payment shall receive a single lump sum cash distribution.

(r) Payment to FBPA Participants. Each FBPA Participant shall receive his Accrued Benefit, calculated in accordance with the provisions of Section 6.3 of the Program, upon his Benefit Commencement Date in the form and manner prescribed under Sections 7.1 and 7.2 of the Program.



(d) Payment of Settlement Benefit in the Event of a Pre-FBPA or Post-FBPA

Participant's Death. In the event of the death of a Pre-FBPA or Post-FBPA Participant before receipt of his entire Settlement Benefit, such Settlement Benefit shall be paid to his Beneficiary in the same form and manner as described in items (a) and (b) of this Section 4 of Appendix G.

**SOUTHERN CALIFORNIA GAS COMPANY PENSION PLAN**  
**(as amended and restated, effective January 1, 2008)**

**AMENDMENT NUMBER FOUR**

1. Effective January 1, 2008, Item 4 of Article II of the non-cash balance portion of the Southern California Gas Company Pension Plan (the "Plan") is amended to read as follows:

"Applicable Interest Rate shall mean the interest rate determined by reference to the adjusted first, second and third segment rates applied under the rules of Code Section 430(h)(2)(C) or any successor thereto, with the modifications described in Code Section 417(e)(3)(D) or any successor thereto, for the month of November immediately preceding the first day of the Plan Year in which the applicable determination occurs."

2. Effective January 1, 2008, Item 6 of Article II of the non-cash balance portion of the Plan is amended to read as follows:

"Applicable Mortality Table shall mean the mortality assumptions under the applicable mortality table described in Code Section 417(e)(3)(B), or any successor thereto, as in effect on the date of determination."

3. Effective January 1, 2009, Item 21 of Article II of the non-cash balance portion of the Plan is amended to read as follows:

"Employee shall mean an individual who has been determined by the Employer (regardless of any determination made by any other person or entity) to be a common law employee of the Employer for federal income and/or employment tax purposes. Notwithstanding any other provision of the Plan, no individual who renders services to an Employer shall be considered an Employee for purposes of the Pension Plan if such individual renders such services pursuant to (i) a written personal services agreement, independent contractor agreement, or consulting agreement (unless such agreement specifically provides for participation, either in this Plan specifically or employee benefit plans generally), (ii) an agreement with an entity, including a leasing organization within the meaning of section 414(n)(2) of the Code, that is not an Employer or Affiliated Employer, or (iii) an agreement that contains a waiver of participation in the Pension Plan. Even if an individual who has been determined by the Employer not to be an Employee is later determined (by judicial action or otherwise) to have been an employee of an Employer under common law, such individual shall not, notwithstanding such determination, be an Employee or otherwise eligible to participate in or receive benefits under the Plan or the Pension Plan. An individual's status as an Employee shall be determined by the Employer and all such determinations shall be conclusive and binding on all persons."

4. Effective January 1, 2008, Section 7.6 of the non-cash balance portion of the Plan is amended to read as follows by adding the following two sentences immediately prior to the final sentence of that section:

“The term “distributee” shall also include the non-spouse Beneficiary of a Participant; *provided, however,* that a surviving non-spouse Beneficiary may elect to roll over all or any portion of a distribution to which he is entitled under the Program that is an “eligible rollover distribution” and that is at least \$200 only to an individual retirement account or annuity and only if: (i) such transfer is a direct trustee-to-trustee transfer and (ii) such account or annuity has been established for the purpose of receiving such distribution on behalf of the surviving nonspouse Beneficiary (such account or annuity so established shall be treated as an inherited account or annuity within the meaning of section 408(d)(3)(C) of the Code and shall be subject to the requirements of section 401(a)(9)(B) of the Code). For purposes of these direct rollover provisions, a portion of a distribution shall not fail to be an eligible rollover distribution merely because the portion consists of after-tax employee contributions which are not includible in gross income. However, such portion may be paid only to an individual retirement account or annuity described in Section 408(a) or (b) of the Code, or to a qualified defined contribution plan described in Section 401(a) or 403(a) of the Code that agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible.”

5. Effective January 1, 2008, a new Section 7.9 is added to the non-cash balance portion of the Plan to read as follows:

“7.9 Funding-Based Limits on Benefits. Effective for Plan Years commencing on and after January 1, 2008, the provisions of this Section 7.9 shall apply notwithstanding any other provision of the Plan.

- (1) Limitation on Plan Amendments.

- (a) No amendment to the Plan that has the effect of increasing liabilities of the Plan by reason of increases in benefits, establishment of new benefits, changing the rate of benefit accrual or changing the rate at which benefits become nonforfeitable may take effect during any Plan Year if the Adjusted Funding Target Attainment Percentage (as defined in Subsection (4) of this Section) for such Plan Year (i) is less than 80% or (ii) would be less than 80% taking into account such amendment.

- (b) The limitation described in Paragraph (a) of this Subsection (1) shall cease to apply with respect to any Plan Year at the time and in the manner provided in section 436 of the Code.

- (c) Paragraph (a) of this Subsection (1) shall not apply to any Plan amendment that provides for an increase in benefits under a formula that is not based on a Participant’s compensation, provided that the rate of increase in benefits is not in excess of the contemporaneous rate of increase in average wages of Participants covered by the amendment.

- (2) Limitation on Accelerated Benefit Distributions.

(a) The Plan shall not pay any Prohibited Payment (as defined in Subsection (4) of this Section) after the date specified in section 436 of the Code if the Plan's Adjusted Funding Target Attainment Percentage for a Plan Year is less than 60%.

(b) The Plan shall not pay any Prohibited Payment during any period in which the Employer is a debtor in a case under title 11, United States Code, or similar federal or state law, provided that, to the extent provided in section 436(d)(2) of the Code, this Paragraph (b) shall not apply on or after the date on which the Plan's actuary certifies that the Plan's Adjusted Funding Target Attainment Percentage is not less than 100%.

(c) If the Plan's Adjusted Funding Target Attainment Percentage for a Plan Year is at least 60% but is less than 80%, the Plan shall not pay any Prohibited Payment after the date specified in section 436 of the Code to the extent that the amount of the Prohibited Payment exceeds the lesser of:

(i) 50% of the amount of the Prohibited Payment that could be made without regard to this Subsection (2), or

(ii) the present value (determined under guidance prescribed by the Pension Benefit Guaranty Corporation, using the interest and mortality assumptions under section 417(e) of the Code) of the maximum guarantee with respect to the Pensioner under section 4022 of ERISA.

(d) The Plan may make only one Prohibited Payment described in Paragraph (c) of this Subsection (2) with respect to a Pensioner during any period of consecutive Plan Years to which any of the limitations described in this Subsection (2) is applicable.

(3) Limitation on Benefit Accruals.

(a) If the Plan's Adjusted Funding Target Attainment Percentage for a Plan Year is less than 60%, all benefit accruals under the Plan shall cease as of the date specified in section 436 of the Code, and, unless otherwise provided by an amendment to the Plan, no service of any Participant during the period of such cessation of benefit accruals shall be counted as Benefit Service hereunder.

(b) The limitation described in Paragraph (a) of this Subsection (3) shall cease to apply with respect to any Plan Year at the time and in the manner provided in section 436 of the Code.

(c) Unless otherwise provided by an amendment to the Plan, benefit accruals under the Plan that have ceased pursuant to this Subsection (3) will resume prospectively effective as of the day following the close of the period for which the limitation under this Subsection (3) applies.

(d) If the period of limitation under this Subsection (3) does not exceed 12 months, benefit accruals that were ceased pursuant to this Subsection (3) shall be automatically restored. Service of Participants during the period for which benefit accruals are restored pursuant to this paragraph (d) of Subsection (3) shall be counted as Benefit Service.

(4) Definitions. The following terms when used in this Section 7.9 shall have the following respective meanings:

(a) Adjusted Funding Target Attainment Percentage: The adjusted funding target attainment percentage, as defined in section 436(j)(2) of the Code.

(b) Prohibited Payment: A prohibited payment, as defined in section 436(d)(5) of the Code.

(5) No Obligation. The Employer shall not be required to (a) make additional contributions to the Plan, (b) provide additional security to the Plan, or (c) alter the method or timing of any actuarial valuation, in order to avoid the application of the funding-based limitations set forth in this Section and section 436 of the Code (or any successor provision). Except to the extent required by law, the Plan shall not (x) restore any benefits that did not accrue, or make any payment in lieu of any benefits that are not paid, by reason of this Section or section 436 of the Code (or any successor provision), or (y) provide any elections to Participants, former Participants, spouses or Beneficiaries that are not required by section 436 of the Code (or any successor provision), unless the Employer, in its sole discretion, amends the Plan to so provide. Further, the Employer shall not be required to make any payments to Participants, former Participants, spouses or Beneficiaries, or otherwise make up, in any manner or at any time from its general assets or any other source, for any benefits that did not accrue or were not paid under the Plan by reason of this Section 7.9 or section 436 of the Code (or any successor provision).

(6) Interpretation. The foregoing provisions of this Section are intended to incorporate and comply with the requirements of section 436 of the Code (or any successor provision). These provisions shall be interpreted and applied in accordance with such section of the Code and the regulations, rulings and other guidance issued thereunder.”

6. Effective upon execution, Section 9.1(a) of the non-cash balance portion of the Plan is amended by deleting the first sentence and inserting in lieu thereof the following:

“The Committee. (a) The Plan shall be administered by a Committee of Employees who hold the following positions within Sempra Energy: (i) Sempra Energy’s most senior Human Resources officer, (ii) Sempra Energy’s Treasurer, (iii) Sempra Energy’s Controller, (iv) the Chief Executive Officer of the Company and Sempra Energy’s other California utility, Southern California Gas Company, and (v) Sempra Energy’s Chief Financial Officer. Sempra Energy’s Chief Financial Officer shall serve as chairman of the Committee.”

7. Effective upon execution, the first sentence of Section 9.1(h) of the non-cash balance portion of the Plan is amended as follows:

“The Committee may act at a meeting by the vote of a majority of those present at the meeting or without a meeting by instrument in writing signed by all of the members of the Committee.”

8. Effective upon execution, Sections 9.1(a), (c) and (h) of the non-cash balance portion of the Plan are further amended by deleting the reference to “board of directors of Sempra

Energy” and inserting in lieu thereof the words “Compensation Committee of the board of directors of Sempra Energy.”

9. Effective upon execution, the following new sentence shall be added immediately after the second sentence of Section 12.1 of the non-cash balance portion of the Plan:

“Pursuant to a delegation from the Board of Directors, the Committee, by adopting one or more resolutions or consent actions, may, at any time, and from time to time, amend, in whole or in part, any or all provisions of the Plan and any or all of the provisions of any trust agreement that may be established hereunder, in order to carry out the purposes of the Plan; *provided, however,* that any adoption or amendment does not (a) have a material financial impact on the Company or (b) disproportionately favor officers of the Company in relation to similarly situated salaried employees.”

10. Effective January 1, 2008, Item 4 of Article II of the cash balance portion of the Plan, the “Southern California Gas Company Management and Associate Employee Cash Balance Program” (the “Program”), is amended to read as follows:

“Applicable Interest Rate shall mean the interest rate determined by reference to the adjusted first, second and third segment rates applied under the rules of Code Section 430(h)(2)(C) or any successor thereto, with the modifications described in Code Section 417(e)(3)(D) or any successor thereto, for the month of November immediately preceding the first day of the Plan Year in which the applicable determination occurs.”

11. Effective January 1, 2008, Item 5 of Article II of Program is amended to read as follows:

“Applicable Mortality Table shall mean the mortality assumptions under the applicable mortality table described in Code Section 417(e)(3)(B), or any successor thereto, as in effect on the date of determination.”

12. Effective January 1, 2009, Item 22 of Article II of the Program is amended to read as follows:

“Employee shall mean an individual who has been determined by the Employer (regardless of any determination made by any other person or entity) to be a common law employee of the Employer for federal income and/or employment tax purposes. Notwithstanding any other provision of the Plan, no individual who renders services to an Employer shall be considered an Employee for purposes of the Program if such individual renders such services pursuant to (i) a written personal services agreement, independent contractor agreement, or consulting agreement (unless such agreement specifically provides for participation, either in this Plan specifically or employee benefit plans generally), (ii) an agreement with an entity, including a leasing organization within the meaning of section 414(n)(2) of the Code, that is not an Employer or Affiliated Employer, or (iii) an agreement that contains a waiver of participation in the Program. Even if such individual who has been determined by the Employer not to be an Employee is later determined (by judicial action or otherwise) to have been an employee of an Employer under common law, such individual shall not, notwithstanding such determination, be an Employee or otherwise eligible to participate in or receive benefits under the Program. An individual’s status as an Employee shall be

determined by the Employer and all such determinations shall be conclusive and binding on all persons.”

13. Section 3.2(b) of the Program is amended by the addition of the following paragraph:

“Notwithstanding the immediately preceding paragraph and Section 6.3, if an Eligible Employee becomes a Participant under the Program on or after June 29, 2005, because his employment position is no longer covered by a collective bargaining agreement, such Participant’s Accrued Benefit shall not be less than the sum of (i) the Actuarial Equivalent of the portion of the Participant’s Employer Credit Account consisting of Employer Credits, Special Employer Credits, if any, and Interest Credits on such Employer Credits and Special Employer Credits, if any, at the Base Interest Rate in effect for the current Plan Year projected to his Normal Retirement Age, *plus* (ii) the accrued benefit under the Prior Plan at the date his employment position is no longer covered by a collective bargaining agreement. Such Participant shall be entitled to receive his Accrued Benefit in any of the optional forms of benefit that were available to the Participant under the Prior Plan.”

14. Effective January 1, 2009, Section 6.3(a) of the Program is amended by adding the words “in effect for the current Plan Year” after the words “Base Interest Rate.”

15. Effective January 1, 2010, Section 7.1(c) of the Program is amended by the addition of the following sentence to the end of that provision:

“Effective January 1, 2010, lump sum distributions under this provision with respect to a Participant’s Accrued Benefit (or portion thereof) shall be calculated in accordance with Section 7.2(c) (Option 2).”

16. Effective January 1, 2010, Section 7.2(c) (Option 2) of the Program is amended by the addition of the following to the end of that provision:

“Effective January 1, 2010, any lump sum distribution of a Participant’s Accrued Benefit (or portion thereof) as calculated under Section 6.3(a)(i) shall be equal to the sum of the balances in the Participant’s Employer Credit Account and Base Account, if any, as of the Benefit Commencement Date. Effective January 1, 2010, any lump sum distribution of a Participant’s Accrued Benefit (or portion thereof) as calculated under Section 6.3(a)(ii) shall be equal to the sum of the Actuarial Equivalent of the Participant’s Grandfathered Benefit, if any, and the balance in the Participant’s Frozen Benefit Plus+ Account, if any, as of the Benefit Commencement Date.”

17. Effective January 1, 2010, Section 7.3(a) of the Program is amended by the addition of the following after the third sentence of that provision:

“Effective January 1, 2010, any pre-retirement death benefit payable with respect to a Participant who is an Eligible Employee on January 1, 2008 or who becomes an Eligible Employee thereafter and whose employment by an Employer was not subject to a collective bargaining agreement at his date of death or date of termination, if earlier, that is elected by the Participant’s Beneficiary to be paid as a lump sum distribution shall be calculated as follows: (i) any lump sum distribution of a Participant’s Accrued Benefit as calculated under Section 6.3(a)(i) shall be

equal to the sum of the balances in the Participant's Employer Credit Account and Base Account, if any, as of the date of the Participant's death; and (ii) any lump sum distribution of a Participant's Accrued Benefit as calculated under Section 6.3(a)(ii) shall be equal to the sum of the Actuarial Equivalent of the Participant's Grandfathered Benefit, if any, and the balance in the Participant's Frozen Benefit Plus+ Account, if any, as of the date of the Participant's death."

18. Effective January 1, 2008, Section 7.6 is amended by adding the following sentence at the end of the second to last paragraph:

"For purposes of these direct rollover provisions, a portion of a distribution shall not fail to be an eligible rollover distribution merely because the portion consists of after-tax employee contributions which are not includible in gross income. However, such portion may be paid only to an individual retirement account or annuity described in Section 408(a) or (b) of the Code, or to a qualified defined contribution plan described in Section 401(a) or 403(a) of the Code that agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible."

19. Effective January 1, 2008, a new Section 7.9 is added to the Program, to read as follows:

"7.9 Funding-Based Limits on Benefits. Effective for Plan Years commencing on and after January 1, 2008, the provisions of this Section 7.9 shall apply notwithstanding any other provision of the Plan.

(1) Limitation on Plan Amendments.

(a) No amendment to the Plan that has the effect of increasing liabilities of the Plan by reason of increases in benefits, establishment of new benefits, changing the rate of benefit accrual or changing the rate at which benefits become nonforfeitable may take effect during any Plan Year if the Adjusted Funding Target Attainment Percentage (as defined in Subsection (4) of this Section) for such Plan Year (i) is less than 80% or (ii) would be less than 80% taking into account such amendment.

(b) The limitation described in Paragraph (a) of this Subsection (1) shall cease to apply with respect to any Plan Year at the time and in the manner provided in section 436 of the Code.

(c) Paragraph (a) of this Subsection (1) shall not apply to any Plan amendment that provides for an increase in benefits under a formula that is not based on a Participant's compensation, provided that the rate of increase in benefits is not in excess of the contemporaneous rate of increase in average wages of Participants covered by the amendment.

(2) Limitation on Accelerated Benefit Distributions.

(a) The Plan shall not pay any Prohibited Payment (as defined in Subsection (4) of this Section) after the date specified in section 436 of the Code if the Plan's Adjusted Funding Target Attainment Percentage for a Plan Year is less than 60%.



(b) The Plan shall not pay any Prohibited Payment during any period in which the Employer is a debtor in a case under title 11, United States Code, or similar federal or state law, provided that, to the extent provided in section 436(d)(2) of the Code, this Paragraph (b) shall not apply on or after the date on which the Plan's actuary certifies that the Plan's Adjusted Funding Target Attainment Percentage is not less than 100%.

(c) If the Plan's Adjusted Funding Target Attainment Percentage for a Plan Year is at least 60% but is less than 80%, the Plan shall not pay any Prohibited Payment after the date specified in section 436 of the Code to the extent that the amount of the Prohibited Payment exceeds the lesser of:

(i) 50% of the amount of the Prohibited Payment that could be made without regard to this Subsection (2), or

(ii) the present value (determined under guidance prescribed by the Pension Benefit Guaranty Corporation, using the interest and mortality assumptions under section 417(e) of the Code) of the maximum guarantee with respect to the Pensioner under section 4022 of ERISA.

(d) The Plan may make only one Prohibited Payment described in Paragraph (c) of this Subsection (2) with respect to a Pensioner during any period of consecutive Plan Years to which any of the limitations described in this Subsection (2) is applicable.

(3) Limitation on Benefit Accruals.

(a) If the Plan's Adjusted Funding Target Attainment Percentage for a Plan Year is less than 60%, all benefit accruals under the Plan shall cease as of the date specified in section 436 of the Code, and, unless otherwise provided by an amendment to the Plan, no service of any Participant during the period of such cessation of benefit accruals shall be counted as Benefit Service hereunder.

(b) The limitation described in Paragraph (a) of this Subsection (3) shall cease to apply with respect to any Plan Year at the time and in the manner provided in section 436 of the Code.

(c) Unless otherwise provided by an amendment to the Plan, benefit accruals under the Plan that have ceased pursuant to this Subsection (3) will resume prospectively effective as of the day following the close of the period for which the limitation under this Subsection (3) applies.

(d) If the period of limitation under this Subsection (3) does not exceed 12 months, benefit accruals that were ceased pursuant to this Subsection (3) shall be automatically restored. Service of Participants during the period for which benefit accruals are restored pursuant to this paragraph (d) of Subsection (3) shall be counted as Benefit Service.

(4) Definitions. The following terms when used in this Section 7.9 shall have the following respective meanings:

(a) Adjusted Funding Target Attainment Percentage: The adjusted funding target attainment percentage, as defined in section 436(j)(2) of the Code.

(b) Prohibited Payment: A prohibited payment, as defined in section 436(d)(5) of the Code.

(5) No Obligation. The Employer shall not be required to (a) make additional contributions to the Plan, (b) provide additional security to the Plan, or (c) alter the method or timing of any actuarial valuation, in order to avoid the application of the funding-based limitations set forth in this Section and section 436 of the Code (or any successor provision). Except to the extent required by law, the Plan shall not (x) restore any benefits that did not accrue, or make any payment in lieu of any benefits that are not paid, by reason of this Section or section 436 of the Code (or any successor provision), or (y) provide any elections to Participants, former Participants, spouses or Beneficiaries that are not required by section 436 of the Code (or any successor provision), unless the Employer, in its sole discretion, amends the Plan to so provide. Further, the Employer shall not be required to make any payments to Participants, former Participants, spouses or Beneficiaries, or otherwise make up, in any manner or at any time from its general assets or any other source, for any benefits that did not accrue or were not paid under the Plan by reason of this Section 7.9 or section 436 of the Code (or any successor provision).

(6) Interpretation. The foregoing provisions of this Section are intended to incorporate and comply with the requirements of section 436 of the Code (or any successor provision). These provisions shall be interpreted and applied in accordance with such section of the Code and the regulations, rulings and other guidance issued thereunder.”

20. Effective upon execution, Section 10.1(a) of the Program is amended by deleting the first sentence and inserting in lieu thereof the following:

“The Committee. (a) The Plan shall be administered by a Committee of Employees who hold the following positions within Sempra Energy: (i) Sempra Energy’s most senior Human Resources officer, (ii) Sempra Energy’s Treasurer, (iii) Sempra Energy’s Controller, (iv) the Chief Executive Officer of the Company and Sempra Energy’s other California utility, Southern California Gas Company, and (v) Sempra Energy’s Chief Financial Officer. Sempra Energy’s Chief Financial Officer shall serve as chairman of the Committee.”

21. Effective upon execution, the first sentence of Section 10.1(h) of the Program is amended as follows:

“The Committee may act at a meeting by the vote of a majority of those present at the meeting or without a meeting by instrument in writing signed by all of the members of the Committee.”

22. Effective upon execution, Sections 10.1(a), (c) and (h) of the Program are further amended by deleting the reference to “board of directors of Sempra Energy” and inserting in lieu thereof the words “Compensation Committee of the board of directors of Sempra Energy.”

23. Effective upon execution, Section 11.1 of the Program is amended by inserting “or the Committee” after the word “Company.”

24. Effective upon execution, Section 15.1 of the Program is amended by deleting the second sentence and inserting in lieu thereof the following:

“Pursuant to a delegation from the Board of Directors, the Committee, by adopting one or more resolutions or consent actions, may, at any time, and from time to time, amend, in whole or in part, any or all provisions of the Plan and any or all of the provisions of any trust agreement that may be established hereunder, in order to carry out the purposes of the Plan; *provided, however,* that any adoption or amendment does not (a) have a material financial impact on the Company or (b) disproportionately favor officers of the Company in relation to similarly situated salaried employees.”

25. Effective upon execution, the following new sentence shall be added immediately after the first sentence of Section 15.3 of the Program:

“Pursuant to a delegation of authority from the Board of Directors, the Committee may, by adopting one or more resolutions or consent actions, terminate the Plan in its entirety.”

26. Effective January 1, 2008, Section 15.4 of the Program, is amended by adding a new paragraph at the end to read as follows:

“The rate of interest used to determine accrued benefits under the Plan in the event of termination shall be equal to the average of the Base Rate of Interest used under the Plan during the 5-year period ending on the termination date. The amount of any benefit under the Plan payable in the form of an annuity payable at normal retirement age shall be calculated using the Applicable Interest Rate and the Applicable Mortality Table.”

27. Effective upon execution, the first sentence of Section 16.3 of the Program is amended by inserting the words “or its delegate” after the word “Company.”

28. Effective upon execution, the fourth sentence of Section 16.3 of the Program is amended by inserting the words “or its delegate” after the word “Company.”

29. Effective upon execution, Section 16.8 of the Program is amended by inserting the following new sentence at the end of the provision:

“Pursuant to a delegation from the Board of Directors, the Committee, by adopting one or more resolutions or consent actions, may, at any time, and from time to time, exercise the rights and authority reserved to the Company in the preceding sentence; provided, however, that any amendment does not (a) have a material financial impact on the Company or (b) disproportionately favor officers of the Company in relation to similarly situated salaried employees.”

**SOUTHERN CALIFORNIA GAS COMPANY PENSION  
(as amended and restated, effective January 1, 2008)**

**AMENDMENT NUMBER FIVE**

Effective as of January 1, 2010 (except as otherwise provided herein), the Southern California Gas Company Pension Plan (as amended and restated, effective January 1, 2008), as heretofore amended (the "Pension Plan"), including its component, the Southern California Gas Company Management and Associate Employee Cash Balance Program (as amended and restated, effective January 1, 2008), as heretofore amended (the "Program", and, collectively with the Pension Plan, the "Plan"), is hereby further amended as follows:

1. Section 7.2(b) of the Pension Plan is hereby amended by renumbering clause (v) in the second sentence thereof as clause (vi) and inserting a new clause (v) immediately after clause (iv) thereof to read as follows:

“; (v) an explanation of the Participant’s right to defer receipt of his retirement benefit until his Normal Retirement Age and the consequences of failing to defer such receipt;”

2. Section 7.4 of the Pension Plan is hereby amended in its entirety to read as follows:

“Section 7.4 Required Distribution.

(a) Latest Distribution Date. Unless the Participant elects otherwise, distribution of his Accrued Benefit shall commence no later than 60 days after the close of the Plan Year in which the latest of the following occurs: (i) the Participant attains Normal Retirement Age, (ii) the tenth anniversary of the Participant’s commencement of participation in the Pension Plan and (iii) the Participant’s Termination Date.

(b) Required Beginning Date. Notwithstanding any provision of the Pension Plan to the contrary, a Participant who is a 5% owner (as defined in section 416 of the Code) of the Company or an Affiliated Employer who attains age 70½ shall receive or commence receiving benefits no later than the April 1 following the end of the calendar year in which he attains age 70½. A Participant who is not a 5% owner and who attains age 70½ shall be eligible, but not required, to commence receiving benefits on the April 1 of the calendar year following the calendar year in which such Participant attains age 70½; provided, however, that such Participant shall receive or commence receiving benefits no later than the April 1 following the end of the calendar year in which he retires. Upon such Participant’s late retirement, his Accrued Benefit shall be calculated using service until his Late Retirement Date, actuarially increased to satisfy section 401(a)(9) of the Code, with an offset for any benefit payments previously received.

(c) Required Minimum Distributions. All Pension Plan distributions made on or after January 1, 2003 shall be made in accordance with the provisions of Code section 401(a)(9) (including the incidental death benefit requirement in Code section 401(a)(9)(G)), the final regulations thereunder and any other provisions reflecting Code section 401(a)(9) which are set forth in revenue rulings, notices and other guidance published in the Internal Revenue Service

Bulletin; *provided, however*, that such provisions and provisions of this subsection (c) shall override the other distribution provisions of the Pension Plan only to the extent that such other Plan provisions provide for distribution that is less rapid than, or is not made or does not begin to be made by, the date required under Code section 401(a)(9) and Treasury regulations issued thereunder, and shall not be construed as providing any optional form of payment that is not available under the Pension Plan.

Notwithstanding the other provisions of this subsection (c), distributions may be made under a designation made before January 1, 1984 in accordance with section 242(b)(2) of the Tax Equity and Fiscal Responsibility Act (TEFRA) and the provisions of the Pension Plan that relate to section 242(b)(2) of TEFRA, if any.

(i) Time and Manner of Distribution.

(A) Required Beginning Date. The Participant's entire interest will be distributed, or begin to be distributed, to the Participant no later than the Participant's "Required Beginning Date" (as defined below).

(B) Death of Participant Before Distributions Begin. If the Participant dies before distributions begin, the Participant's entire interest will be distributed, or begin to be distributed, no later than as follows:

(1) If the Participant's surviving spouse is the Participant's sole designated beneficiary, then, unless the five-year rule applies pursuant to clause (5) below, distributions to the surviving spouse will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died, or by December 31 of the calendar year in which the Participant would have attained age 70 ½, if later.

(2) If the Participant's surviving spouse is not the Participant's sole designated beneficiary, then, unless the five-year rule applies pursuant to clause (5) below, distributions to the designated beneficiary will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died.

(3) If there is no designated beneficiary as of September 30 of the year following the year of the Participant's death, the Participant's entire interest will be distributed by December 31 of the calendar year containing the fifth (5th) anniversary of the Participant's death (the "five-year rule").

(4) If the Participant's surviving spouse is the Participant's sole designated beneficiary and the surviving spouse dies after the Participant, but before distributions to the surviving spouse begin, this subparagraph (B), other than subparagraph (B)(1) above, will apply as if the surviving spouse were the Participant.

(5) Notwithstanding the foregoing, if a Participant dies before distributions begin and there is a designated beneficiary, a Participant or Beneficiary may elect on an individual basis whether the five-year rule in subparagraph (B)(3) or the life expectancy rule in subparagraphs (B)(1) or (B)(2) (as applicable) applies to distributions after the death of the Participant. The election must be made no later than the earlier of September 30 of the calendar year in which distribution would be required to begin under subparagraph (B)(1) or (B)(2) (as applicable), or by September 30 of the calendar year which contains the fifth (5<sup>th</sup>) anniversary of the Participant's (or, if applicable, surviving spouse's) death. If neither the Participant nor Beneficiary makes an election under this clause (5), distributions will be made in accordance with the five-year rule in subparagraph (B)(3).

For purposes of this subparagraph (B) and paragraph (iv) below, distributions are considered to begin on the Participant's Required Beginning Date (or, if subparagraph (B)(4) above applies, the date distributions are required to begin to the surviving spouse under subparagraph (B)(1) above). If annuity payments irrevocably commence to the Participant before the Participant's Required Beginning Date (or to the Participant's surviving spouse before the date distributions are required to begin to the surviving spouse under subparagraph (B)(1) above), the date distributions are considered to begin is the date distributions actually commence.

(C) Form of Distribution. Unless the Participant's interest is distributed in the form of an annuity purchased from an insurance company or in a lump sum on or before the Required Beginning Date, as of the first distribution calendar year distributions will be made in accordance with paragraphs (ii), (iii) and (iv) of this subsection (c). If the Participant's interest is distributed in the form of an annuity purchased from an insurance company, distributions thereunder will be made in accordance with the requirements of Code section 401(a)(9) and the Treasury regulations. Any part of the Participant's interest that is in the form of an individual account described in Code

section 414(k) will be distributed in a manner satisfying the requirements of Code section 401(a)(9) and the Treasury regulations that apply to individual accounts.

(ii) Determination of Amount to be Distributed Each Year.

(A) General Annuity Requirements. If the Participant's interest is paid in the form of annuity distributions under the Pension Plan, payments under the annuity will satisfy the following requirements:

(1) the annuity distributions will be paid in periodic payments made at intervals not longer than one (1) year;

(2) the distribution period will be over a life (or lives) or over a period certain not longer than the period described in paragraphs (iii) or (iv) below;

(3) once payments have begun over a period certain, the period certain will not be changed even if the period certain is shorter than the maximum permitted; and

(4) payments will either be nonincreasing or increase only as follows:

a) by an annual percentage increase that does not exceed the annual percentage increase in a cost-of-living index that is based on prices of all items and issued by the Bureau of Labor Statistics;

b) to the extent of the reduction in the amount of the Participant's payments to provide for a survivor benefit upon death, but only if the Beneficiary whose life was being used to determine the distribution period described in paragraph (iii) below dies or is no longer the Participant's Beneficiary pursuant to a qualified domestic relations order within the meaning of Code section 414(p);

c) to provide cash refunds of employee contributions upon the Participant's death;

d) to pay increased benefits that result from a Plan amendment; or

e) as otherwise provided in the regulations and other guidance issued by the Secretary of the Treasury.

(B) Amount Required to be Distributed by Required Beginning Date. The amount that must be distributed on or before the Participant's Required Beginning Date (or, if the Participant dies before distributions begin, the date distributions are required to begin under paragraph (i)(B)(1) or (2) above) is the payment that is required for one payment interval. The second payment need not be made until the end of the next payment interval even if that payment interval ends in the next calendar year. Payment intervals are the periods for which payments are received, e.g., bi-monthly, monthly, semi-annually or annually. All of the Participant's benefit accruals as of the last day of the first distribution calendar year will be included in the calculation of the amount of the annuity payments for payment intervals ending on or after the Participant's Required Beginning Date.

(C) Additional Accruals After First Distribution Calendar Year. Any additional benefits accruing to the Participant in a calendar year after the first distribution calendar year will be distributed beginning with the first payment interval ending in the calendar year immediately following the calendar year in which such amount accrues.

(iii) Requirements for Annuity Distributions that Commence During Participant's Lifetime.

(A) Joint Life Annuities Where the Beneficiary is not the Participant's Spouse. If the Participant's interest is being distributed in the form of a joint and survivor annuity for the joint lives of the Participant and a non-spouse Beneficiary, annuity payments to be made on or after the Participant's Required Beginning Date to the designated beneficiary after the Participant's death must not at any time exceed the applicable percentage of the annuity payment for such period that would have been payable to the Participant using the table set forth in Q&A-2 of section 1.401(a)(9)-6 of the Treasury regulations. If the form of distribution combines a joint and survivor annuity for the joint lives of the Participant and a non-spouse Beneficiary and a period certain annuity, the requirement in the preceding sentence will apply to annuity payments to be made to the designated beneficiary after the expiration of the period certain.



(B) Period Certain Annuities. Unless the Participant's spouse is the sole designated beneficiary and the form of distribution is a period certain and no life annuity, the period certain for an annuity distribution commencing during the Participant's lifetime may not exceed the applicable distribution period for the Participant under the Uniform Lifetime Table set forth in section 1.401(a)(9)-9 of the Treasury regulations for the calendar year that contains the Annuity Starting Date. If the Annuity Starting Date precedes the year in which the Participant reaches age 70, the applicable distribution period for the Participant is the distribution period for age 70 under the Uniform Lifetime Table set forth in section 1.401(a)(9)-9 of the Treasury regulations plus the excess of 70 over the age of the Participant as of the Participant's birthday in the year that contains the Annuity Starting Date. If the Participant's spouse is the Participant's sole designated beneficiary and the form of distribution is a period certain and no life annuity, the period certain may not exceed the longer of the Participant's applicable distribution period, as determined under this subparagraph (B), or the joint life and last survivor expectancy of the Participant and the Participant's spouse, as determined under the Joint and Last Survivor Table set forth in section 1.401(a)(9)-9 of the Treasury regulations, using the Participant's and spouse's attained ages as of the Participant's and spouse's birthdays in the calendar year that contains the Annuity Starting Date.

(iv) Requirements for Minimum Distributions Where Participant Dies Before Date Distributions Begin.

(A) Participant Survived by Designated Beneficiary. If the Participant dies before the date distribution of his or her interest begins and there is a designated beneficiary, then, unless the five-year rule applies pursuant to paragraph (i)(B)(5), the Participant's entire interest will be distributed, beginning no later than the time described in paragraph (i)(B)(2) or (2) above, over the life of the designated beneficiary or over a period certain not exceeding:

(1) unless the Annuity Starting Date is before the first distribution calendar year, the "life expectancy" (as defined in paragraph (v)(C) below) of the designated beneficiary determined using the Beneficiary's age as of the Beneficiary's birthday in the calendar year immediately following the calendar year of the Participant's death; or

(2) if the Annuity Starting Date is before the first distribution calendar year, the life expectancy of the

designated beneficiary determined using the Beneficiary's age as of the Beneficiary's birthday in the calendar year that contains the Annuity Starting Date.

(B) No Designated Beneficiary. If the Participant dies before the date distributions begin and there is no designated beneficiary as of September 30 of the year following the year of the Participant's death (or the five-year rule applies pursuant to paragraph (i)(B)(5)), distribution of the Participant's entire interest will be completed by December 31 of the calendar year containing the fifth (5th) anniversary of the Participant's death.

(C) Death of Surviving Spouse Before Distributions to Surviving Spouse Begin. If the Participant dies before the date distribution of his or her interest begins, the Participant's surviving spouse is the Participant's sole designated beneficiary and the surviving spouse dies before distributions to the surviving spouse begin, this paragraph (iv) will apply as if the surviving spouse were the Participant, except that the time by which distributions must begin will be determined without regard to paragraph (i)(B)(1) above.

(v) Definitions.

(A) Designated Beneficiary. The person who is designated as the Beneficiary under section (7) of Article 2 of the Pension Plan and who is the designated beneficiary under Code section 401(a)(9) and section 1.401(a)(9)-1, Q&A-4, of the Treasury regulations.

(B) Distribution Calendar Year. A calendar year for which a minimum Distribution is required. For distributions beginning before the Participant's death, the first distribution calendar year is the calendar year immediately preceding the calendar year that contains the Participant's Required Beginning Date. For distributions beginning after the Participant's death, the first distribution calendar year is the calendar year in which distributions are required to begin pursuant to paragraph (i)(B) above.

(C) Life Expectancy. Life expectancy as computed by use of the Single Life Table in section 1.401(a)(9)-9 of the Treasury regulations.

(D) Required Beginning Date. The latest date by which a Participant is required to commence distributions in accordance with Section 7.4(b) of the Pension Plan.”

3. Effective June 9, 2010, Section 9.1(a) of the Pension Plan is amended by deleting the first sentence and inserting in lieu thereof the following:

“The Committee. (a) The Plan shall be administered by a Committee of Employees who hold the following positions within Sempra Energy or its affiliates: (i) Sempra Energy’s most senior Human Resources officer, (ii) Sempra Energy’s Treasurer, (iii) Sempra Energy’s Controller, (iv) the Chief Executive Officer of Sempra Energy’s subsidiary, Southern California Gas Company, and (v) Sempra Energy’s Chief Financial Officer. Sempra Energy’s Chief Financial Officer shall serve as chairman of the Committee.”

4. Section 10.3 of the Pension Plan is hereby amended by adding at the end thereof the following:

“Notwithstanding any provision of the Pension Plan, to the extent required by section 414(u) of the Code, USERRA and regulations promulgated under such laws, (a) effective as of January 1, 2007, death benefits (if any) will be provided under the Pension Plan in the case of a Participant who dies while performing Military Service as required in accordance with section 401(a)(37) of the Code, and (b) effective as of January 1, 2009, any Participant receiving a differential wage payment (within the meaning of section 3401(h)(2) of the Code) during Military Service shall be treated as an Employee of the Employer making the payment, and the differential wage payment shall be treated as Earnings, but only to the extent that the Participant’s Earnings otherwise taken into account under the Pension Plan during the period that the Participant is in Military Service are less than the amount required to be taken into account as Earnings pursuant to section 414(u)(12) of the Code.”

5. Section 10.5 of the Pension Plan is hereby amended by adding at the end thereof the following new sentence:

“In addition, to the extent required by, and in accordance with the requirements of, ERISA and the Department of Labor Regulations issued thereunder, the Committee will provide, in any manner permitted by ERISA and regulations thereunder, to each Participant who has a nonforfeitable Accrued Benefit under the Pension Plan and is employed by an Employer, or, upon request, to any Participant or Beneficiary, a statement setting forth the Accrued Benefit to be paid to such Participant or Beneficiary under the Pension Plan, the nonforfeitable pension benefits, if any, which have accrued, or the earliest date on which benefits will become nonforfeitable.”

6. Section 11.2(a)(iv) of the Pension Plan is hereby amended by replacing the reference to “section 1.415(c)-2” therein with the reference to “section 1.415(c)-2(d)(3)”.

7. Section 12.3 of the Pension Plan is hereby amended by adding at the end thereof a new sentence to read as follows:

“Notwithstanding any provisions of the Pension Plan, no amendment to the vesting schedule will have effect unless, effective as of August 9, 2006, with respect to benefits accrued as of the later of the adoption date or the effective date of the amendment, the vested percentage of each

Participant is determined as the greater of the vested percentage under the prior vesting schedule or the vested percentage under the new vesting schedule.”

8. Subsection (a) of Section 2(19) of the Program is hereby amended in its entirety as follows:

“(a) Cash compensation shall mean (i) base salary, vacation pay, holiday pay, sick pay received from the Employer, awards under the Incentive Compensation Plan (including payments to certain retirees as described in subsection (f) below), any annual bonus for Sempra Energy Trading, any salary planning lump sum merit award (with 1/12 of such salary planning lump sum merit award being recognized as cash compensation in each of the 12 months of a plan year for purposes of Earnings calculations) and shall exclude (ii) shift differential pay, overtime pay, pay in lieu of meal or rest periods, long term disability benefits, pay in lieu of notice upon Termination, pay to an Employee after he gives advance notice of his Termination in lieu of pay for services through his noticed employment termination date, pay in lieu of vacation, severance pay, moving expenses, tuition reimbursements, hiring and referral bonuses, prizes from contests, suggestion program awards, income from the grant or exercise of stock options and the sale of stock acquired under stock options and any other payment not specified in clause (a)(i), except as otherwise provided in this Section 2(19).”

9. Section 7.1 of the Program is hereby amended by deleting the last paragraph of subsection (a) thereof and adding a new subsection (e) at the end thereof to read as follows:

“(e) Required Minimum Distributions. All distributions made under the Program on or after January 1, 2003 shall be made in accordance with the provisions of Code section 401(a)(9) (including the incidental death benefit requirement in Code section 401(a)(9)(G)), the final regulations thereunder and any other provisions reflecting Code section 401(a)(9) which are set forth in revenue rulings, notices and other guidance published in the Internal Revenue Service Bulletin; *provided, however*, that such provisions and provisions of this subsection (e) shall override the other distribution provisions of the Program only to the extent that such other Plan provisions provide for distribution that is less rapid than, or is not made or does not begin to be made by, the date required under Code section 401(a)(9) and Treasury regulations issued thereunder, and shall not be construed as providing any optional form of payment that is not available under the Program.

Notwithstanding the other provisions of this subsection (e), distributions may be made under a designation made before January 1, 1984 in accordance with section 242(b)(2) of the Tax Equity and Fiscal Responsibility Act (TEFRA) and the provisions of the Program that relate to section 242(b)(2) of TEFRA, if any.

(i) Time and Manner of Distribution.

(A) Required Beginning Date. The Participant's entire interest will be distributed, or begin to be distributed, to the Participant no later than the Participant's “Required Beginning Date” (as defined below).

(B) Death of Participant Before Distributions Begin. If the Participant dies before distributions begin, the Participant's entire interest will be distributed, or begin to be distributed, no later than as follows:

(1) If the Participant's surviving spouse is the Participant's sole designated beneficiary, then, unless the five-year rule applies pursuant to clause (5) below, distributions to the surviving spouse will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died, or by December 31 of the calendar year in which the Participant would have attained age 70 ½, if later.

(2) If the Participant's surviving spouse is not the Participant's sole designated beneficiary, then, unless the five-year rule applies pursuant to clause (5) below, distributions to the designated beneficiary will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died.

(3) If there is no designated beneficiary as of September 30 of the year following the year of the Participant's death, the Participant's entire interest will be distributed by December 31 of the calendar year containing the fifth (5th) anniversary of the Participant's death (the "five-year rule").

(4) If the Participant's surviving spouse is the Participant's sole designated beneficiary and the surviving spouse dies after the Participant, but before distributions to the surviving spouse begin, this subparagraph (B), other than subparagraph (B)(1) above, will apply as if the surviving spouse were the Participant.

(5) Notwithstanding the foregoing, if a Participant dies before distributions begin and there is a designated beneficiary, a Participant or Beneficiary may elect on an individual basis whether the five-year rule in subparagraph (B)(3) or the life expectancy rule in subparagraphs (B)(1) or (B)(2) (as applicable) applies to distributions after the death of the Participant. The election must be made no later than the earlier of September 30 of the calendar year in which distribution would be required to begin under subparagraph (B)(1) or (B)(2) (as applicable), or by September 30 of the calendar year which contains the fifth (5<sup>th</sup>) anniversary of the Participant's (or, if applicable,

surviving spouse's) death. If neither the Participant nor Beneficiary makes an election under this clause (5), distributions will be made in accordance with the five-year rule in subparagraph (B)(3).

For purposes of this subparagraph (B) and paragraph (iv) below, distributions are considered to begin on the Participant's Required Beginning Date (or, if subparagraph (B)(4) above applies, the date distributions are required to begin to the surviving spouse under subparagraph (B)(1) above). If annuity payments irrevocably commence to the Participant before the Participant's Required Beginning Date (or to the Participant's surviving spouse before the date distributions are required to begin to the surviving spouse under subparagraph (B)(1) above), the date distributions are considered to begin is the date distributions actually commence.

(C) Form of Distribution. Unless the Participant's interest is distributed in the form of an annuity purchased from an insurance company or in a lump sum on or before the Required Beginning Date, as of the first distribution calendar year distributions will be made in accordance with paragraphs (ii), (iii) and (iv) of this subsection (e). If the Participant's interest is distributed in the form of an annuity purchased from an insurance company, distributions thereunder will be made in accordance with the requirements of Code section 401(a)(9) and the Treasury regulations. Any part of the Participant's interest that is in the form of an individual account described in Code section 414(k) will be distributed in a manner satisfying the requirements of Code section 401(a)(9) and the Treasury regulations that apply to individual accounts.

(ii) Determination of Amount to be Distributed Each Year.

(A) General Annuity Requirements. If the Participant's interest is paid in the form of annuity distributions under the Program, payments under the annuity will satisfy the following requirements:

- (1) the annuity distributions will be paid in periodic payments made at intervals not longer than one (1) year;
- (2) the distribution period will be over a life (or lives) or over a period certain not longer than the period described in paragraphs (iii) or (iv) below;

(3) once payments have begun over a period certain, the period certain will not be changed even if the period certain is shorter than the maximum permitted; and

(4) payments will either be nonincreasing or increase only as follows:

a) by an annual percentage increase that does not exceed the annual percentage increase in a cost-of-living index that is based on prices of all items and issued by the Bureau of Labor Statistics;

b) to the extent of the reduction in the amount of the Participant's payments to provide for a survivor benefit upon death, but only if the beneficiary whose life was being used to determine the distribution period described in paragraph (iii) below dies or is no longer the Participant's beneficiary pursuant to a qualified domestic relations order within the meaning of Code section 414(p);

c) to provide cash refunds of employee contributions upon the Participant's death;

d) to pay increased benefits that result from a Plan amendment; or

e) as otherwise provided in the regulations and other guidance issued by the Secretary of the Treasury.

(B) Amount Required to be Distributed by Required Beginning Date. The amount that must be distributed on or before the Participant's Required Beginning Date (or, if the Participant dies before distributions begin, the date distributions are required to begin under paragraph (i)(B)(1) or (2) above) is the payment that is required for one payment interval. The second payment need not be made until the end of the next payment interval even if that payment interval ends in the next calendar year. Payment intervals are the periods for which payments are received, e.g., bi-monthly, monthly, semi-annually or annually. All of the Participant's benefit accruals as of the last day of the first distribution calendar year will be included in the calculation of the amount of the annuity payments for payment intervals ending on or after the Participant's Required Beginning Date.

(C) Additional Accruals After First Distribution Calendar Year. Any additional benefits accruing to the Participant in a calendar year after the first distribution calendar year will be distributed beginning with the first payment interval ending in the calendar year immediately following the calendar year in which such amount accrues.

(iii) Requirements for Annuity Distributions that Commence During Participant's Lifetime.

(A) Joint Life Annuities Where the Beneficiary is not the Participant's Spouse. If the Participant's interest is being distributed in the form of a joint and survivor annuity for the joint lives of the Participant and a non-spouse beneficiary, annuity payments to be made on or after the Participant's Required Beginning Date to the designated beneficiary after the Participant's death must not at any time exceed the applicable percentage of the annuity payment for such period that would have been payable to the Participant using the table set forth in Q&A-2 of section 1.401(a)(9)-6 of the Treasury regulations. If the form of distribution combines a joint and survivor annuity for the joint lives of the Participant and a non-spouse beneficiary and a period certain annuity, the requirement in the preceding sentence will apply to annuity payments to be made to the designated beneficiary after the expiration of the period certain.

(B) Period Certain Annuities. Unless the Participant's spouse is the sole designated beneficiary and the form of distribution is a period certain and no life annuity, the period certain for an annuity distribution commencing during the Participant's lifetime may not exceed the applicable distribution period for the Participant under the Uniform Lifetime Table set forth in section 1.401(a)(9)-9 of the Treasury regulations for the calendar year that contains the Annuity Starting Date. If the Annuity Starting Date precedes the year in which the Participant reaches age 70, the applicable distribution period for the Participant is the distribution period for age 70 under the Uniform Lifetime Table set forth in section 1.401(a)(9)-9 of the Treasury regulations plus the excess of 70 over the age of the Participant as of the Participant's birthday in the year that contains the Annuity Starting Date. If the Participant's spouse is the Participant's sole designated beneficiary and the form of distribution is a period certain and no life annuity, the period certain may not exceed the longer of the Participant's applicable distribution period, as determined under this subparagraph (B), or the joint life and last survivor expectancy of the Participant and the Participant's spouse, as determined under the Joint and



Last Survivor Table set forth in section 1.401(a)(9)-9 of the Treasury regulations, using the Participant's and spouse's attained ages as of the Participant's and spouse's birthdays in the calendar year that contains the Annuity Starting Date.

(iv) Requirements for Minimum Distributions Where Participant Dies Before Date Distributions Begin.

(A) Participant Survived by Designated Beneficiary. If the Participant dies before the date distribution of his or her interest begins and there is a designated beneficiary, then, unless the five-year rule applies pursuant to paragraph (i)(B)(5), the Participant's entire interest will be distributed, beginning no later than the time described in paragraph (i)(B)(2) or (2) above, over the life of the designated beneficiary or over a period certain not exceeding:

(1) unless the Annuity Starting Date is before the first distribution calendar year, the "life expectancy" (as defined in paragraph (v)(C) below) of the designated beneficiary determined using the beneficiary's age as of the beneficiary's birthday in the calendar year immediately following the calendar year of the Participant's death; or

(2) if the Annuity Starting Date is before the first distribution calendar year, the life expectancy of the designated beneficiary determined using the beneficiary's age as of the beneficiary's birthday in the calendar year that contains the Annuity Starting Date.

(B) No Designated Beneficiary. If the Participant dies before the date distributions begin and there is no designated beneficiary as of September 30 of the year following the year of the Participant's death (or the five-year rule applies pursuant to paragraph (i)(B)(5)), distribution of the Participant's entire interest will be completed by December 31 of the calendar year containing the fifth (5th) anniversary of the Participant's death.

(C) Death of Surviving Spouse Before Distributions to Surviving Spouse Begin. If the Participant dies before the date distribution of his or her interest begins, the Participant's surviving spouse is the Participant's sole designated beneficiary and the surviving spouse dies before distributions to the surviving spouse begin, this paragraph (iv) will apply as if the surviving spouse were the Participant, except that the time by which distributions must begin will be determined without regard to paragraph (i)(B)(1) above.

(v) Definitions.

(A) Designated Beneficiary. The person who is designated as the beneficiary under section 7.4(b) of the Program and who is the designated beneficiary under Code section 401(a)(9) and section 1.401(a)(9)-1, Q&A-4, of the Treasury regulations.

(B) Distribution Calendar Year. A calendar year for which a minimum distribution is required. For distributions beginning before the Participant's death, the first distribution calendar year is the calendar year immediately preceding the calendar year that contains the Participant's Required Beginning Date. For distributions beginning after the Participant's death, the first distribution calendar year is the calendar year in which distributions are required to begin pursuant to paragraph (i)(B) above.

(C) Life Expectancy. Life expectancy as computed by use of the Single Life Table in section 1.401(a)(9)-9 of the Treasury regulations.

(D) Required Beginning Date. The latest date by which a Participant is required to commence distributions in according with Section 7.1(a) or (b) (as applicable) of the Program.”

10. Section 7.3(b) of the Program is hereby amended by deleting the phrase “April 1 of the calendar year following” in the second sentence thereof and inserting in lieu thereof the phrase “December 31 of”.

11. Section 7.4(b) of the Program is hereby amended by deleting at the end of the fourth sentence the words, “...and a divorce shall be deemed to revoke any prior designation of the Participant’s divorced spouse if written evidence of such marriage or divorce shall be received by the Committee before distribution shall have been made in accordance with such designation”.

12. Section 7.4(d) of the Program is hereby amended by renumbering clause (v) in the second sentence thereof as clause (vi) and inserting a new clause (v) immediately after clause (iv) thereof to read as follows:

“(v) an explanation of the Participant’s right to defer receipt of his retirement benefit until his Normal Retirement Age and the consequences of failing to defer such receipt;”

13. Section 8.3 of the Program is hereby amended by inserting after the reference to “section 412(l)(7) of the Code” in subsections (b)(i), (b)(ii) and (e)(iii) thereof the following parenthetical phrase:

“(or, effective as of January 1, 2008, within the meaning of applicable guidance issued by the Secretary of the Treasury or the Internal Revenue Service for purposes of distributions to Participants subject to the restrictions described in this section)”

14. Effective June 9, 2010, Section 10.1(a) of the Program is amended by deleting the first sentence and inserting in lieu thereof the following:

“The Committee. (a) The Plan shall be administered by a Committee of Employees who hold the following positions within Sempra Energy or its affiliates: (i) Sempra Energy’s most senior Human Resources officer, (ii) Sempra Energy’s Treasurer, (iii) Sempra Energy’s Controller, (iv) the Chief Executive Officer of Sempra Energy’s subsidiary, Southern California Gas Company, and (v) Sempra Energy’s Chief Financial Officer. Sempra Energy’s Chief Financial Officer shall serve as chairman of the Committee.”

15. Article 10 of the Program is hereby amended, effective as of January 1, 2008, by adding a new Section 10.10 at the end thereof to read as follows:

“Section 10.10 Statement of Benefits. To the extent required by, and in accordance with the requirements of, ERISA and the Department of Labor Regulations issued thereunder, the Committee will provide, in any manner permitted by ERISA and regulations thereunder, to each Participant who has a nonforfeitable Accrued Benefit under the Program and is employed by an Employer, or, upon request, to any Participant or Beneficiary, a statement setting forth the Accrued Benefit to be paid to such Participant or Beneficiary under the Program, the nonforfeitable pension benefits, if any, which have accrued, or the earliest date on which benefits will become nonforfeitable.”

16. Section 13.10 of the Program is hereby amended by adding at the end thereof the following:

“Notwithstanding any provision of the Program, to the extent required by section 414(u) of the Code, USERRA and regulations promulgated under such laws, (a) effective as of January 1, 2007, death benefits (if any) will be provided under the Program in the case of a Participant who dies while performing Military Service as required in accordance with section 401(a)(37) of the Code, and (b) effective as of January 1, 2009, any Participant receiving a differential wage payment (within the meaning of section 3401(h)(2) of the Code) during Military Service shall be treated as an Employee of the Employer making the payment, and the differential wage payment shall be treated as Earnings, but only to the extent that the Participant’s Earnings otherwise taken into account under the Program during the period that the Participant is in Military Service are less than the amount required to be taken into account as Earnings pursuant to section 414(u)(12) of the Code, but only to the extent that the Participant’s Earnings otherwise taken into account under the Plan during the period that the Participant is in Military Service are less than the amount required to be taken into account as Earnings pursuant to section 414(u)(12) of the Code.”

17. Section 14.2(a)(iv) of the Program is hereby amended by replacing the reference to “section 1.415(c)-2” therein with the reference to “section 1.415(c)-2(d)(3)”.

18. Section 15.1(b) of the Program is hereby amended by adding at the end thereof a new sentence to read as follows:

“Notwithstanding any provisions of the Program, no amendment to the vesting schedule will have effect unless, effective as of August 9, 2006, with respect to benefits accrued as of the later of the adoption date or the effective date of the amendment, the vested percentage of each Participant is determined as the greater of the vested percentage under the prior vesting schedule or the vested percentage under the new vesting schedule.”

**SOUTHERN CALIFORNIA GAS COMPANY PENSION PLAN**  
(as amended and restated, effective January 1, 2008)

**AMENDMENT NUMBER SIX**

Effective as of January 1, 2012 (except as otherwise provided herein), the Southern California Gas Company Pension Plan (as amended and restated, effective January 1, 2008), as heretofore amended (the "Pension Plan"), including its component, the Southern California Gas Company Management and Associate Employee Cash Balance Program (as amended and restated, effective January 1, 2008), as heretofore amended (the "Program", and, collectively with the Pension Plan, the "Plan"), is hereby further amended as follows:

1. Article 1 of the Pension Plan, second paragraph, second sentence shall read as follows:

The provisions related to the cash balance formula are set forth in the "Southern California Gas Company Cash Balance Program" (the "Program"), which is set forth in a separate document and which is a part of the Plan.

2. In Section 2(20) of the Pension Plan, delete "or" at the end of clause (iii); delete the period at the end of clause (iv) and insert "or" in lieu thereof; and add clause (v) to read as follows:

- (v) an Employee (A) whose Employment Commencement Date occurs on or after January 1, 2012, or (B) whose employment becomes subject to the Collective Bargaining Agreement (1) upon a transfer within the Company from an employment position that was not subject to the Collective Bargaining Agreement if such transfer occurs on or after the later of March 1, 2012 or the effective date of this Plan amendment, except as provided in Section 3.2(b)(4) or 3.3 or (2) upon a reclassification of an employment position that was not subject to the Collective Bargaining Agreement if such reclassification occurs on or after January 1, 2012.

3. Section 2(37) of the Pension Plan shall read as follows:

(37) Program shall mean the Southern California Gas Company Cash Balance Program (before January 1, 2012 known as the "Southern California Gas Company Management and Associate Employee Cash Balance Program"), the portion of the Plan which provides benefits pursuant to a cash balance formula.

4. Add a new sentence at the end of Section 3.1 of the Pension Plan to read as follows:

In no event shall any Employee whose Employment Commencement Date occurs on or after January 1, 2012 become a Participant.

5. In Section 3.2(b) of the Pension Plan, add paragraph numbering and a new paragraph at the end thereof, numbered (4), so that Section 3.2(b) reads as follows:

**(b) Transfer to an Employment Position Subject to the Collective Bargaining Agreement.**

**(1) If a participant in the Program transfers to an employment position within the Company which is subject to the Collective Bargaining Agreement, such participant shall immediately become a Participant in the Pension Plan. The Participant shall be credited with (A) Years of Service under the Pension Plan for the Participant's years of service under the Program and (B) Years of Credited Service for the Participant's years of service under the Program according to the actual Hours of Service credited to the Participant during such time.**

**Such Participant shall remain a Participant in the Program, but such Participant's cash balance account shall not receive any additional contribution credits after the date of employment transfer, but shall continue to earn interest credits, including special interest credits, if applicable, under the provisions of the Program. The Participant's benefit under the Pension Plan shall be offset by the Actuarial Equivalent of the Participant's cash balance account under the Program, including all interest and special interest credits earned after the date of his transfer until his Benefit Commencement Date.**

**(2) The Accrued Benefit of a Participant (A) whose employment was subject to the Collective Bargaining Agreement who is voluntarily or involuntarily transferred to an employment position that is not subject to the Collective Bargaining Agreement and who later voluntarily or involuntarily transfers employment back to an employment position subject to the Collective Bargaining Agreement after less than two years in an employment position not subject to the Collective Bargaining Agreement or (B) who involuntarily transfers from an employment position not subject to the Collective Bargaining Agreement to an employment position subject to the Collective Bargaining Agreement shall be calculated as if the Participant had always been earning benefits under the Pension Plan, with all service credited under the Program considered in the determination of such Participant's Years of Service and Years of Credited Service and all earnings considered under the Program, including incentive compensation awards and bonuses, taken into account in computing the Participant's Average Monthly Earnings.**

**(3) The Accrued Benefit of a Participant (A) whose employment was subject to the Collective Bargaining Agreement who is voluntarily or involuntarily transferred to an employment position that is not subject to the Collective Bargaining Agreement and who later voluntarily transfers employment back to an employment position subject to the Collective**

**Bargaining Agreement after more than two years or (B) who voluntarily transfers from an employment position not subject to the Collective Bargaining Agreement to an employment position subject to the Collective Bargaining Agreement after more than two years in an employment position not subject to the Collective Bargaining Agreement shall be calculated as if the Participant had always been earning benefits under the Pension Plan, with all service credited under the Program considered in the determination of such Participant's Years of Service and Years of Credited Service and all earnings considered under the Program, other than incentive compensation awards and bonuses, taken into account in computing the Participant's Average Monthly Earnings.**

**(4) Notwithstanding the foregoing provisions of this Section 3.2(b), no Employee shall become a Participant in the Pension Plan upon the Employee's transfer to an employment position within the Company which is subject to the Collective Bargaining Agreement if such transfer occurs on or after the later of March 1, 2012 or the effective date of this Plan amendment, with the exception of any Employee whose employment, before the later of March 1, 2012 or the effective date of this amendment, was subject to the Collective Bargaining Agreement, who is voluntarily or involuntarily transferred to an employment position that is not subject to the Collective Bargaining Agreement and who after less than three years in such employment position (taking into account periods of employment in management "V" assignments), voluntarily or involuntarily transfers employment back to an employment position subject to the Collective Bargaining Agreement. The Accrued Benefit of any Participant whose employment, before the later of March 1, 2012 or the effective date of this Plan amendment, was subject to the Collective Bargaining Agreement, who is voluntarily or involuntarily transferred to an employment position that is not subject to the Collective Bargaining Agreement and who after less than three years in such employment position (taking into account periods of employment in management "V" assignments), voluntarily or involuntarily transfers employment back to an employment position subject to the Collective Bargaining Agreement shall be calculated as if the Participant had always been earning benefits under the Pension Plan, with all service credited under the Program considered in the determination of such Participant's Years of Service and Years of Credited Service and all earnings considered under the Program, including incentive compensation awards and bonuses, taken into account in computing the Participant's Average Monthly Earnings.**

**6. Add a new sentence at the end of Section 3.3 of the Pension Plan to read as follows:**

**No Employee who is rehired by an Employer and whose prior Years of Service can be disregarded pursuant to Section 2(10) shall become a Participant upon the Employee's Reemployment Commencement Date that occurs on or after January 1, 2012.**

**7. Section 6.4 of the Pension Plan is hereby amended in its entirety to read as follows:**

**6.4 Surviving Spouse's Benefits. In the case of a vested Participant who dies on or after his Earliest Retirement Age and before commencement of his benefit under the Pension Plan, the Participant's Surviving Spouse shall be paid a monthly benefit beginning as of the first day of any month following the calendar month in which the Participant dies (as the Surviving Spouse shall elect) and continuing through the month in which the Surviving Spouse dies. In the case of a vested Participant who dies before his Earliest Retirement Age, the Surviving Spouse shall be paid a monthly benefit beginning on the first day of any month following the calendar month in which the Participant would have attained his Earliest Retirement Age (as the Surviving Spouse shall elect), with such monthly benefit continuing through the month in which such Surviving Spouse dies.**

**The monthly benefit payable to a Participant's Surviving Spouse shall be calculated as follows:**

**(1) except as provided in paragraph (3) below, in the case of a Participant who dies on or after his Earliest Retirement Age, the monthly amount the Surviving Spouse would have received had such Participant retired with a Qualified Joint and Survivor Annuity pursuant to Section 7.1(b) on the day before he died, or**

**(2) except as provided in paragraph (3) below, in case of a Participant who dies before his Earliest Retirement Age, the monthly amount to which the Surviving Spouse would have been entitled to receive had the Participant separated from service on the earlier of his Termination Date and the date of his death, then survived until the date of his Earliest Retirement Age, retired at his Earliest Retirement Age with a Qualified Joint and Survivor Annuity pursuant to Section 7.1(b), and then died the day after he attained his Earliest Retirement Age, or**

**(3) in the case of a Participant who dies while actively employed by the Company and on or after January 1, 2012, the monthly amount the Participant would have received had such Participant retired with a Qualified Joint and Survivor Annuity pursuant to Section 7.1(b) on the day before he died.**

**Additionally, the Surviving Spouse of a Participant who dies before his Earliest Retirement Date and whose Termination Date was on or after January 1, 1996 may elect to begin to receive his monthly benefit as of the first of any month after such Participant's death. The monthly benefit payable to such a Surviving Spouse shall equal the 50% survivor portion of a Qualified Joint and Survivor Annuity, the amount of which is calculated by (i) determining the Participant's Normal Retirement Benefit (including only the Participant's Years of Credited Service through his Termination Date) and multiplying such amount by the appropriate factors in Appendix B and (ii) actuarially reducing the amount in clause (i) using the Applicable Mortality Table and Applicable Interest Rate to**



account for the difference between the Participant's age at the time of his death and age 55.

In lieu of the foregoing, the Surviving Spouse of a vested Participant who dies (i) while employed by the Company, or (ii) following a Termination which occurs on or after January 1, 1996, may elect in writing to receive the lump sum Actuarial Equivalent of the Surviving Spouse's monthly benefit. Such lump sum amount shall be paid not earlier than the date the Surviving Spouse's monthly benefits otherwise would have commenced and not later than 90 days after receipt of the Surviving Spouse's written election by the Company.

In determining the amount of a Surviving Spouse's monthly benefit payable under this Section in the case of a Participant who dies before his Normal Retirement Date, the reduction factors in Appendix A shall be used if the Participant satisfied the requirements of Section 6.2(b) for an Early Retirement Benefit, and the reduction factors in Appendix B shall be used if the Participant did not satisfy the requirements of Section 6.2(b) for an Early Retirement Benefit.

The Pension Plan shall pay monthly benefits to a former spouse of a Participant only if such former spouse was married to the Participant for at least one year and only to the extent provided in a Qualified Domestic Relations Order. Any benefits payable to a former spouse pursuant to a Qualified Domestic Relations Order shall reduce any benefits otherwise payable in respect of the Participant whose Accrued Benefit is subject to such Qualified Domestic Relations Order.

8. In Article 1 of the Program, add a new sentence after the third sentence of the second paragraph thereof to read as follows:

Effective as of January 1, 2012, the Program shall be referred to in the Plan as the "Southern California Gas Company Cash Balance Program."

9. Clause (b) in the second sentence of Section 2(11) of the Program shall read as follows:

(b) is on an uncompensated leave of absence duly granted by his Employer, a union leave, or a leave due to layoff, provided that the time of such leave due to layoff shall not exceed the lesser of the Participant's Years of Service and two calendar years,

10. The third sentence of Section 2(11) of the Program shall read as follows:

The number of hours to be so credited shall be determined under uniform rules adopted by the Employer in accordance with Department of Labor Regulations, except that for purposes of an approved union leave under clause (b) and any periods under clauses (c) and (d) above, the Employee shall be credited with the number of hours of Service for which the Employee would have received credit but for such absence (or, if not known, eight (8) hours for each business day of such absence), and (A) in

**the case of an Employee who would have incurred a Break in Service during the Plan Year in which such period of absence commenced but for the application of such clause (d) above only for such Plan Year, or (B) in the case of any other Employee described in clause (d), only for the Plan Year immediately following the Plan Year in which such period of absence commenced.**

**11. Clause (i) in Section 2(19)(a) of the Program shall read as follows:**

**(i) base salary or, with respect to employees covered by the Collective Bargaining Agreement, straight time wages, vacation pay, holiday pay, sick pay received from the Employer, any award under the Incentive Compensation Plan (including payments to certain retirees as described in subsection (f) below), any annual bonus for Sempra Energy Trading, any salary planning lump sum merit award (with 1/12 of such salary planning lump sum merit award being recognized as cash compensation in each of the 12 months of a plan year for purposes of Earnings calculations) and shall exclude**

**12. Subsections (c) and (d) of Section 2(19) of the Program shall read as follows:**

**(c) An Employee shall be deemed to be paid his base salary or straight wages (as applicable) by his Employer during an Employer-sponsored work assignment (absence from employment with an Employer which has been approved as an Employer-sponsored work assignment by the Committee).**

**(d) An Eligible Employee who has a disability shall be assumed to receive base salary or straight wages (as applicable) as determined on the day before he became disabled, as determined under the terms of the applicable Employer sponsored long-term disability plan, or where the person became disabled while covered under a Prior Plan, the Prior Plan.**

**13. At the end of Section 2(21) of the Program, add a new paragraph to read as follows:**

**Notwithstanding the foregoing, an Employee whose employment position is subject to the Collective Bargaining Agreement (as defined under the Pension Plan) shall be an Eligible Employee if (i) the Employee's Employment Commencement Date occurs on or after January 1, 2012, (ii) the Employee's employment is transferred, on or after the later of March 1, 2012 or the effective date of this Plan amendment, within the Company from an employment position that is not subject to the Collective Bargaining Agreement to an employment position that is subject to the Collective Bargaining agreement (with the exception of any Employee whose employment, before the later of March 1, 2012 or the effective date of this Plan amendment, was subject to the Collective Bargaining Agreement, who is voluntarily or involuntarily transferred to an**

employment position that is not subject to the Collective Bargaining Agreement and who after less than three years in such employment position (taking into account periods of employment in management "V" assignments), voluntarily or involuntarily transfers employment back to an employment position subject to the Collective Bargaining Agreement), (iii) the Employee's employment position was reclassified, on or after January 1, 2012, from an employment position that is not subject to the Collective Bargaining Agreement to an employment position that is subject to the Collective Bargaining Agreement, or (iv) the Employee's Reemployment Commencement Date occurs both after he had incurred five (5) consecutive Breaks in Service and on or after January 1, 2012 but before the Employee is vested in any benefit under the Pension Plan.

14. In Section 2(30) of the Program, delete "and" at the end of subsection (c); delete the period at the end of subsection (d) and insert "and" in lieu thereof; and add a new subsection (e) to read as follows:

(e) an Employee would have been scheduled while on limited or extended approved union leave, or while on strike authorized by his collective bargaining agreement.

15. A new Section 2(44)-A shall be added to the Program and shall read as follows:

(44)-A Pension Plan shall mean the portion of the Plan which provides benefits pursuant to a non-cash balance formula.

16. Section 2(51) of the Program shall read as follows:

(51) Program shall mean the Southern California Gas Company Cash Balance Program (before January 1, 2012 known as the "Southern California Gas Company Management and Associate Employee Cash Balance Program"), as set forth herein, and any amendments thereto.

17. Add a new sentence at the end of Section 3.2(c) of the Program to read as follows:

This subsection shall apply if, consistent with the Company's employment practices and policies, a Participant's employment with an Employer is terminated and the Participant is hired by Sempra Energy or San Diego Gas & Electric Company.

18. At the end of Section 10.2 of the Program, add a new paragraph to read as follows:

Notwithstanding the foregoing, if the claimant is represented by a collective bargaining unit, within 60 days after receipt by the claimant of written notification of the initial claim denial, the claimant may seek review of a decision under the Program through the grievance and arbitration procedures set forth in the then current valid and enforceable collective bargaining agreement applicable to such claimant. Any decision on review

in the case of such a claimant shall be rendered through the grievance and arbitration procedure set forth in the collective bargaining agreement.

19. A new Section 13.5 of the Program is added at the end of Article 13 to read as follows:

**Section 13.5 Reemployment After Layoff or Before Expiration of an Authorized Leave of Absence.** If the employment of an Eligible Employee whose employment is subject to the Collective Bargaining Agreement is terminated for lack of work and the Employee is reemployed within two years of his Termination Date, or if such an Eligible Employee is reinstated before the expiration of an authorized leave of absence, such Employee shall again become eligible under the Program on the day he returns to work and his Years of Service prior to the date of such Termination shall be reinstated.

20. The first sentence of Section 15.1(a) of the Program shall read as follows:

The Company reserves the right to modify, alter or amend the Plan or the Program from time to time to any extent that it may deem necessary or desirable, subject to any contractual obligations under the then current valid and enforceable collective bargaining agreement.

21. Add a new paragraph at the end of Section 16.1 of the Program to read as follows:

The Company and certain Affiliated Employers have established the Southern California Gas Company Voluntary Employee Beneficiary Association Retiree Medical Trust (“VEBA”), which is to provide funding for, and payment of, retiree medical benefits which were the subject of one or more collective bargaining agreements. Notwithstanding anything else in this Article 16 to the contrary, in coordinating benefits between this Article 16 and the VEBA, the VEBA shall be the primary payor and payments thereunder shall offset payments under this Article 16.

22. The first sentence of Section 16.8 of the Program shall read as follows:

The Company expressly reserves the exclusive right, retroactively to the extent permitted by law, to amend, modify, change, terminate or revoke any medical or other welfare plan or policy maintained by any Employer or Affiliated Employer that provides medical or other welfare benefits, including but not limited to Medical Benefits and, subject to applicable collective bargaining agreements, to require Employees, former Employees, their eligible spouses and dependents to pay all or any portion of the cost of such medical benefits.