



# **Third-Quarter 2011 Earnings Results**

November 3, 2011

# Information Regarding Forward-Looking Statements

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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,” “intends,” “plans,” “estimates,” “may,” “will,” “would,” “could,” “should,” “potential,” “target,” “depends,” or similar expressions, or discussions of strategies, plans or intentions. These forward looking statements represent our estimates and assumptions only as of the date of this news release. We assume no obligation to update or revise any forward looking statement as a result of new information, future events or other factors. Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions. Future results may differ materially from those expressed in the forward-looking statements. Forward-looking statements are necessarily based upon various assumptions involving judgments with respect to the future and other risks, including, among others: local, regional, national and international economic, competitive, political, legislative and regulatory conditions and developments; actions by the California Public Utilities Commission, California State Legislature, Federal Energy Regulatory Commission, Nuclear Regulatory Commission, California Energy Commission, California Air Resources Board, and other regulatory, governmental and environmental bodies in the United States and other countries where the company does business; capital market conditions, including the availability of credit and the liquidity of our investments; inflation, interest and exchange rates; energy markets, including the timing and extent of changes and volatility in commodity prices; the availability of electric power, natural gas and liquefied natural gas; weather conditions, natural disasters, catastrophic accidents, and conservation efforts; wars, terrorist attacks and cybersecurity threats; business, regulatory, environmental and legal decisions and requirements; the status of deregulation of retail natural gas and electricity delivery; the timing and success of business development efforts and construction, maintenance and capital projects; the inability or determination not to enter into long-term supply and sales agreements or long-term capacity agreements; the resolution of litigation; and other uncertainties, all of which are difficult to predict and many of which are beyond the control of the company. 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](http://www.sec.gov), and on the company’s website at [www.sempra.com](http://www.sempra.com).

## Third-Quarter 2011 Results

<i>(Unaudited; dollars, except EPS, and shares in millions)</i>	Three months ended September 30,		Nine months ended September 30,	
	2011	2010	2011	2010
GAAP Earnings	\$ 296	\$ 131	\$ 1,065	\$ 459
Remeasurement Gain on Chile/Peru Acquisition	-	-	(277)	-
Write-down of Investment in Commodities JV	-	139	-	139
Litigation Settlement	-	-	-	96
Adjusted Earnings*	<u>\$ 296</u>	<u>\$ 270</u>	<u>\$ 788</u>	<u>\$ 694</u>
Diluted weighted-average shares outstanding	242	250	242	250
GAAP EPS	\$ 1.22	\$ 0.53	\$ 4.40	\$ 1.84
Adjusted EPS*	\$ 1.22	\$ 1.09	\$ 3.26	\$ 2.78

- ▶ Solid Q3-11 and year-to-date performance
- ▶ Adjusted year-to-date EPS up 17%\*

\* See appendix for information regarding non-GAAP financial measures. Year-to-date 2011 earnings per share up 139% on a GAAP basis.

## SDG&E and SoCalGas

<i>(Unaudited, dollars in millions)</i>	Three months ended September 30,		Nine months ended September 30,	
	2011	2010	2011	2010
SDG&E Earnings	\$ 113	\$ 106	\$ 273	\$ 264
SoCalGas Earnings	81	78	208	212
Total	\$ 194	\$ 184	\$ 481	\$ 476

- ▶ SDG&E earnings in Q3-11 up primarily due to higher earnings from work in progress (AFUDC equity) on Sunrise Powerlink and other construction projects

# Sempra Pipelines & Storage

<i>(Unaudited, dollars in millions)</i>	Three months ended September 30,		Nine months ended September 30,	
	2011	2010	2011	2010
Earnings	\$ 66	\$ 43	\$ 457	\$ 120
Remeasurement Gain on Chile/Peru Acquisition	-	-	(277)	-
Adjusted Earnings*	\$ 66	\$ 43	\$ 180	\$ 120

- ▶ Q3-11 increase a result of:
  - \$11 million higher earnings primarily related to the acquisition of controlling interests in utilities in Chile and Peru, and
  - \$18 million non-operating earnings primarily from appreciation of U.S. dollars held in Chile in Q3-11, offset by
  - \$7 million net benefit in Q3-10 related to investment in Argentina

\* See appendix for information regarding non-GAAP financial measures.

## Sempra LNG

<i>(Unaudited, dollars in millions)</i>	Three months ended September 30,		Nine months ended September 30,	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Earnings	\$ 24	\$ 5	\$ 75	\$ 50

- ▶ Q3-11 and year-to-date increases due primarily to additional revenues related to non-delivery of contracted cargoes

# Sempra Generation

<i>(Unaudited, dollars in millions)</i>	Three months ended September 30,		Nine months ended September 30,	
	2011	2010*	2011	2010*
	Earnings	\$ 49	\$ 59	\$ 143

- ▶ Decrease in Q3-11 earnings due primarily to lower earnings from natural gas-fired power plant operations, offset by an income-tax benefit
- ▶ Contract with California Department of Water Resources expired at end of Q3-11
- ▶ 480-MW El Dorado natural gas plant acquired by SDG&E on October 1

\* Earnings from Sempra Rockies Marketing have been reclassified in 2010 into Sempra Generation from our former Sempra Commodities segment. Sempra Rockies Marketing contributed \$3 million in earnings in each of Q3-11 and Q3-10 and \$9 million in each of YTD-11 and YTD-10.

\*\* Includes \$86 million charge related to litigation settlement.

## 2011 Earnings Outlook

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- ▶ Timing of regulatory decision and amount of recovery of increased wildfire insurance costs are key factors in determining where within our guidance range we will end the year
  - If approved as filed, SDG&E would recover costs that would result in approximately \$50 million of earnings
- ▶ Strong performance across all businesses for the first nine months of 2011
- ▶ Re-affirm 2011 EPS of \$4.00 - \$4.30\*, excluding impact of remeasurement gain from South American acquisition

\* See appendix for information regarding non-GAAP financial measures. 2011 EPS guidance is \$5.14 to \$5.44 on a GAAP basis.



## SDG&E and SoCalGas Update

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- ▶ General Rate Cases
  - Intervenor testimony filed in September
  - Rebuttal testimony filed in October
  - Evidentiary hearings to be held in December
  - Final CPUC decision scheduled for March 2012
- ▶ Sunrise Powerlink
  - Project is currently 50% complete
  - On schedule to be completed in the 2<sup>nd</sup> half of 2012
- ▶ Pipeline Safety Enhancement Plan
  - SoCalGas and SDG&E filed pipeline safety enhancement plan covering pipeline segments in populated areas
  - Total cost estimate is \$3.1 billion of spending over the next 10 years

## Cameron LNG Facility

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- ▶ Strong market interest in developing liquefaction facilities at Cameron LNG
- ▶ Plan to file application with Department of Energy for LNG export authorization
- ▶ Our goal is to obtain a long-term contract, fully utilize our existing infrastructure and minimize our future investment risk



# Summary

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- ▶ Year-to-date adjusted EPS up 17% \*
- ▶ Strong performance across all business units
- ▶ Re-affirm 2011 guidance of \$4.00 to \$4.30\* per share, excluding impact of remeasurement gain from acquisition

\* See appendix for information regarding non-GAAP financial measures. Year-to-date 2011 earnings per share up 139% on a GAAP basis. 2011 EPS guidance is \$5.14 to \$5.44 on a GAAP basis.

# Appendix

## Non-GAAP Financial Measures

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Sempra Energy Adjusted Earnings and Adjusted Earnings Per Share in the nine months ended September 30, 2011 and 2011 earnings per share guidance excluding a \$277 million gain from the remeasurement of equity method investments in Chilquinta Energía and Luz del Sur in the second quarter of 2011 are non-GAAP financial measures (GAAP represents accounting principles generally accepted in the United States). Adjusted Earnings and Adjusted Earnings Per Share in 2010 exclude a \$139 million write-down of our investment in RBS Sempra Commodities in the third quarter and a \$96 million charge for a litigation settlement in the first quarter. Statistics using these amounts, including percentage changes from period to period, also result in non-GAAP measures. 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 2011 to 2010 and to future periods. Accordingly, 2011 guidance of \$4 to \$4.30 per diluted share excludes the second quarter gain of \$277 million, or \$1.14 per diluted share, based on shares outstanding through September 30, 2011. 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 3 and 5 of this presentation and Table A of our financial tables in our third quarter earnings press release reconcile 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. Our third quarter earnings release is available in the News section of our website at [www.sempra.com](http://www.sempra.com).