



Second Quarter 2012

Earnings Results

August 2, 2012

Information Regarding Forward-Looking Statements

These presentations contain 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,” “outlook,” “depends,” “pursue,” “goals” or similar expressions, or discussions of our guidance, strategies, plans, goals, 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, 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, U.S. Department of Energy, 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; the impact of benchmark interest rates, generally the U.S. Treasury bond and Moody’s A-rated utility bond yields, on our California Utilities’ cost of capital; the timing and success of business development efforts and construction, maintenance and capital projects, including risks inherent in the ability to obtain, and the timing of granting of, permits, licenses, certificates and other authorizations; 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, including disruptions caused by failures in the North American transmission grid, pipeline explosions and equipment failures; weather conditions, natural disasters, catastrophic accidents, and conservation efforts; risks inherent in nuclear power generation and radioactive materials storage, including the catastrophic release of such materials, the disallowance of the recovery of the investment in or operating costs of the generation facility due to an extended outage, and increased regulatory oversight; wars, terrorist attacks and cybersecurity threats; business, regulatory, environmental and legal decisions and requirements; expropriation of assets by foreign governments and title and other property disputes; the status of deregulation of retail natural gas and electricity delivery; the inability or determination not to enter into long-term supply and sales agreements or long-term firm 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 forward-looking statements speak only as of the date hereof, and the company undertakes no obligation to update or revise those 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.

Second-Quarter 2012 Results

| | Three months ended June 30, | | Six months ended June 30, | |
|---|--------------------------------|---------------|------------------------------|---------------|
| | 2012 | 2011 | 2012 | 2011 |
| <i>(Unaudited; dollars, except EPS, and shares in millions)</i> | | | | |
| GAAP Earnings | \$ 62 | \$ 503 | \$ 298 | \$ 757 |
| Impairment Charge on Rockies Express Pipeline (REX) | 179 | - | 179 | - |
| Remeasurement Gain on Chile/Peru Acquisition | - | (277) | - | (277) |
| Adjusted Earnings ⁽¹⁾ | <u>\$ 241</u> | <u>\$ 226</u> | <u>\$ 477</u> | <u>\$ 480</u> |
| Diluted weighted-average shares outstanding | 246 | 241 | 246 | 241 |
| GAAP EPS | \$ 0.25 | \$ 2.09 | \$ 1.21 | \$ 3.14 |
| Adjusted EPS ⁽¹⁾ | \$ 0.98 | \$ 0.94 | \$ 1.94 | \$ 1.99 |

- ▶ On-track to meet full year EPS guidance of \$4.00 - \$4.30, excluding charge related to REX and year-to-date 2012 impact of \$47 million deferred tax benefit from change in life insurance contract holding period⁽²⁾

(1) See appendix for information regarding non-GAAP financial measures.

(2) Earnings-per-share guidance on a GAAP basis is \$3.46 - \$3.76, which includes the \$0.73 per share negative impact and the \$0.19 per share positive impact from the REX impairment and tax benefit, respectively.

SDG&E and SoCalGas

| <i>(Unaudited, dollars in millions)</i> | Three months ended June 30, | | Six months ended June 30, | |
|---|--------------------------------|--------|------------------------------|--------|
| | 2012 | 2011 | 2012 | 2011 |
| SDG&E Earnings | \$ 95 | \$ 71 | \$ 200 | \$ 160 |
| SoCalGas Earnings | 53 | 59 | 119 | 127 |
| Total | \$ 148 | \$ 130 | \$ 319 | \$ 287 |

- ▶ Q2-12 increase at SDG&E primarily a result of:
 - \$11 million higher earnings related to Sunrise Powerlink
 - \$9 million from timing of recovery of wildfire insurance premiums
- ▶ Q2-12 and year-to-date decrease at SoCalGas primarily a result of increased operating expense and depreciation with no revenue increase due to delay in GRC decision

Sempra International

| <i>(Unaudited, dollars in millions)</i> | Three months ended June 30, | | Six months ended June 30, | |
|---|--------------------------------|--------|------------------------------|--------|
| | 2012 | 2011 | 2012 | 2011 |
| Sempra South American Utilities | \$ 38 | \$ 314 | \$ 78 | \$ 336 |
| Remeasurement Gain on Chile/Peru Acquisition | - | (277) | - | (277) |
| Sempra South American Utilities excl. Gain ⁽¹⁾ | 38 | 37 | 78 | 59 |
| Sempra Mexico | 43 | 35 | 80 | 74 |
| Adjusted Sempra International Earnings ⁽¹⁾ | \$ 81 | \$ 72 | \$ 158 | \$ 133 |

- ▶ Solid operating results in both South America and Mexico
- ▶ Increase in quarterly earnings at Sempra Mexico driven by a tax benefit related to currency and inflation adjustments, which effectively reversed a tax expense recorded in Q1-12

(1) See appendix for information regarding non-GAAP financial measures.

Sempra U.S. Gas & Power

| <i>(Unaudited, dollars in millions)</i> | Three months ended June 30, | | Six months ended June 30, | |
|--|--------------------------------|-------|------------------------------|--------|
| | 2012 | 2011 | 2012 | 2011 |
| Sempra Natural Gas | \$ (193) | \$ 47 | \$ (192) | \$ 110 |
| Impairment Charge on REX | 179 | - | 179 | - |
| Sempra Natural Gas excl. Impairment ⁽¹⁾ | (14) | 47 | (13) | 110 |
| Sempra Renewables | 24 | 4 | 34 | 8 |
| Adjusted Sempra U.S. Gas & Power Earnings ⁽¹⁾ | \$ 10 | \$ 51 | \$ 21 | \$ 118 |

- ▶ Excluding REX impairment, Natural Gas 2nd quarter earnings lower due primarily to lower natural gas and power prices, including the impact of the expiration of the CDWR contract in September 2011
- ▶ Renewables Q2-12 earnings higher largely due to an increase in solar and wind assets

(1) See appendix for information regarding non-GAAP financial measures.

Parent & Other

| <i>(Unaudited, dollars in millions)</i> | Three months ended | | Six months ended | |
|---|--------------------|---------|------------------|---------|
| | June 30, | | June 30, | |
| | 2012 | 2011 | 2012 | 2011 |
| Earnings/(Losses) | \$ 2 | \$ (27) | \$ (21) | \$ (58) |

- ▶ Parent & Other Q2-12 earnings included:
 - \$54 million deferred income tax benefit due to change in our expected holding period of investments in life insurance contracts, partially offset by
 - \$11 million consolidated tax expense that will reverse by the end of the year, and
 - \$9 million investment loss on assets held in support of certain compensation plans
- ▶ Year-to-date tax benefit on life insurance contracts is \$47 million

SDG&E and SoCalGas Key Regulatory Proceedings

- ▶ General Rate Cases
 - SDG&E and SoCalGas rate cases are now complete
 - Final decision expected in Q4-12
- ▶ Cost of Capital Proceeding
 - Commission schedule calls for intervenor testimony on August 6, hearings in September and final decision by December 20
- ▶ Pipeline Safety Enhancement Plan
 - Evidentiary hearings scheduled for this month
 - Final decision expected Q1-13

Operational Update

- ▶ SDG&E
 - Sunrise Powerlink
 - Project was energized in June
 - Provides enhanced reliability and increased access for renewables to San Diego Region
 - East County (ECO) Substation
 - \$435 million project approved by CPUC
 - Construction to begin later this year and expected to be in-service in 2014
- ▶ Sempra International
 - Won bids for two transmission lines in Chile through a JV with SAESA; both to be completed in 2017
 - Total JV investment expected to be \$160 million

Summary

- ▶ On-track to meet full-year 2012 EPS guidance of \$4.00 to \$4.30, excluding the REX charge and the year-to-date tax benefit related to life insurance contracts⁽¹⁾

- ▶ Completion of Sunrise Powerlink is a major milestone in Sempra's history

- ▶ Key infrastructure projects continue to move forward
 - Cameron LNG liquefaction facility
 - ECO substation
 - Pipeline safety enhancement plan

(1) Earnings-per-share guidance on a GAAP basis is \$3.46 - \$3.76, which includes the \$0.73 per share negative impact and the \$0.19 per share positive impact from the REX impairment and tax benefit, respectively.



Appendix

Non-GAAP Financial Measures

Sempra Energy Adjusted Earnings and Adjusted Earnings Per Share excluding a \$179 million impairment charge on our investment in Rockies Express Pipeline LLC in the second-quarter of 2012 and 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). 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 2012 to 2011 and to future periods. Also, 2012 guidance of \$4 to \$4.30 per diluted share excludes the \$179 million impairment loss, or \$0.73 per diluted share, as well as a \$47 million tax benefit from a change in the expected holding period of life insurance contracts, or \$0.19 per diluted share, for the six months ended June 30, 2012, based on shares outstanding through June 30, 2012. Management believes that excluding the impact of the impairment loss and tax benefit from current guidance provides a more meaningful measure of Sempra Energy's expected financial performance in 2012 in comparison to previously issued guidance. 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, 5 and 6 of this presentation and Table A of our financial tables in our second-quarter 2012 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 second-quarter 2012 earnings press release is available in the News section of our website at www.sempra.com.