



2009 Earnings Results

February 25, 2010



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2009 Results

<i>(Dollars in millions, except EPS)</i>	Three months ended December 31,		Years ended December 31,	
	2009	2008	2009	2008
	(unaudited)			
Earnings	\$ 288	\$ 319	\$ 1,119	\$ 1,113
Diluted weighted-average shares outstanding	249	245	247	251
EPS	\$ 1.16	\$ 1.30	\$ 4.52	\$ 4.43

- 2009 EPS up 8% excluding a \$0.26 per share write-off in Q2-09
- 2010 guidance of \$4.25 to \$4.50 per share

Sempra Utilities

<i>(Dollars in millions)</i>	Three months ended December 31,		Years ended December 31,	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	(unaudited)			
SDG&E Earnings	\$ 67	\$ 81	\$ 344	\$ 339
SoCalGas Earnings	75	54	273	244
Total	<u>\$ 142</u>	<u>\$ 135</u>	<u>\$ 617</u>	<u>\$ 583</u>

- Combined earnings for SDG&E and SoCalGas up 6% in 2009
- SDG&E Q4-09 decrease due to:
 - \$9 million lower incentive awards
 - \$4 million higher wildfire insurance expense
- SoCalGas Q4-09 increase due to:
 - \$10 million higher margin
 - \$7 million lower litigation expenses

Sempra Commodities

<i>(Dollars in millions)</i>	Three months ended December 31,		Years ended December 31,	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	(unaudited)			
Earnings	\$ 71	\$ 164	\$ 345	\$ 345

- Modest performance in Q4-09
- Exceptionally strong performance across all product lines in Q4-08

RBS Sempra Commodities Income Allocation

(Unaudited, in millions of U.S. dollars)

RBS Sempra Commodities LLP

	Three months ended December 31, 2009		Year ended December 31, 2009	
	Joint Venture Total	Sempra Share*	Joint Venture Total	Sempra Share*
Margin	\$ 279		\$ 1,168	
Operating and other expenses	(251)		(761)	
JV distributable income	<u>\$ 28</u>		<u>\$ 407</u>	
Preferred return on capital	\$ 84	\$ 60	\$ 330	\$ 240
1 st allocation - 70% Sempra / 30% RBS**	(56)	(36)	77	60
2 nd allocation - 30% Sempra / 70% RBS	-	-	-	-
Distributable income	<u>\$ 28</u>	<u>\$ 24</u>	<u>\$ 407</u>	<u>\$ 300</u>

Sempra Commodities Earnings

Sempra share of distributable income - IFRS basis		\$ 24		\$ 300
U.S. GAAP conversion impact		55		163
Sempra equity earnings before income taxes - U.S. GAAP basis		79		463
Income tax expense		(5)		(111)
Sempra equity earnings from RBS Sempra Commodities LLP		74		352
Other segment activity after-tax		(3)		(7)
Sempra Commodities earnings		<u>\$ 71</u>		<u>\$ 345</u>

* After a 15% preferred return to Sempra and then a 15% return to RBS, Sempra receives 70% of the next \$500 million and 30% of any remaining income on an annual basis. The preferred returns and the 1st allocation (the \$500 million tranche) are prorated over the year.

** The 1st allocation includes certain transition costs specifically allocated to Sempra and RBS.

Sempra Generation

<i>(Dollars in millions)</i>	Three months ended		Years ended	
	December 31,		December 31,	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	(unaudited)			
Earnings	\$ 43	\$ 60	\$ 162	\$ 222

- Q4-08 included \$16 million Mexican tax benefit due to currency and inflation adjustments
- FY-09 decrease due primarily to:
 - \$31 million lower earnings due to effect of lower natural gas prices
 - Mexican tax benefits in Q4-08 noted above
 - \$9 million solar investment tax credits in 2008

Sempra Pipelines & Storage

<i>(Dollars in millions)</i>	Three months ended December 31,		Years ended December 31,	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	(unaudited)			
Earnings	\$ 37	\$ 22	\$ 101	\$ 106

- Q4-09 increase due primarily to:
 - \$5 million higher earnings from Mexican natural gas distribution
 - \$5 million higher earnings from South American investments
 - \$2 million higher earnings from domestic assets
- FY-09 results include \$64 million write-off in Q2-09

Earnings by Business Unit

<i>(Dollars in millions)</i>	Three months ended December 31,		Years ended December 31,	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	(unaudited)			
San Diego Gas & Electric	\$ 67	\$ 81	\$ 344	\$ 339
Southern California Gas	75	54	273	244
Sempra Commodities	71	164	345	345
Sempra Generation	43	60	162	222
Sempra Pipelines & Storage	37	22	101	106
Sempra LNG	35	(13)	16	(46)
Parent & Other	(40)	(49)	(122)	(97)
Earnings	<u>\$ 288</u>	<u>\$ 319</u>	<u>\$ 1,119</u>	<u>\$ 1,113</u>

Financial Summary

- FY-09 EPS up 8% excluding a \$0.26 per share write-off in Q2-09
- Combined earnings for SDG&E and SoCalGas up 6% in 2009
- FY-09 operating cash flow up 57% over prior year
- \$3.6 billion available under committed bank lines at 12/31/09

Proceeds Resulting from J.P. Morgan Transaction

- Proceeds to Sempra of \$1.2 billion
 - Sale of metals, oil and European energy to J.P. Morgan
 - Subsequent withdrawal of excess cash following amendment of partnership agreement

	<u>\$ Millions</u>
Proceeds from sale of metals, oil and European energy*	\$1,710
Proceeds to RBS	(769)
Proceeds to Sempra from sale of metals, oil and European energy	941
Excess cash distribution to Sempra**	250
Proceeds to Sempra resulting from J.P. Morgan transaction	<u><u>\$1,191</u></u>

* Based on balance sheet as of 11/30/2009

** Expected distribution of excess cash following closing of sale of metals, oil and European energy

Sempra's Options for North American Gas & Power

	<u>Stay In</u>	Preferred Outcome <u>Exit</u>
Credit	Large equity issuance or credit support required	Ability to repurchase stock
Earnings	Higher but volatile	Lower but stable
Impact on rest of business	Limits ability to invest in growth	Reinvest in regulated & contracted businesses

Source of Proceeds: Exit From Commodities JV

- Total proceeds to Sempra of \$2.0 billion not including any premium on sale of remaining business

	<u>\$ Billions</u>
Proceeds to Sempra resulting from J.P. Morgan transaction	\$1.2
Remaining book value of joint venture	\$1.6
RBS' 51% of remaining book value	<u>(0.8)</u>
Sempra's 49% of remaining book value	0.8
Premium to Sempra on sale of remaining business	<u>TBD</u>
Total proceeds to Sempra	<u><u>\$2.0 +</u></u>

Post-Sale of RBS Sempra Commodities

- Use of proceeds:
 - Invest in growth
 - Repurchase stock
 - Reduce debt
- 2010 guidance of \$4.25 to \$4.50 per share
- 2011 guidance of \$4.35 to \$4.65 per share, assumes:
 - \$2.0 billion total proceeds to Sempra
 - Continued growth in Utility and Infrastructure businesses
 - \$500 million to \$1 billion stock repurchase

Utility Operational Update

- Expect Sunrise Powerlink construction to commence later this year
- Smart Meter update
 - Nearly 600,000 electric and gas meters installed by SDG&E
 - Expect final decision on SoCalGas program by mid-year 2010
- CPUC approved extension of SDG&E's cost of capital through 2012

Infrastructure Business Update

Generation

- Began construction on 48 MW Copper Mountain Solar
- Fowler Ridge II wind project in-service

LNG

- Profitable in Q4-09
- ECA nitrogen plant complete
- Long-term revenue streams

Pipelines & Storage

- REX-East complete, in-service and fully contracted
- Completion of an additional 12.5 Bcf storage capacity by year-end 2010
- Acquisition of El Paso's pipelines in Mexico

Sempra Energy Mexico Pipeline Acquisition

- \$300 million acquisition of El Paso's interests in Mexican pipelines
 - \$260 million net of cash and debt acquired
- Assets in operation and supported by long-term contracts
- \$0.10 per share accretive in 2011



1. Agua Prieta pipeline

20-inch, 7 miles
100% ownership

2. Samalayuca pipeline

24-inch, 23 miles
50% ownership

3. Propane pipeline

12-inch, 114 miles
50% ownership

4. San Fernando pipeline

36-inch, 70 miles
50% ownership

Summary

- 2009 accomplishments
 - Strong earnings
 - Infrastructure build-out progress
- Clarity on path forward for RBS Sempra Commodities
- 2010 guidance of \$4.25 to \$4.50 per share
- 2011 guidance of \$4.35 to \$4.65 per share
- Robust capital program driving future growth
 - More detail to be provided at analyst conference on March 25