



## Sempra Energy 2006 Net Income Rises 53 Percent

- Commodities Unit Drives Record Earnings
- Company Raises 2007 Earnings-Per-Share Guidance to Range of \$3.75 to \$3.95

**SAN DIEGO, Feb. 22, 2007** – Sempra Energy (NYSE: SRE) today reported 2006 net income of \$1.4 billion, or \$5.38 per diluted share, an increase of 53 percent over \$920 million, or \$3.65 per diluted share, in 2005.

Included in 2006 results was \$315 million in after-tax income from discontinued operations related to asset sales. In 2005, Sempra Energy incurred \$311 million after-tax in litigation expense related to the Western U.S. energy crisis of 2000-01.

For the full-year 2006, income from continuing operations -- excluding a \$204 million gain on the sale of the jointly owned Texas power plants and a \$221 million write-down on the company's Argentine investments -- was \$1.1 billion, or \$4.24 per diluted share, up 21 percent from \$913 million, or \$3.62 per diluted share in 2005.

Sempra Energy's fourth-quarter net income was \$125 million, or \$0.47 per diluted share, in 2006, compared with \$355 million, or \$1.38 per diluted share, in 2005.

Fourth-quarter results included the charge related to the Argentine utilities. In the year-earlier quarter, the company recorded an after-tax charge of \$116 million for energy-crisis litigation costs.

"This was our eighth consecutive year of record earnings," said Donald E. Felsing, chairman and chief executive officer of Sempra Energy. "We are benefiting from a focused strategy. Building natural gas infrastructure in North America and expanding our California utilities remain our top priorities."

Sempra Energy's board of directors last week increased the dividend on common shares on an annualized basis to \$1.24 per share from \$1.20 per share.

Revenues for Sempra Energy in 2006 were \$11.8 billion, compared with \$11.5 billion in 2005. Fourth-quarter 2006 revenues were \$3.2 billion, compared with \$3.9 billion in the prior year's quarter, due primarily to reduced commodity prices.

### SUBSIDIARY OPERATING RESULTS

#### Sempra Utilities

Net income for San Diego Gas & Electric (SDG&E) was \$237 million in 2006, compared with \$262 million in 2005. SDG&E's fourth-quarter 2006 net income was \$55 million, compared with net income of \$72 million in the fourth quarter 2005. The change in net income for the quarter and full year was due primarily to the positive effect in 2005 of demand-side-management incentives and favorable resolution of prior-years' tax and regulatory issues, offset by higher net income from electric generation in 2006, including the addition of the new Palomar generating facility.

Net income for Southern California Gas Co. (SoCalGas) was \$223 million in 2006, compared with \$211 million in the prior year. The improvement from the prior year was due primarily to energy-crisis litigation expense in 2005, offset by the favorable resolution of tax and regulatory issues. SoCalGas' fourth-quarter net income was \$55 million in 2006, up from \$48 million in the previous year.

#### Sempra Commodities

Sempra Commodities' 2006 net income rose to \$504 million from \$460 million in 2005, due to improved results in the natural gas and base metals businesses. Fourth-quarter net income for Sempra Commodities was \$214 million in 2006, compared with \$244 million in the prior-year quarter, due to reduced margins in petroleum and power marketing.

"Energy markets remain volatile and we do not see this volatility moderating in the near future," said Felsing. "Sempra Commodities continues to excel in this environment, offering customers help in managing their commodity risks."

#### Sempra Generation

Sempra Generation's net income in 2006 was \$375 million, compared with 2005 net income of \$149 million. The company's 2006 net income included \$204 million from the sale of its jointly owned Texas power plants. Fourth-quarter 2006 net income for Sempra Generation was \$53 million, compared with \$58 million in 2005.

In 2006, Sempra Generation completed the sale of several assets that were recorded as discontinued operations, including the Twin Oaks power plant, its oil and gas production unit, and its energy-services and facilities-management operations.

### **Sempra Pipelines & Storage**

Sempra Pipelines & Storage recorded a net loss of \$165 million in 2006, compared with net income of \$64 million in 2005. In the fourth quarter 2006, Sempra Pipelines & Storage recorded a net loss of \$223 million, compared with \$16 million in net income during the same quarter in 2005. Both the quarter and full-year results for Sempra Pipelines & Storage were impacted by the company's write-down on its Argentine investments.

### **Sempra LNG**

Sempra LNG recorded a net loss of \$42 million in 2006, compared with a net loss of \$25 million in the prior year, due to a \$13 million mark-to-market loss related to a natural gas marketing agreement with Sempra Commodities and higher development costs. For the fourth quarter, Sempra LNG's 2006 net loss was \$7 million, compared with a net loss of \$10 million in 2005.

### **2007 Earnings Outlook**

Sempra Energy today updated its 2007 earnings-per-share guidance to a range of \$3.75 to \$3.95 from previous guidance of \$3.50 to \$3.70.

### **Internet Broadcast**

Sempra Energy will broadcast a live discussion of its earnings results over the Internet today at 1 p.m. EST with senior management of the company. Access is available by logging onto the Web site at [www.sempra.com](http://www.sempra.com). For those unable to log onto the live webcast, the teleconference will be available on replay a few hours after its conclusion by dialing (888) 203-1112 and entering the passcode, 8288064.

Sempra Energy, based in San Diego, is a Fortune 500 energy services holding company with 2006 revenues of nearly \$12 billion. The Sempra Energy companies' 14,000 employees serve more than 29 million consumers in the United States, Europe, Canada, Mexico, South America and Asia.

Income-statement information by business unit is available on Sempra Energy's Web site at <http://www.sempra.com/downloads/4Q2006.pdf>. [www.sempra.com](http://www.sempra.com)

This press release contains statements that are not historical fact and constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. When the company uses words like "believes," "expects," "anticipates," "intends," "plans," "estimates," "may," "would," "should" or similar expressions, or when the company discusses its strategy or plans, the company is making forward-looking statements. Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions. Future results may differ materially from those expressed in the forward-looking statements. Forward-looking statements are necessarily based upon various assumptions involving judgments with respect to the future and other risks, including, among others: local, regional, national and international economic, competitive, political, legislative and regulatory conditions and developments; actions by the California Public Utilities Commission, the California State Legislature, the California Department of Water Resources, the Federal Energy Regulatory Commission and other environmental and regulatory bodies in the United States and other countries; capital markets conditions, inflation rates, interest rates and exchange rates; energy and trading markets, including the timing and extent of changes in commodity prices; the availability of natural gas and liquefied natural gas; weather conditions and conservation efforts; war and terrorist attacks;

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; 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 company's reports filed with the Securities and Exchange Commission that are available through the EDGAR system without charge at its Web site, [www.sec.gov](http://www.sec.gov) and on the company's Web site, [www.sempra.com](http://www.sempra.com).

Sempra LNG and Sempra Pipelines & Storage are not the same companies as the utilities, SDG&E or SoCalGas, and are not regulated by the California Public Utilities Commission. Sempra Energy Trading, doing business as Sempra Commodities, and Sempra Generation are not the same companies as the utilities, SDG&E or SoCalGas, and the California Public Utilities Commission does not regulate the terms of their products and services.

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