Third Quarter 2016 Earnings Results

November 2, 2016

Information Regarding Forward-Looking Statements

This presentation contains statements that are not historical fact and constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements can be identified by words like "believes," "expects," "anticipates," "plans," "estimates," "projects," "forecasts," "contemplates," "intends," "assumes," "depends," "should," "could," "would," "will," "confident," "may," "potential," "possible," "proposed," "target," "pursue," "goals," "outlook," "maintain," or similar expressions, or discussions of guidance, strategy, plans, goals, opportunities, projections, initiatives, objectives or intentions. Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions. Future results may differ materially from those expressed in the forward-looking statements. Forward-looking statements are necessarily based upon various assumptions involving judgments with respect to the future and other risks.

Factors, among others, that could cause our actual results and future actions to differ materially from those described in forward-looking statements include local, regional, national and international economic, competitive, political, legislative, legal and regulatory conditions, decisions and developments; actions and the timing of actions, including general rate case decisions, new regulations, issuances of permits to construct, operate, and maintain facilities and equipment and to use land, franchise agreements and licenses for operation, by the California Public Utilities Commission, California State Legislature, U.S. Department of Energy, California Division of Oil, Gas, and Geothermal Resources, Federal Energy Regulatory Commission, Nuclear Regulatory Commission, California Energy Commission, U.S. Environmental Protection Agency, Pipeline and Hazardous Materials Safety Administration, California Air Resources Board, South Coast Air Quality Management District, Los Angeles County Department of Public Health, Mexican Competition Commission, states, cities and counties, and other regulatory and governmental bodies in the countries in which we operate; the timing and success of business development efforts and construction, maintenance and capital projects, including risks in obtaining, maintaining or extending permits, licenses, certificates and other authorizations on a timely basis, risks in obtaining the consent of our partners, and risks in obtaining adequate and competitive financing for such projects; the resolution of civil and criminal litigation and regulatory investigations; deviations from regulatory precedent or practice that result in a reallocation of benefits or burdens among shareholders and ratepayers, and delays in, or disallowance or denial of, regulatory agency authorization to recover costs in rates from customers or regulatory agency approval for projects required to enhance safety and reliability; the availability of electric power, natural gas and liquefied natural gas, and natural gas pipeline and storage capacity, including disruptions caused by failures in the North American transmission grid, moratoriums on the ability to withdraw natural gas from or inject natural gas into storage facilities, pipeline explosions and equipment failures; energy markets; the timing and extent of changes and volatility in commodity prices; moves to reduce or eliminate reliance on natural gas as an energy source; and the impact on the value of our natural gas storage and related assets and our investments from low natural gas prices, low volatility of natural gas prices and the inability to procure favorable long-term contracts for natural gas storage services; risks posed by decisions and actions of third parties who control the operations of investments in which we do not have a controlling interest, and risks that our partners or counterparties will be unable (due to liquidity issues, bankruptcy or otherwise) or unwilling to fulfill their contractual commitments; weather conditions, natural disasters, catastrophic accidents, equipment failures, terrorist attacks, and other events that may disrupt our operations, damage our facilities and systems, cause the release of greenhouse gasses, radioactive materials and harmful emissions, and subject us to third-party liability for property damage or personal injuries, fines and penalties, some of which may not be covered by insurance (including costs in excess of applicable policy limits) or may be disputed by insurers; cybersecurity threats to the energy grid, natural gas storage and pipeline infrastructure, the information and systems used to operate our businesses and the confidentiality of our proprietary information and the personal information of our customers and employees; the ability to win competitively bid infrastructure projects against a number of strong competitors willing to aggressively bid for these projects; capital markets conditions, including the availability of credit and the liquidity of our investments, and inflation, interest and currency exchange rates; disallowance of regulatory assets associated with, or decommissioning costs of, the San Onofre Nuclear Generating Station facility due to increased regulatory oversight, including motions to modify settlements; expropriation of assets by foreign governments and title and other property disputes; the impact on reliability of San Diego Gas & Electric Company's (SDG&E) electric transmission and distribution system due to increased amount and variability of power supply from renewable energy sources and increased reliance on natural gas and natural gas transmission systems; the impact on competitive customer rates due to the growth in distributed and local power generation and the corresponding decrease in demand for power delivered through SDG&E's electric transmission and distribution system; the impact on customer rates and other adverse consequences due to possible departing retail load resulting from customers transferring to Direct Access and Community Choice Aggregation; the inability or determination not to enter into long-term supply and sales agreements or long-term firm capacity agreements due to insufficient market interest, unattractive pricing or other factors; and other uncertainties, all of which are difficult to predict and many of which are beyond our control.

These forward-looking statements speak only as of November 2, 2016 and the company undertakes no obligation to update or revise these forward-looking statements, whether as a result of new information, future events or otherwise. These risks and uncertainties are further discussed in the reports that Sempra Energy has filed with the Securities and Exchange Commission. These reports are available through the EDGAR system free-of-charge on the SEC's website, www.sec.gov, and on the company's website at www.sempra.com.

Table of Contents

Executive Summary

- Strong third-quarter results keep us **on track to meet 2016 adjusted earnings-per-share guidance** of $4.60 to $5.00[1]
- Last week, Cameron JV's EPC contractor indicated Trains 1-3 in-service dates are facing delays; partners assessing schedule and exploring ways to mitigate impact; any delay would likely cause a portion of 2018 and 2019 Cameron earnings to be lower than anticipated, but **tariff adjustment should substantially maintain Sempra's project NPV**
- Our focus is on **execution of the base plan**
  - IEnova **closed ~$1.1B acquisition** of Pemex's interest in shared joint venture
  - IEnova placed **largest Mexico equity offering in 2 years** with a $1.6B follow-on equity offering; **investor demand confirms strategy**
  - SDG&E's Sycamore-Peñasquitos Transmission project approved by CPUC with estimated capex of ~$260M
- Also focused on **addition of new development projects**
  - Addition of 393 MWs of renewable projects at IEnova
  - SDG&E received CPUC approval to own and operate 37.5 MW energy storage project, expect COD Q1-17

1) Sempra Energy Adjusted Earnings-Per-Share (EPS) guidance is a non-GAAP financial measure. See appendix for further details. 2016 GAAP EPS guidance range is $5.00-$5.40.

Sempra Energy®

Cameron LNG Update

Trains 1-3[1]

- Last week, Cameron JV received indication from CCJV, its EPC contractor, that the in-service date for each train may be facing delays
  - CCJV current in-service estimate: Trains 1, 2 & 3 delayed to mid-2018, late 2018 and mid-2019
- Cameron JV and partners reviewing schedule and exploring ways to mitigate impact
- No significant impact to Sempra's NPV; Cameron earnings lower in 2018 and 2019 but shifted to future years
  - The terms of our agreements provide for tariff adjustment with EPC schedule delays or cost increases
  - EPC contract provides in-service date for each train with liquidated damages, under certain circumstances, if schedule not met
- Sempra's base plan assumed all three trains were in-service full-year 2019

Potential Expansion[1]

- Key milestones required for any future expansion of Cameron
  - Resolve equity partner issue
  - New EPC bid, obtain lender's consent, obtain long-term customer agreements
- No LNG expansions included in base plan growth[2]

Sempra Energy

1) The ability to successfully complete major construction projects, including the Cameron LNG facility currently under construction, as well as the expansion of the Cameron LNG facility beyond the first three trains and the potential LNG projects at ECA and Port Arthur, is subject to a number of risks and uncertainties. Please refer to the "Risk Factors" section of our most recent Annual Report on Form 10-K for a description of the risks associated with these opportunities.
2) 2016 base plan includes $20M-$25M of LNG development expenses.

IEnova Makes Significant Progress with Growth Strategy

Closed $1.1B[1] Acquisition of PEMEX JV

- Completed acquisition of PEMEX's 50% interest in Gasoductos de Chihuahua (GdC)
- Maintain 25% interest in Los Ramones Norte through JV with PEMEX
- 2017-2020 $0.05-$0.10 annual per share Sempra accretion included in base plan

$1.6B Follow-On Equity Offering

- Issued ~380M shares at 80MXP[2]
- Largest follow-on offering in Mexico in last two years
- Substantially over-subscribed, overallotment fully exercised
- Primary use of funds for GdC and other growth
- **Sempra purchased ~$351M[3] of IEnova stock; ownership now ~66%**

393 MWs of New Renewable Projects

- 252MW Ventika wind pending acquisition[4]
  - Began operations Apr-2016
  - Avg. 20-year USD contracts with private companies[5]
  - Expect to close Q4-2016
- 141MW solar projects awarded
  - ~$150M capex
  - 15-year USD contracts and 20-year clean energy certificates with CFE
  - Expect COD 1H-2019
- Projects are **incremental** to base plan

1) IEnova also assumed $364M of long-term debt as part of the transaction
2) Equivalent to US$4.22 per share (based on average MXP/US$ of 18.96; source Banco de Mexico, on October 13, 2016).
3) Sempra owns ~1,019M shares. Total IEnova shares outstanding ~1,534M.
4) Purchase price of ~$852M, which includes the assumption of ~$477M of debt. Acquisition is subject to customary closing conditions and regulatory approval.
5) Including Femsa, Chrysler and Cemex.

Other Business Updates

Southern Peru Pipeline[1]

- Sempra working on agreement to purchase 50% equity of ~$6.5B, 625 mile pipeline
- Need to resolve several significant issues before an agreement can be reached
- No assurance agreement or financial close will be reached

Aliso Canyon

- Requested DOGGR and CPUC to certify field for injection; could be approved by YE-16
- Root cause analysis final report now expected to be complete in 1H-17
- Reached settlement of misdemeanor criminal case with LA County DA's Office for up to $4.3M covering a small fine and penalty and enhancements to safety and methane monitoring, subject to court approval
- Depending on nature of claims, **insurance coverage ranges from $1.2B - $1.4B**[2]; estimate for certain costs increased to $763M[3] as of September 30, 2016 due to higher costs for third party root cause analysis and claims recovery process for temporary relocation program

Management Changes Announced Sep-16

- Mark Snell will retire as President of Sempra, effective March 1, 2017
- Other announced changes designed to continue development of senior leadership and advance succession planning

1) The project is currently contracted under a 34-year U.S. dollar denominated concession agreement with the government of Peru to build, operate and maintain the pipeline.
2) The estimated insurance range does not include Director & Officer Liability Insurance.
3) Of the $763M, approximately 70% is for the temporary relocation program (including cleaning costs and certain labor costs) and approximately 20% is for efforts to control the well, stop the leak, stop or reduce emissions, and the estimated cost of the root cause investigation. The remaining amount includes legal costs incurred to defend litigation, the value of lost gas, the costs to mitigate the actual natural gas released and other costs. Cost estimate excludes any potential damage awards, restitution and any civil, administrative or criminal fines and other penalties that may be imposed, as well as any additional costs to clean homes and future legal costs necessary to defend litigation, among other potential costs, as we cannot estimate what amounts, if any, will be incurred for such matters. Please refer to Note 11 of our financial statements in our 2016 third quarter Form 10-Q for further information on costs and our insurance coverage.

Sempra Energy

Third Quarter 2016 Financial Results

(Unaudited; Dollars, except EPS, and shares, in millions)	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
GAAP Earnings[1]	$ 622	$ 248	$ 991	$ 980
Gain in Connection with GdC Acquisition	(350)	-	(350)	-
Gain on Sale of EnergySouth	(78)	-	(78)	-
Losses Related to TdM Held For Sale	65	-	91	-
Loss Related to REX	-	-	27	-
Permanent Releases of Pipeline Capacity	-	-	123	-
Tax Repairs Adjustments Related to General Rate Case (GRC)	-	-	80	-
Adjustment to Loss on SONGS Plant Closure	-	-	-	(13)
Gain on Sale of Mesquite Power Block 2	-	-	-	(36)
Adjusted Earnings[2]	$ 259	$ 248	$ 884	$ 931
Diluted weighted-average shares outstanding	252	251	252	251
GAAP EPS	$ 2.46	$ 0.99	$ 3.93	$ 3.91
Adjusted EPS[2]	$ 1.02	$ 0.99	$ 3.51	$ 3.72

1) Adjustments to GAAP Earnings are shown after-tax and, if applicable, after noncontrolling interests
2) Sempra Energy Adjusted Earnings and Adjusted EPS are non-GAAP financial measures. See appendix for information regarding non-GAAP financial measures and descriptions of adjustments above. Adjusted Earnings and Adjusted EPS for the three months and nine months ended September 30, 2015 have been revised to include after-tax LNG development expenses of $2 million and $7 million, respectively, for consistency with the comparable periods in 2016. LNG development expenses are included in Adjusted Earnings in 2016.

Sempra Energy®

Third Quarter 2016 Key Drivers

- $259M adjusted earnings[1] reported in Q3-16 compared to $248M adjusted earnings[1] reported in Q3-15. The variance is primarily due to:
  - $21M higher earnings at the California utilities, primarily due to higher CPUC base margin, net of operating expenses, partially offset by
  - $13M lower earnings at Sempra International including:
    - $4M unfavorable impact from transactional effects from foreign currency and inflation in Q3-16 compared to $16M favorable impact in Q3-15 in Sempra Mexico, partially offset by
    - $5M favorable impact from operational growth in Mexico and Peru
- Q3-16 adjusted earnings[1] and 2016 adjusted earnings-per-share guidance[1] exclude:
  - $350M gain (after tax and noncontrolling interests) related to the Gasoductos de Chihuahua acquisition at Sempra Mexico
  - $78M gain on sale of southeast utilities at U.S. Gas & Power
  - $65M loss (after tax and noncontrolling interests) related to TdM held for sale at Sempra Mexico, net of related reduction in deferred tax liability
- $34M benefit related to adoption of new accounting standard related to stock-based compensation is included in adjusted earnings YTD-16[1]; no impact to Q3-16 earnings

1) Sempra Energy Adjusted Earnings and 2016 Adjusted Earnings-Per-Share Guidance are non-GAAP financial measures. Sempra Energy reported GAAP earnings of $622M in Q3-16 and $248M in Q3-15. 2016 GAAP EPS guidance range is $5.00-$5.40. See appendix for further details.

Business Unit Earnings

SDG&E

(Unaudited, dollars in millions)	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
SDG&E GAAP Earnings	$ 183	$ 170	$ 419	$ 443
Tax Repairs Adjustments Related to GRC[(1)]	-	-	31	-
Adjustment to Loss on SONGS Plant Closure[(2)]	-	-	-	(13)
SDG&E Adjusted Earnings[(3)]	$ 183	$ 170	$ 450	$ 430

- Q3-16 earnings higher primarily due to $10M higher CPUC base margin, net of operating expenses

Sempra Energy

1) In Q2-16, SDG&E recorded $31M after-tax ($52M pretax) related to the reallocation to ratepayers of benefits of estimated 2015 income tax repairs deductions and the true-up of 2012-2014 estimates to actuals pursuant to the CPUC final decision in its 2016 GRC.
2) In Q1-15, SDG&E reduced the loss on the SONGS plant closure by $13M after-tax ($21M pretax), as a result of the CPUC's acceptance of SDG&E's compliance filing and establishment of the revenue requirement associated with the settlement.
3) SDG&E Adjusted Earnings is a non-GAAP financial measure. See appendix for information regarding non-GAAP financial measures.

SoCalGas

(Unaudited, dollars in millions)	Three months ended September 30, 2016	2015	Nine months ended September 30, 2016	2015
SoCalGas GAAP (Losses) Earnings	$ -	$ (8)	$ 198	$ 276
Tax Repairs Adjustments Related to GRC[1]	-	-	49	-
SoCalGas Adjusted (Losses) Earnings[2]	$ -	$ (8)	$ 247	$ 276

- Q3-16 earnings higher primarily due to:
  - $9M higher CPUC base margin, net of operating expenses, and
  - $7M higher earnings from PSEP and AMI, partially offset by
  - $10M lower favorable impact of resolution of prior years' tax items
- YTD-16 adjusted earnings lower primarily due to $13M North-South impairment and $11M retroactive benefit approved in 2015 for 2012-2014 rate base
- Due to application of seasonality to revenues, substantially all of SoCalGas' earnings are reported in Q1 and Q4

1) In Q2-16, SoCalGas recorded $49M after-tax ($83M pretax) related to the reallocation to ratepayers of benefits of estimated 2015 income tax repairs deductions and the true-up of 2012-2014 estimates to actuals pursuant to the CPUC final decision in its 2016 GRC.
2) SoCalGas Adjusted (Losses) Earnings is a non-GAAP financial measure. See appendix for information regarding non-GAAP financial measures.

Sempra International

(Unaudited, dollars in millions)	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Sempra South American Utilities	$ 46	$ 43	$ 127	$ 129
Sempra Mexico	332	63	407	160
Sempra International GAAP Earnings	378	106	534	289
Gain in Connection with GdC Acquisition(1)	(350)	-	(350)	-
Losses Related to TdM Held For Sale(2)	65	-	91	-
Sempra International Adjusted Earnings(3)	$ 93	$ 106	$ 275	$ 289

- Q3-16 Sempra International adjusted earnings(3) lower primarily due to:
  - $4M unfavorable impact from transactional foreign currency and inflation effects in Q3-16 compared to $16M favorable impact in Q3-15 in Sempra Mexico, partially offset by
  - $5M higher operational earnings in Mexico and Peru
- YTD-16 Sempra International adjusted earnings(3) lower primarily due to $11M lower favorable impact from foreign currency and inflation effects
- Exposure in Mexico to foreign currency movements will increase due to higher deferred tax balances resulting from Pemex acquisition, despite GdC contracts being US dollar-denominated

1) Amount shown is after-tax and after noncontrolling interests.
2) Amount shown is after-tax and after noncontrolling interests. Includes $25M reduction in deferred tax liability in Q3-16 from the impairment in carrying value of TdM, which offsets $26M deferred tax expense recorded in the first half of 2016 related to the classification of the assets as held for sale.
3) Sempra International Adjusted Earnings is a non-GAAP financial measure. See appendix for information regarding non-GAAP financial measures.

Sempra Natural Gas

(Unaudited, dollars in millions)	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Sempra Natural Gas GAAP Earnings (Losses)	$ 77	$ 1	$ (104)	$ 43
Gain on Sale of EnergySouth	(78)	-	(78)	-
Loss Related to REX[(1)]	-	-	27	-
Permanent Releases of Pipeline Capacity[(2)]	-	-	123	-
Gain on Sale of Mesquite Power Block 2	-	-	-	(36)
Sempra Natural Gas Adjusted (Losses) Earnings[(3)]	$ (1)	$ 1	$ (32)	$ 7

- Q3-16 Natural Gas adjusted (losses) earnings[(3)] in line with last year and includes:
  - $14M lower equity earnings due to sale of interest in REX, partially offset by
  - $8M higher earnings from midstream activities, including reversal of losses related to gas held in inventory
- Expect ~$12M remainder of losses related to natural gas held in inventory booked 1H-16 to reverse in Q4-16

1) A $27M after-tax ($44M pretax) impairment was recorded on Natural Gas' investment in REX in Q1-16.
2) A $123M after-tax ($206M pretax) charge from Natural Gas' permanent releases of pipeline capacity was recorded in Q2-16.
3) Sempra Natural Gas Adjusted (Losses) Earnings is a non-GAAP financial measure. See appendix for information regarding non-GAAP financial measures. Sempra and Sempra Natural Gas Adjusted (Losses) Earnings for the three months and nine months ended September 30, 2015 have been revised to include after-tax LNG development expenses of $2 million and $7 million, respectively, for consistency with the comparable periods in 2016. LNG development expenses are included in Sempra and Sempra Natural Gas Adjusted (Losses) Earnings in 2016.

Sempra Energy®

Sempra Renewables

(Unaudited, dollars in millions)	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Sempra Renewables Earnings	17	15	43	47

- Q3-16 Renewables earnings in line with last year
- Additional 422MWs expected to be in service by YE-16

Appendix

Non-GAAP Financial Measures

Sempra Energy Adjusted Earnings and Adjusted Earnings-Per-Share (Unaudited) Exclude:

In the three months ended September 30, 2016:

- $350 million, after tax and noncontrolling interests, noncash gain ($617 million pretax and before noncontrolling interests) from the remeasurement of our equity method investment in Gasoductos de Chihuahua (GdC), a 50-50 joint venture between our Mexican subsidiary, IEnova, and Petróleos Mexicanos (PEMEX), in connection with IEnova's September 2016 acquisition of PEMEX's 50-percent interest in GdC
- $78 million ($130 million pretax) gain at Sempra Natural Gas on the September 2016 sale of EnergySouth Inc., the parent company of Mobile Gas and Willmut Gas
- $(90) million, after tax and noncontrolling interests, ($131 million pretax and before noncontrolling interests) impairment of assets held for sale at Sempra Mexico's
  Termoeléctrica de Mexicali (TdM)
- $25 million reduction of deferred income tax liability related to the impairment in carrying value of TdM's assets

In the nine months ended September 30, 2016:

- $350 million, after tax and noncontrolling interests, noncash gain ($617 million pretax and before noncontrolling interests) from the remeasurement of our equity method investment in GdC
- $78 million ($130 million pretax) gain on the sale of EnergySouth
- $(123) million ($206 million pretax) losses from the permanent release of pipeline capacity at Sempra Natural Gas
- $(80) million ($135 million pretax) adjustments related to tax repairs deductions reallocated to ratepayers as a result of the 2016 General Rate Case Final Decision (2016 GRC FD) at the California Utilities
- $(27) million ($44 million pretax) impairment charge related to Sempra Natural Gas' investment in Rockies Express Pipeline LLC (Rockies Express)
- $(90) million, after tax and noncontrolling interests, ($131 million pretax and before noncontrolling interests) impairment of TdM assets held for sale
- $(1) million deferred income tax expense related to our decision to hold TdM for sale

In the nine months ended September 30, 2015:

- $36 million ($61 million pretax) gain on the sale of the remaining block of the Mesquite Power plant
- $13 million ($21 million pretax) reduction in the plant closure loss related to the San Onofre Nuclear Generating Station (SONGS) due to California Public Utilities Commission (CPUC) approval of a compliance filing related to San Diego Gas & Electric Company's (SDG&E) authorized recovery of its investment in SONGS

Sempra Energy Adjusted Earnings and Adjusted Earnings-Per-Share are non-GAAP financial measures (GAAP represents accounting principles generally accepted in the United States of America). Because of the significance and nature of these items, management believes that these non-GAAP financial measures provide a more meaningful comparison of the performance of Sempra Energy's business operations from 2016 to 2015 and to future periods, and also as a base for projection of future earnings-per-share compound annual growth rate (EPS CAGR). Non-GAAP financial measures are supplementary information that should be considered in addition to, but not as a substitute for, the information prepared in accordance with GAAP. Slide 8 of this presentation reconciles for historical periods these non-GAAP financial measures to Sempra Energy Earnings and Diluted Earnings-Per-Common-Share, which we consider to be the most directly comparable financial measures calculated in accordance with GAAP.

Non-GAAP Financial Measures (continued)

San Diego Gas & Electric Company (SDG&E) Adjusted Earnings (Unaudited) Exclude:

In the nine months ended September 30, 2016:

- After-tax charges totaling $31 million ($52 million pretax) related to tax repairs deductions reallocated to ratepayers as a result of the 2016 GRC FD

In the nine months ended September 30, 2015:

- A $13 million after-tax reduction ($21 million pretax) in the plant closure loss related to the San Onofre Nuclear Generating Station (SONGS) due to California Public Utilities Commission (CPUC) approval of a compliance filing related to SDG&E's authorized recovery of its investment in SONGS

Southern California Gas Company (SoCalGas) Adjusted Earnings (Unaudited) Exclude:

In the nine months ended September 30, 2016:

- After-tax charges totaling $49 million ($83 million pretax) related to tax repairs deductions reallocated to ratepayers as a result of the 2016 GRC FD

SDG&E and SoCalGas Adjusted Earnings are non-GAAP financial measures (GAAP represents accounting principles generally accepted in the United States of America). Because of the significance and nature of these items, management believes that these non-GAAP financial measures provide a more meaningful comparison of the performance of SDG&E's and SoCalGas' business operations from 2016 to 2015 and to future periods. Non-GAAP financial measures are supplementary information that should be considered in addition to, but not as a substitute for, the information prepared in accordance with GAAP. Slides 11 and 12 of this presentation reconcile these non-GAAP financial measures to SDG&E Earnings and SoCalGas Earnings, respectively, which we consider to be the most directly comparable financial measures calculated in accordance with GAAP.

Non-GAAP Financial Measures (continued)

Sempra International Adjusted Earnings (Unaudited) Exclude:

In the three months ended September 30, 2016:

- $350 million, after tax and noncontrolling interests, noncash gain ($617 million pretax and before noncontrolling interests) from the remeasurement of our equity method investment in Gasoductos de Chihuahua (GdC), a 50-50 joint venture between our Mexican subsidiary, IEnova, and Petróleos Mexicanos (PEMEX), in connection with IEnova's September 2016 acquisition of PEMEX's 50-percent interest in GdC
- $(90) million, after tax and noncontrolling interests, ($131 million pretax and before noncontrolling interests) impairment of assets held for sale at Sempra Mexico's Termoeléctrica de Mexicali (TdM)
- $25 million reduction of deferred income tax liability related to the impairment in carrying value of TdM's assets

In the nine months ended September 30, 2016:

- $350 million, after tax and noncontrolling interests, noncash gain ($617 million pretax and before noncontrolling interests) from the remeasurement of our equity method investment in GdC
- $(90) million, after tax and noncontrolling interests, ($131 million pretax and before noncontrolling interests) impairment of TdM assets held for sale
- $(1) million deferred income tax expense related to our decision to hold TdM for sale

Sempra Natural Gas Adjusted (Losses) Earnings (Unaudited) Exclude:

In the three months ended September 30, 2016:

- $78 million ($130 million pretax) gain at Sempra Natural Gas on the September 2016 sale of EnergySouth Inc., the parent company of Mobile Gas and Willmut Gas

In the nine months ended September 30, 2016:

- $(123) million ($206 million pretax) losses from the permanent release of pipeline capacity at Sempra Natural Gas
- $78 million ($130 million pretax)gain on the sale of EnergySouth
- $(27) million ($44 million pretax) impairment charge related to Sempra Natural Gas' investment in Rockies Express Pipeline LLC (Rockies Express)

In the nine months ended September 30, 2015:

- $36 million ($61 million pretax) gain on the sale of the remaining block of the Mesquite Power plant

Sempra International and Sempra Natural Gas Adjusted Earnings are non-GAAP financial measures (GAAP represents accounting principles generally accepted in the United States of America). Because of the significance and nature of these items, management believes that these non-GAAP financial measures provide a more meaningful comparison of the performance of Sempra International's and Sempra Natural Gas' business operations from 2016 to 2015 and to future periods. Non-GAAP financial measures are supplementary information that should be considered in addition to, but not as a substitute for, the information prepared in accordance with GAAP. Slides 13 and 14 of this presentation reconcile these non-GAAP financial measures to Sempra International Earnings and Sempra Natural Gas (Losses) Earnings, respectively, which we consider to be the most directly comparable financial measures calculated in accordance with GAAP.

Non-GAAP Financial Measures (continued)

Sempra Energy 2016 Adjusted Earnings-Per-Share (EPS) Guidance Range (Unaudited) Excludes:

- $350 million, after tax and noncontrolling interests, noncash gain ($617 million pretax and before noncontrolling interests) from the remeasurement of our equity method investment in GdC recorded in September 2016;
- $123 million after tax charge ($206 million pretax) recorded in the second quarter of 2016 from Sempra Natural Gas' permanent release of pipeline capacity;
- $90 million, after tax and noncontrolling interests, ($131 million pretax and before noncontrolling interests) impairment charge and the $1 million deferred income tax expense recorded in the nine months ended September 30, 2016;
- $80 million after-tax charges ($135 million pretax) from adjustments related to tax repairs at the California Utilities as a result of the 2016 GRC FD;
- $78 million after-tax gain ($130 million pretax) from the September 2016 sale of EnergySouth;
- $27 million after-tax Rockies Express impairment charge ($44 million pretax) recorded in the first quarter of 2016.

Sempra Energy 2016 Adjusted EPS Guidance is a non-GAAP financial measure. Because of the significance and nature of the excluded items, management believes this non-GAAP financial measure provides better clarity into the ongoing results of the business and the comparability of such results to prior and future periods and also as a base for projected earnings-per-share CAGR. Sempra Energy 2016 Adjusted Earnings-Per-Share Guidance should not be considered an alternative to diluted EPS guidance determined in accordance with GAAP. The table below reconciles Sempra Energy 2016 Adjusted EPS Guidance Range to Sempra Energy 2016 EPS Guidance Range, which we consider to be the most directly comparable financial measure calculated in accordance with GAAP.

	Full Year 2016		
Sempra Energy GAAP EPS Guidance Range (1)	$ 5.00	to	$ 5.40
Gain in Connection with GdC Acquisition	(1.38)		(1.38)
Gain on Sale of Energy South	(0.31)		(0.31)
Permanent Releases of Pipeline Capacity	0.49		0.49
Losses Related to TdM Held for Sale	0.36		0.36
Tax Repairs Adjustments Related to 2016 GRC FD	0.33		0.33
Loss Related to REX	0.11		0.11
Sempra Energy Adjusted EPS Guidance Range (1)	$ 4.60	to	$ 5.00

1) Sempra Energy GAAP EPS Guidance Range and Sempra Energy Adjusted EPS Guidance Range are calculated using a weighted average number of shares (diluted) of 253 million shares.

Sempra Energy®