



## **2008 Earnings Results**

February 24, 2009

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## 2008 Results

<i>(Dollars and shares in millions, except EPS)</i>	Three months ended December 31,		Years ended December 31,	
	2008	2007	2008	2007
	(Unaudited)			
Net Income	\$ 319	\$ 289	\$ 1,113	\$ 1,099
Diluted weighted-average shares outstanding	245	263	251	264
EPS - Net Income	\$ 1.30	\$ 1.10	\$ 4.43	\$ 4.16

- ▶ Q4-08 EPS increased 18% over Q4-07
- ▶ 2008 EPS up by more than 6% over 2007
- ▶ Reaffirm 2009 earnings guidance of \$4.35 to \$4.60 per share

## Sempra Utilities

<i>(Dollars in millions)</i>	Three months ended December 31,		Years ended December 31,	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	(Unaudited)			
SDG&E Net Income	\$ 81	\$ 47	\$ 339	\$ 283
SoCalGas Net Income	54	58	244	230
Total	<u>\$ 135</u>	<u>\$ 105</u>	<u>\$ 583</u>	<u>\$ 513</u>

- ▶ SDG&E Q4-08 increase due to \$16 million in higher margins, \$11 million from a lower tax rate, and \$8 million of higher regulatory awards
- ▶ SoCalGas Q4-08 decrease due primarily to higher litigation expense

## Sempra Commodities

<i>(Dollars in millions)</i>	Three months ended		Years ended	
	December 31,		December 31,	
	2008	2007	2008	2007
	(Unaudited)			
Net Income	\$ 164	\$ 186	\$ 345	\$ 499

- ▶ Strong performance across all product lines in Q4-08, led by crude and petroleum products
- ▶ FY-08 net income includes:
  - \$59 million Q1-08 results (prior to joint venture formation)
  - \$37 million in gain on sale net of litigation and tax matters in Q2-08
  - \$252 million from joint venture equity earnings

# RBS Sempra Commodities Income Allocation

(Since formation of joint venture on April 1, 2008)

	Three months ended December 31, 2008		Nine months ended December 31, 2008	
	Joint Venture Total	Sempra Share*	Joint Venture Total	Sempra Share*
<i>(Unaudited, in millions of U.S. dollars)</i>				
Margin	\$ 713		\$ 1,419	
Operating and other expenses	(339)		(744)	
Joint venture distributable income	<u>\$ 374</u>		<u>\$ 675</u>	
Preferred return on capital	\$ 103	\$ 61	\$ 382	\$ 181
1 <sup>st</sup> allocation - 70% Sempra / 30% RBS	271	192	293	208
2 <sup>nd</sup> allocation - 30% Sempra / 70% RBS	-	-	-	-
Distributable income	<u>\$ 374</u>	<u>\$ 253</u>	<u>\$ 675</u>	<u>\$ 389</u>
<b>Sempra Earnings from Joint Venture:</b>				
Sempra share of distributable income - IFRS basis		\$ 253		\$ 389
U.S. GAAP conversion impact		(12)		(6)
Sempra equity earnings - U.S. GAAP basis		241		383
Income tax expense		(79)		(131)
<b>Sempra equity earnings from joint venture</b>		<u>\$ 162</u>		<u>\$ 252</u>

## Sempra Generation

<i>(Dollars in millions)</i>	Three months ended December 31,		Years ended December 31,	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	(Unaudited)			
Net Income	\$ 60	\$ 40	\$ 222	\$ 162

- ▶ Q4-08 includes \$16 million tax benefit from currency and inflation adjustments in Mexico
- ▶ FY-08 increase also includes:
  - \$37 million from improved plant operations primarily due to major maintenance and downtime in 2007
  - \$9 million solar investment tax credits

## Sempra Pipelines & Storage

<i>(Dollars in millions)</i>	Three months ended		Years ended	
	December 31,		December 31,	
	2008	2007	2008	2007
	(Unaudited)			
Net Income	\$ 22	\$ 14	\$ 106	\$ 64

- ▶ Q4-08 includes:
  - \$11 million income from pipeline operations in Mexico
  - \$10 million income from Rockies Express
- ▶ Q4-07 includes:
  - \$3 million income from pipeline operations in Mexico
- ▶ FY-08 includes \$27 million income from Rockies Express and \$18 million higher income from pipeline operations in Mexico



## Net Income by Business Unit

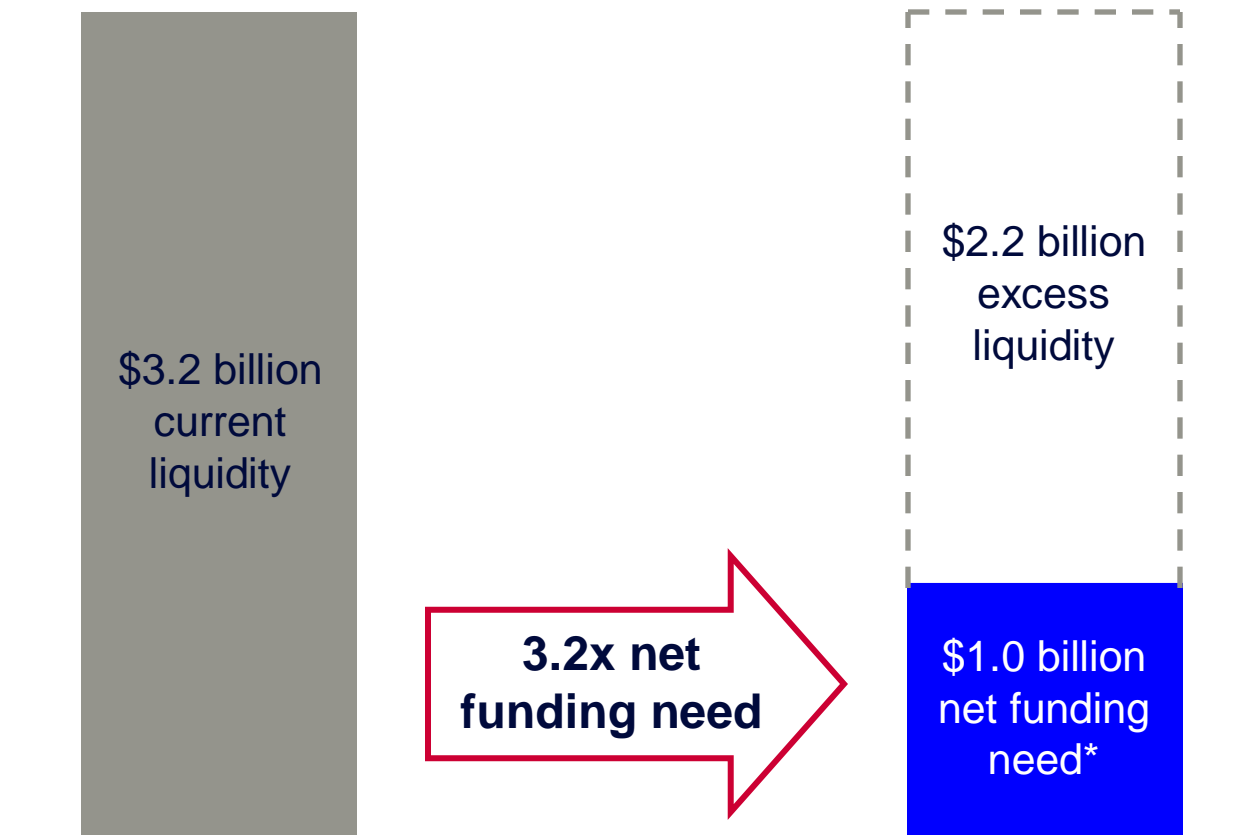
<i>(Dollars in millions)</i>	Three months ended		Years ended	
	December 31,		December 31,	
	2008	2007	2008	2007
	(Unaudited)			
San Diego Gas & Electric	\$ 81	\$ 47	\$ 339	\$ 283
Southern California Gas	54	58	244	230
Sempra Commodities	164	186	345	499
Sempra Generation	60	40	222	162
Sempra Pipelines & Storage	22	14	106	64
Sempra LNG	(13)	(19)	(46)	(46)
Parent & Other	(49)	(38)	(97)	(67)
Continuing Operations	319	288	1,113	1,125
Discontinued Operations, Net of Income Tax	-	1	-	(26)
Consolidated Net Income	<u>\$ 319</u>	<u>\$ 289</u>	<u>\$ 1,113</u>	<u>\$ 1,099</u>

## 2009 Liquidity

(\$ billions)

Cash and Available Credit - 12/31/2008	\$	3.2
Sources of Funds:		
Cash from Operations		1.8
Utility Debt & Preferred Issuances		0.3
Remarket IDBs		<u>0.2</u>
Total Funds Available		<u>5.5</u>
Uses of Funds:		
Capital Expenditures & Investments		2.5
Debt Maturities		0.4
Common Dividend		<u>0.4</u>
Total Uses of Funds		<u>3.3</u>
Cash and Available Credit - 12/31/2009	\$	<u><u>2.2</u></u>

## 2009 Liquidity



- ▶ \$700 million increase in projected excess liquidity since November update

## Financial Highlights

- ▶ FY-08 EPS up by over 6%
- ▶ Commodities performed exceptionally well in Q4-08
- ▶ \$3.2 billion cash and available committed bank lines at 12/31/08
- ▶ Quarterly dividend increased over 11% to \$0.39 from \$0.35

# Operational Update

## California Utilities

- ▶ Sunrise Powerlink received final CPUC approval
  - Pre-construction activities continuing
  - Expect \$1.9 billion project in-service in 2012
- ▶ Smart Meters update
  - SDG&E full-scale deployment to begin Q2-09
  - SoCalGas filed for \$1.1 billion meter program (\$900 million capital)

## Infrastructure Businesses

- ▶ El Dorado Energy Solar 10 MW project completed
- ▶ Expect Cameron LNG in-service in 2H-2009
- ▶ Increased ownership stake in Mississippi Hub Gas Storage from 60% to 100%
- ▶ REX-East completion expected in late 2009

## Summary

- ▶ Great fourth quarter and full-year results
- ▶ Several key accomplishments in 2008:

SDG&E and SoCalGas Rate Cases finalized	Sunrise Powerlink approved
Energía Costa Azul LNG terminal completed	REX-West pipeline completed
Bajanorte Pipeline expansion completed	Cameron Pipeline completed
EnergySouth acquired	El Dorado Solar project completed

- ▶ Reaffirm 2009 earnings guidance of \$4.35 to \$4.60 per share
- ▶ Analyst conference in New York on March 26