



Sempra Energy Announces 14-Percent Increase In Earnings Per Share For 2002

- Record Earnings Posted for Fourth Consecutive Year

- Company Reaffirms \$2.60 to \$2.80 Earnings-Per-Share Guidance for 2003

SAN DIEGO, Feb. 20, 2003 – Sempra Energy (NYSE: SRE) today reported 2002 earnings of \$591 million, or \$2.87 per diluted share, compared with \$518 million, or \$2.52 per diluted share, for the year 2001 -- a 14-percent increase in earnings per share. The 2002 results benefited from an extraordinary gain of \$0.08 per share from the acquisition of the metals-trading business, \$0.07 of which was recorded in the fourth quarter.

“We are pleased to continue delivering strong financial results for our shareholders,” said Stephen L. Baum, chairman, president and chief executive officer of Sempra Energy. “Since Sempra Energy was formed in 1998, we have successfully executed our strategy and more than doubled our earnings per share. We finished 2002 with a healthy balance sheet, liquidity and cash flow to meet our planned operating needs. We have maintained solid, investment-grade credit ratings and access to capital markets, which enable us to grow our businesses and to take advantage of opportunities in the marketplace.”

For the fourth quarter 2002, Sempra Energy reported earnings of \$148 million, or \$0.72 per diluted share, compared with \$107 million, or \$0.52 per diluted share, for the fourth quarter 2001. Excluding the extraordinary gain from the metals-trading acquisition, Sempra Energy’s fourth-quarter 2002 earnings per share increased about 25 percent over last year’s fourth quarter.

Sempra Energy’s 2002 revenues decreased to \$6 billion from \$7.7 billion in 2001, due to lower commodity prices primarily at Sempra Energy Utilities. In the fourth quarter 2002, revenues rose to \$1.7 billion from \$1.3 billion in the same period in 2001, due to higher commodity prices at Sempra Energy Utilities and increased wholesale trading revenues during the quarter.

Sempra Energy Utilities – SoCalGas and SDG&E

Sempra Energy Utilities earned \$415 million in 2002, up from \$384 million in 2001. Both Southern California Gas Company (SoCalGas) and San Diego Gas & Electric (SDG&E) finished the year with strong financial positions and exceeded their authorized returns on equity.

Net income for SoCalGas for the full year 2002 increased to \$212 million from \$207 million in 2001, due to lower interest expense. For the fourth quarter 2002, SoCalGas recorded net income of \$45 million, compared with \$51 million in the same time period in 2001. The decrease was primarily due to increased operating expenses.

Net income for SDG&E for the full year 2002 increased to \$203 million, compared with \$177 million in 2001. Results in 2002 benefited from a \$25 million tax benefit in the second quarter, due to final resolution of prior-year tax issues.

For the fourth quarter 2002, SDG&E reported net income of \$53 million, versus \$45 million for the same time period in 2001. The increase was primarily due to tax benefits and higher electric-distribution revenues. Fourth-quarter 2001 earnings for SDG&E included a one-time gain from asset sales.

SDG&E’s regulatory balancing account linked to California state law AB265 was reduced to \$215 million at Dec. 31, 2002. The account, which peaked at \$750 million in 2001, represents uncollected wholesale power costs from California’s recent energy crisis that SDG&E is entitled to recover from customers. The company projects that the entire undercollection will be repaid by 2005.

Sempra Energy Trading

Sempra Energy Trading reported net income of \$126 million for 2002, compared with \$196 million in 2001, due to decreased trading volumes for the year.

In the fourth quarter 2002, Sempra Energy Trading’s net income rose to \$53 million from \$10 million in the year-earlier period. The improvement in fourth-quarter earnings was primarily due to increased trading activity, especially in natural gas, metals and oil, amidst more volatile market conditions for those commodities. Fourth-quarter 2002 results also included an extraordinary gain of \$14 million from the acquisition of the metals-trading business.

“Given the difficult market conditions in 2002, we are pleased with the performance of our trading company and, especially, its solid fourth quarter,” said Baum. “We are one of the few credit-worthy players in the industry with demonstrated capability in

both physical and financial trading. Customers have recognized this. We are building market share and extending our reach globally.”

Sempra Energy Trading has a strong earnings base with a diverse product mix, including natural gas, power, oil and base metals. The company also benefits from geographic diversification, marketing its products and services in more than 20 countries.

Sempra Energy Resources

Sempra Energy Resources, the wholesale power-generation subsidiary of Sempra Energy, reported net income of \$60 million in 2002, compared with a loss of \$27 million in 2001.

For the fourth quarter 2002, Sempra Energy Resources reported breakeven earnings, compared with a net loss of \$13 million during the same quarter last year.

Sales of power under the 10-year supply contract with the California Department of Water Resources (CDWR) comprised the majority of Sempra Energy Resources' 2002 earnings. In 2001, the company incurred a loss under the contract from selling power to the CDWR at a discount to market prices.

By the end of 2003, Sempra Energy Resources will have invested in excess of \$1 billion in new generating facilities producing more than 2,100 megawatts. Three new power plants are scheduled to be put into service in the Pacific Southwest by June 2003.

“We are pleased that these three new generating facilities will be bringing additional power supplies to California this summer to help meet demand,” Baum said.

Through 2005, about 85 percent of the peak-generating capability from Sempra Energy Resources' facilities is sold forward.

Sempra Energy International

Sempra Energy International, which develops and operates utilities in international markets, reported net income of \$26 million in 2002, compared with \$25 million in 2001.

For the fourth quarter 2002, Sempra Energy International posted a \$4 million loss, compared with \$14 million in earnings during the same quarter 2001. The loss was primarily related to higher income taxes associated with foreign operations.

Sempra Energy International continues development plans for a liquefied natural gas (LNG) terminal in northwest Mexico. The project is in the permitting stage and could be operational by 2006.

Earlier this week, Sempra Energy LNG Corp., a new subsidiary of Sempra Energy, announced an agreement with Dynegy Midstream Services to acquire its Hackberry, La., LNG project, which has received preliminary approval from the Federal Energy Regulatory Commission. Once final regulatory approvals are received, the project could begin commercial operation as early as 2007 with the capacity to process up to 1.5 billion cubic feet per day of natural gas.

Sempra Energy Solutions

Sempra Energy Solutions, which offers an integrated mix of energy outsourcing and commodity services to large commercial, industrial and institutional customers, recorded net income of \$21 million in 2002, up significantly from net income of \$1 million in 2001.

Earnings were positively impacted by increased electric commodity sales nationwide. In the fourth quarter 2002, Sempra Energy Solutions earned \$10 million, versus earnings of \$5 million in the same time period in 2001.

Earnings Outlook

Baum reaffirmed Sempra Energy's 2003 earnings-per-share outlook of \$2.60 to \$2.80 for 2003. The company also announced a capital budget of \$1.3 billion for 2003.

Internet Broadcast

Sempra Energy will broadcast a live discussion of its earnings results over the Internet today at 1 p.m. EST with Baum and other key executives, Neal E. Schmale, executive vice president and chief financial officer, Frank H. Ault, senior vice president and controller, and Dennis V. Arriola, vice president of investor relations. Access is available by logging onto the Web site at 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 (800) 642-1687 and entering passcode number 7834590.

Sempra Energy (NYSE: SRE), based in San Diego, is a Fortune 500 energy services holding company with 2002 revenues of \$6 billion. The Sempra Energy companies' 12,000 employees serve more than 9 million customers in the United States, Europe, Canada, Mexico, South America and Asia.

This press release contains statements that are not historical fact and constitute forward-looking statements within the meaning of the Private Securities Legislation 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: national, international, regional and local 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 and the Federal Energy Regulatory Commission; capital market conditions, inflation rates and interest rates; energy markets, including the timing and extent of changes in commodity prices; weather conditions; business, regulatory and legal decisions; the pace of deregulation of retail natural gas and electricity delivery; the timing and success of business development efforts; and other uncertainties, all of which are difficult to predict and many of which are beyond the company's control. 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.

Sempra Energy Solutions, Sempra Energy Trading, Sempra Energy International, Sempra LNG Corp. and Sempra Energy Resources are not the same companies as the utilities, SDG&E/SoCalGas, and are not regulated by the California Public Utilities Commission.

[Financial Tables](#)