Sempra Energy®

Sempra Energy

First Quarter 2019 Earnings Results

May 7, 2019

Information Regarding Forward-Looking Statements

This presentation contains 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 such as “believes,” “expects,” “anticipates,” “plans,” “estimates,” “projects,” “forecasts,” “contemplates,” “assumes,” “depends,” “should,” “could,” “would,” “will,” “confident,” “may,” “can,” “potential,” “possible,” “proposed,” “target,” “pursue,” “outlook,” “maintain,” or similar expressions or when we discuss our guidance, strategy, plans, goals, vision, mission, opportunities, projections, 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.

Factors, among others, that could cause our actual results and future actions to differ materially from those described in any forward-looking statements include risks and uncertainties relating to: the greater degree and prevalence of wildfires in California in recent years and the risk that we may be found liable for damages regardless of fault, such as where inverse condemnation applies, and risk that we may not be able to recover any such costs in rates from customers in California; actions and the timing of actions, including decisions, new regulations and issuances of authorizations by the California Public Utilities Commission, U.S. Department of Energy, California Department of Conservation’s Division of Oil, Gas, and Geothermal Resources, Los Angeles County Department of Public Health, U.S. Environmental Protection Agency, Federal Energy Regulatory Commission, Pipeline and Hazardous Materials Safety Administration, Public Utility Commission of Texas, states, cities and counties, and other regulatory and governmental bodies in the U.S. and other countries in which we operate; the success of business development efforts, construction projects, major acquisitions, divestitures and internal structural changes, including risks in (i) obtaining or maintaining authorizations; (ii) completing construction projects on schedule and budget; (iii) obtaining the consent of partners; (iv) counterparties’ ability to fulfill contractual commitments; (v) winning competitively bid infrastructure projects; (vi) disruption caused by the announcement of contemplated acquisitions and/or divestitures or internal structural changes; (vii) the ability to complete contemplated acquisitions and/or divestitures; and (viii) the ability to realize anticipated benefits from any of these efforts once completed; the resolution of civil and criminal litigation and regulatory investigations and proceedings; actions by credit rating agencies to downgrade our credit ratings or those of our subsidiaries or to place those ratings on negative outlook and our ability to borrow at favorable interest rates; deviations from regulatory precedent or practice that result in a reallocation of benefits or burdens among shareholders and ratepayers; denial of approvals of proposed settlements; delays in, or denial of, regulatory agency authorizations to recover costs in rates from customers or regulatory agency approval for projects required to enhance safety and reliability; and moves to reduce or eliminate reliance on natural gas; the availability of electric power and natural gas and natural gas storage capacity, including disruptions caused by failures in the transmission grid, limitations on the withdrawal or injection of natural gas from or into storage facilities, and equipment failures; risks posed by actions of third parties who control the operations of our investments; weather conditions, natural disasters, accidents, equipment failures, computer system outages, explosions, terrorist attacks and other events that disrupt our operations, damage our facilities and systems, cause the release of harmful materials, cause fires and subject us to third-party liability for property damage or personal injuries, fines and penalties, some of which may not be covered by insurance (including costs in excess of applicable policy limits), may be disputed by insurers or may otherwise not be recoverable through regulatory mechanisms or may impact our ability to obtain satisfactory levels of affordable insurance; cybersecurity threats to the energy grid, storage and pipeline infrastructure, the information and systems used to operate our businesses and the confidentiality of our proprietary information and the personal information of our customers and employees; actions of activist shareholders, which could impact the market price of our securities and disrupt our operations as a result of, among other things, requiring significant time by management and our board of directors; changes in capital markets, energy markets and economic conditions, including the availability of credit; and volatility in currency exchange, interest and inflation rates and commodity prices and our ability to effectively hedge the risk of such volatility; the impact of federal or state tax reform and our ability to mitigate adverse impacts; changes in foreign and domestic trade policies and laws, including border tariffs and revisions to or replacement of international trade agreements, such as the North American Free Trade Agreement or the United States-Mexico-Canada Agreement (subject to congressional approval), that may increase our costs or impair our ability to resolve trade disputes; expropriation of assets by foreign governments and title and other property disputes; the impact at San Diego Gas & Electric Company on competitive customer rates and reliability of electric transmission and distribution systems due to the growth in distributed and local power generation and from possible departing retail load resulting from customers transferring to Direct Access and Community Choice Aggregation or other forms of distributed and local power generation and the potential risk of nonrecovery for stranded assets and contractual obligations; Oncor Electric Delivery Company LLC’s (Oncor) ability to eliminate or reduce its quarterly dividends due to regulatory capital requirements and other regulatory and governance commitments, including the determination by a majority of Oncor’s independent directors or a minority member director to retain such amounts to meet future requirements; and other uncertainties, some of which may be difficult to predict and are beyond our control.

These risks and uncertainties are further discussed in the reports that Sempra Energy has filed with the U.S. Securities and Exchange Commission (SEC). 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. Investors should not rely unduly on any forward-looking statements. These forward-looking statements speak only as of May 7, 2019, and the company undertakes no obligation to update or revise these forecasts or projections or other forward-looking statements, whether as a result of new information, future events or otherwise.

Sempra South American Utilities, Sempra North American Infrastructure, Sempra LNG, Sempra Renewables, Sempra Mexico, Sempra Texas Utility, Oncor Electric Delivery Company LLC (Oncor) and Infraestructura Energética Nova, S.A.B. de C.V. (IEnova) are not the same companies as the California utilities, San Diego Gas & Electric Company (SDG&E) or Southern California Gas Company (SoCalGas), and Sempra South American Utilities, Sempra North American Infrastructure, Sempra LNG, Sempra Renewables, Sempra Mexico, Sempra Texas Utility, Oncor and IEnova are not regulated by the California Public Utilities Commission.

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Executive Summary

- Continuing to pursue our path to premier in North America
  - Completed the sale of our U.S. wind, U.S. solar and certain non-utility U.S. natural gas storage assets resulting in ~$2.5B of proceeds[1]
  - Continuing safety and regulatory initiatives at our U.S. utility businesses
  - Advancing our LNG development projects
- Affirming our 2019 adjusted earnings per share (EPS) guidance range of $5.70 - $6.30[2] and 2020 EPS guidance range of $6.70 - $7.50[3]
- Reporting Q1-2019 adjusted EPS of $1.92[4] compared to Q1-2018 adjusted EPS of $1.43[4]

1) Subject to customary post-closing adjustments.
2) Sempra Energy 2019 Adjusted EPS Guidance Range is a non-GAAP financial measure. See appendix for information regarding non-GAAP financial measures.
3) Does not include impacts of the planned sale of the South American businesses.
4) Attributable to common shares. Sempra Energy Adjusted EPS is a non-GAAP financial measure. Q1-2019 and Q1-2018 GAAP EPS were $1.59 and $1.33, respectively. See appendix for information regarding non-GAAP financial measures.

CA Utilities Update | Constructive Proposals from Governor's Strike Force

Topic	Sempra Perspective	Timing
Wildfire Proposals ▪ Mitigating the threat of wildfires in the state ▪ Advancing emergency response and vegetation management ▪ Managing liability risk for California utilities • Liquidity-only fund • Changing strict liability to a fault-based standard • Wildfire fund	▪ Remain pleased with the Governor's leadership and decisive action to help support the state + its goals ▪ Continue to be optimistic that effective solutions will be approved ▪ Plan continuous engagement to help ensure community, customer and shareholder interests are addressed and wildfire mitigation efforts are recognized ▪ Expect California to return to being a positive regulatory jurisdiction	Summer 2019

We continue to focus on critical infrastructure investments to help ensure safe, reliable and affordable energy delivery to our customers

CA Utilities Update | Cost of Capital + GRC

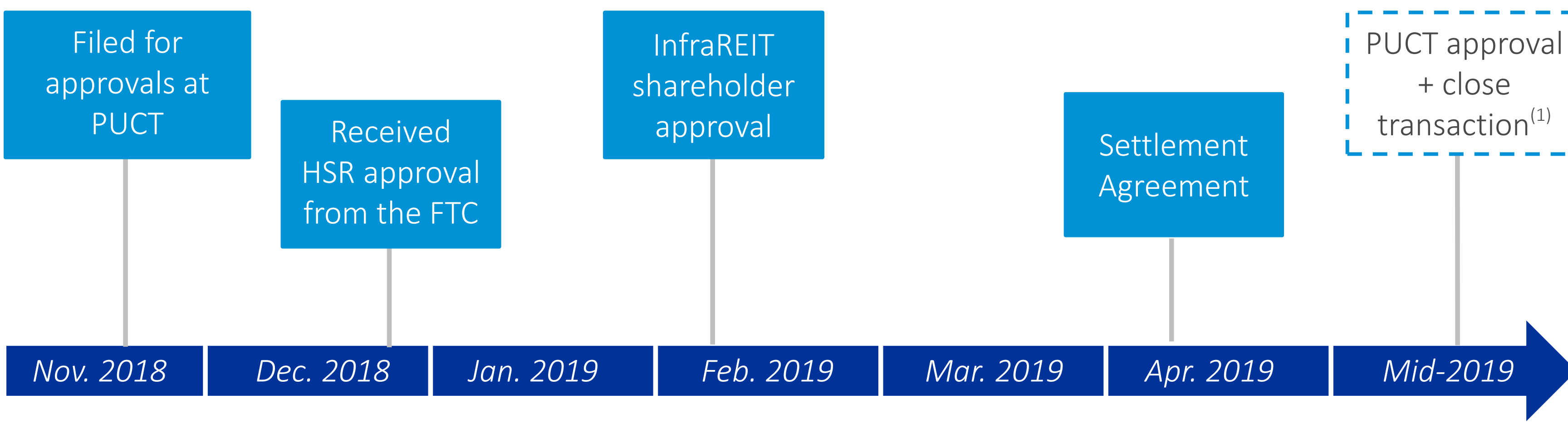
Topic	Sempra Perspective	Timing
CPUC Cost of Capital[1] ▪ SDG&E Proposal: ROE 14.3% | Equity Ratio 56% • Includes 3.4% wildfire adder ▪ SoCalGas Proposal: ROE 10.7% | Equity Ratio 56%	▪ Exposure to wildfire risk justifies higher ROEs ▪ Higher equity ratio reflects average actual ratio over the past 5 years ▪ Proposal would help enhance community safety, customer reliability + integration of clean energy	Ongoing
FERC Cost of Capital[2] ▪ Filed in October 2018 with a proposed ROE of 11.2%	▪ Proposed FERC ROE increase is lower due to probability of cost recovery + timing of filing	Initiated settlement discussions
2019 General Rate Case (GRC)[3] ▪ Applications filed + waiting for proposed decision	▪ Proposal is in the best interest of customers and helps provide safe + reliable service ▪ First GRC incorporating the Risk Assessment Mitigation Phase	PD expected mid-2019

Our proposed adjustments to the cost of capital reflect the regulatory environment of the state

1) Subject to CPUC approval; docket number A.19-04-017 and A.19-04-018 for SDG&E and SoCalGas, respectively. Rates expected to be effective January 1, 2020.
2) Subject to FERC approval; docket number ER19-200-000: TO5 Cycle 1 Formula Rate Filing. Rates expected to be effective June 1, 2019, subject to refund.
3) Subject to CPUC approval; docket number A.17-10-007 and A.17-10-008 for SDG&E and SoCalGas, respectively. Rates expected to be effective January 1, 2019.

Texas Utility Update[1]

- InfraREIT and Sharyland proposed transaction nears completion
- Parties have reached a settlement with intervenors regarding the proposed transaction
- Next step is to bring the transaction in front of the PUCT for approval at its May 9 meeting
- Transaction is expected to close mid-2019



1) Transaction is subject to PUCT approval; docket number 48929.

Infrastructure Update

Project	Status
Cameron LNG Phase 1[1] | Train 1 advancing; earnings expected mid-2019	
▪ Train 1 Introduce feed gas	✓
▪ Train 1 Produce first LNG	Expected Q2-19
▪ Train 1 Stabilize production and complete performance test	Expected Q2-19
▪ Train 2 CCJV targeted first LNG production[2] | Revised from previous disclosure	Q1-20
▪ Train 3 CCJV targeted first LNG production[2] | Revised from previous disclosure	Q2-20
LNG Development[1] | Development continues at both ECA and Port Arthur	
▪ ECA LNG | Received U.S. Non-FTA approval for ECA Phase 1 + ECA Phase 2	✓
▪ Port Arthur LNG | Received FERC authorization for the export project + Non-FTA export approval by DOE	✓
IEnova | Capturing infrastructure opportunities across Mexico	
▪ Marine Pipeline | Natural gas pipeline, 25-year U.S. dollar-denominated contract	Expected Q2-19
▪ Storage Terminals | Signed contract for 740,000 barrels at Manzanillo terminal + 290,000 barrels at new Guadalajara terminal	Ongoing

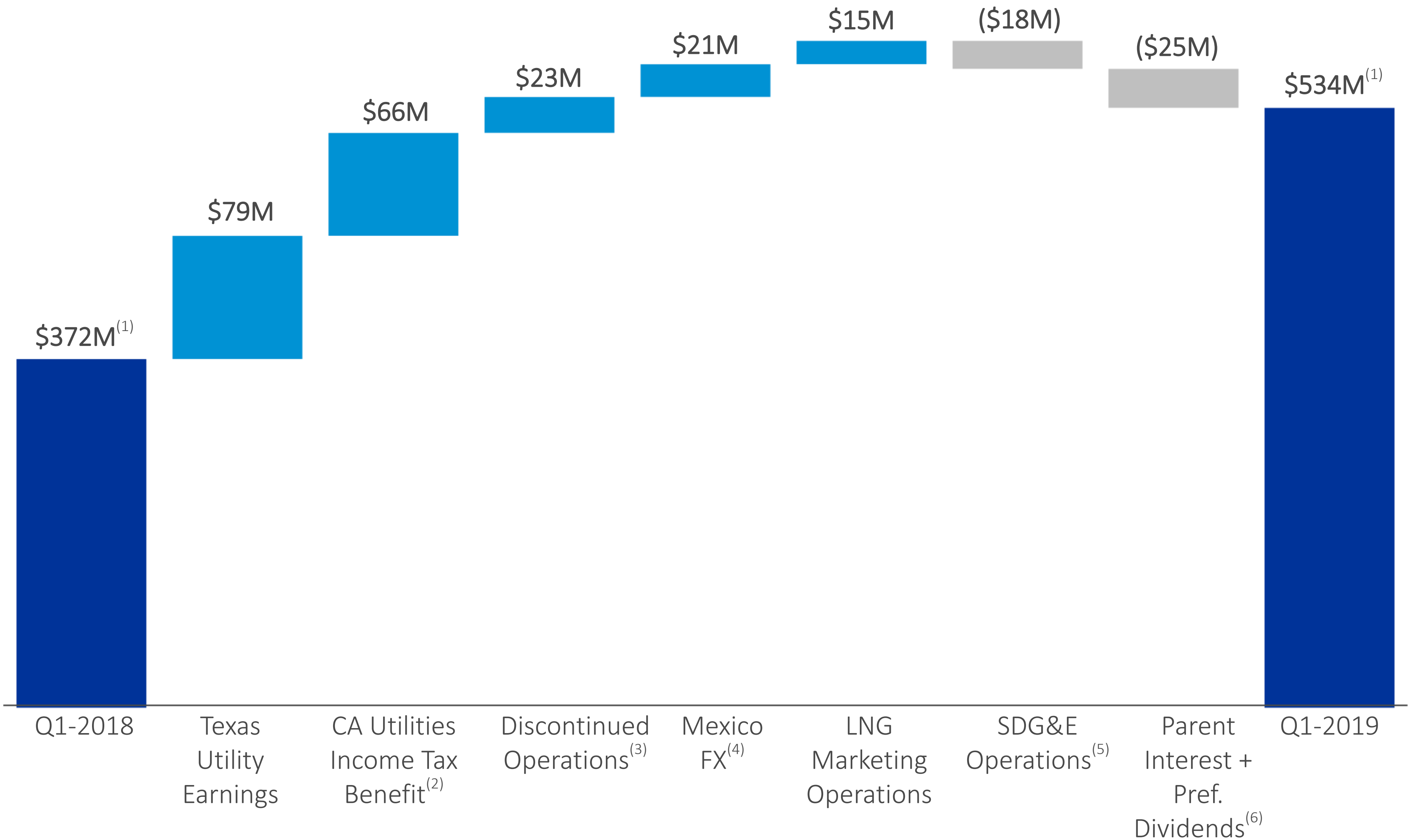
1) The ability to successfully complete major construction projects, such as the Cameron LNG facility currently under construction, is subject to a number of risks and uncertainties. In addition, the Energía Costa Azul LNG mid-scale and large-scale opportunities, Port Arthur LNG opportunity, and the Cameron LNG Trains 4 and 5 opportunity are subject to a number of risks and uncertainties. Please refer to "Risk Factors" in our most recent Annual Report on Form 10-K and "Factors Influencing Future Performance" in our most recent Annual Report on Form 10-K and our most recent Quarterly Report on Form 10-Q for a description of the risks and other factors associated with the Cameron LNG facility currently under construction and these other opportunities.
2) According to McDermott's Q1-2019 earnings call and financial disclosures. CCJV is a joint venture between McDermott and Chiyoda International Corporation.

First Quarter 2019 Results

(Unaudited; Dollars, except EPS, and shares, in millions)	Three months ended March 31 2019	2018
GAAP Earnings	$ 441	$ 347
Tax Impacts From Expected Sale of South American Businesses[1]	93	-
Impact From the Tax Cuts and Jobs Act of 2017	-	25
Adjusted Earnings[2]	$ 534	$ 372
Adjusted diluted weighted-average shares outstanding[2],[3]	291	259
Adjusted Earnings Per Diluted Common Share[2]	$ 1.92[4]	$ 1.43
GAAP diluted weighted-average shares outstanding	277	259
GAAP Earnings Per Diluted Common Share	$ 1.59	$ 1.33

1) $103M increase to adjusted earnings due to change in indefinite reinvestment assertion of basis differences in discontinued operations, partially offset by $10M reduction in tax valuation allowance against certain NOL carryforwards at Parent & Other.
2) Sempra Energy Adjusted Earnings, Adjusted EPS and Adjusted Diluted Weighted-Average Shares Outstanding are non-GAAP financial measures. See appendix for information regarding non-GAAP financial measures and descriptions of adjustments above.
3) Adjusted diluted weighted-average shares outstanding include 13,951 shares of Series A mandatory convertible preferred stock for the three months ended March 31, 2019 due to their dilutive effect.
4) Preferred dividends of $26 million have been added back to adjusted earnings for the three months ended March 31, 2019 because of the dilutive effect of Series A mandatory convertible preferred stock.

First Quarter 2019 Adjusted Earnings[1] Drivers



1) Attributable to common shares. Sempra Energy Adjusted Earnings is a non-GAAP financial measure. Q1-2019 and Q1-2018 GAAP Earnings were $441M and $347M, respectively. See appendix for information regarding non-GAAP financial measures.
2) Included in our 2019 Adjusted EPS Guidance Range, which is a non-GAAP financial measure. See appendix for information regarding non-GAAP financial measures.
3) This result is due to higher earnings from South American operations and is reflected in Discontinued Operations.
4) All variance explanations for Sempra Mexico are shown after noncontrolling interests.
5) Includes $9M higher earnings from electric transmission operations in 2019, offset by $27M lower CPUC base operating margin in 2019 due to the delay in the 2019 GRC decision while absorbing higher operating costs.
6) Includes $17M increase in net interest expense and $8M of mandatory convertible preferred stock dividends.

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Key Takeaways

- Continuing to pursue our path to premier in North America
  - Building positive momentum in California
  - Advancing the InfraREIT and Sharyland transaction(1)
  - Optimizing capital allocation with the sale of South American businesses
  - Focusing on our LNG development projects(2) + capturing infrastructure opportunities in Mexico
- Reporting Q1-2019 adjusted EPS of $1.92(3) compared to Q1-2018 adjusted EPS of $1.43(3)

1) Subject to PUCT approval; docket number 48929.
2) The ability to successfully complete major construction projects, such as the Cameron LNG facility currently under construction, is subject to a number of risks and uncertainties. In addition, the Energía Costa Azul LNG mid-scale and large-scale opportunities, Port Arthur LNG opportunity, and the Cameron LNG Trains 4 and 5 opportunity are subject to a number of risks and uncertainties. Please refer to "Risk Factors" in our most recent Annual Report on Form 10-K and "Factors Influencing Future Performance" in our most recent Annual Report on Form 10-K and our most recent Quarterly Report on Form 10-Q for a description of the risks and other factors associated with the Cameron LNG facility currently under construction and these other opportunities.
3) Attributable to common shares. Sempra Energy Adjusted EPS is a non-GAAP financial measure. Q1-2019 and Q1-2018 GAAP EPS were $1.59 and $1.33, respectively. See appendix for information regarding non-GAAP financial measures.

APPENDIX

2019 Goals | Support Our Strategic Mission

Actions

1. Continue to effectively manage and improve public and employee safety as a cultural imperative

2. Optimize and complete remaining announced divestitures

3. Enhance IEnova franchise value by aligning strategy and execution with new Mexican government policies

4. Proactively manage and seek to reduce legal and regulatory exposure related to utility operations

5. Continue to optimize our cost structure

6. Materially improve the franchise value of our LNG business through progressing our five development projects(1)

7. Execute Oncor growth initiatives in Texas and complete the InfraREIT transaction(2)

8. Improve the franchise value of CA utilities by receiving a final decision on the 2019 GRC and achieving an appropriate Cost of Capital(3)

9. Continue to foster and invest in a culture of high performance, diversity and leadership development

10. Deliver financial results consistent with 2019 adjusted EPS guidance range(4) + strengthen balance sheet

1) The ability to successfully complete major construction projects, such as the Cameron LNG facility currently under construction, is subject to a number of risks and uncertainties. In addition, the Energía Costa Azul LNG mid-scale and large-scale opportunities, Port Arthur LNG opportunity, and the Cameron LNG Trains 4 and 5 opportunity are subject to a number of risks and uncertainties. Please refer to "Risk Factors" in our most recent Annual Report on Form 10-K and "Factors Influencing Future Performance" in our most recent Annual Report on Form 10-K and our most recent Quarterly Report on Form 10-Q for a description of the risks and other factors associated with the Cameron LNG facility currently under construction and these other opportunities.
2) Transactions are subject to customary closing conditions, including the approval by the PUCT.
3) Subject to CPUC and FERC approvals.
4) Sempra Energy 2019 Adjusted EPS Guidance Range is a non-GAAP financial measure. See appendix for information regarding non-GAAP financial measures.

Asset Divestitures Timeline

Jun. 2018	Sept. 2018	Dec. 2018	Jan. 2019	Feb. 2019	Feb. 2019	Apr. 2019	YE 2019
Announced at Sempra's 2018 Investor Day portfolio optimization initiatives, which included planned sale of U.S. solar, wind + non-utility natural gas storage assets	Announced agreement to sell U.S. operating solar assets, solar + battery storage dev. projects + one wind facility to Consolidated Edison (ConEd) for $1.54B	Completed sale of U.S. operating solar assets, solar + battery storage development projects + one wind facility to ConEd for ~$1.6B[1]	Announced, as part of its increasing focus on NA markets, Sempra was initiating the process to sell its equity interests in its South American businesses	Completed sale of non-utility U.S. natural gas storage facilities to an affiliate of ArcLight Capital Partners (ArcLight) for $328M[1]	Advanced sales process with agreement to sell remaining wind operating + development assets to American Electric Power (AEP) for $551M	Completed sale of wind assets to AEP for $584M[1] | Finalized divestiture of U.S. renewables business + non-utility nat. gas storage assets, generating ~$2.5B in total proceeds[1]	Targeted completion of sale of South American businesses

Our asset sale program to date has generated ~$2.5B in total proceeds[1] that will be utilized to continue growing our North American platform and strengthening our balance sheet

1) Subject to customary post-closing adjustments.

APPENDIX

Business Unit Earnings

SDG&E

(Unaudited, Dollars in millions)	Three months ended March 31 2019	Three months ended March 31 2018
SDG&E GAAP Earnings	$ 176	$ 170

- Q1-2019 earnings are higher than Q1-2018 primarily due to:
  - $31M income tax benefit from the release of a regulatory liability established in connection with 2017 tax reform for excess deferred income tax balances that the CPUC directed to be allocated to shareholders in January 2019 decision and
  - $9M higher earnings from electric transmission operations, **offset by**
  - $27M lower CPUC base operating margin in 2019 due to the delay in the 2019 GRC decision while absorbing higher operating costs

SoCalGas

(Unaudited, Dollars in millions)	Three months ended March 31 2019	2018
SoCalGas GAAP Earnings	$ 264	$ 225

- Q1-2019 earnings are higher than Q1-2018 primarily due to:
  - $35M income tax benefit from the release of a regulatory liability established in connection with 2017 tax reform for excess deferred income tax balances that the CPUC directed to be allocated to shareholders in January 2019 decision and
  - $5M higher regulatory awards, **offset by**
  - $8M in penalties related to the SoCalGas Billing Practices OII

Sempra Texas Utility

(Unaudited, Dollars in millions)	Three months ended March 31 2019		Three months ended March 31 2018	
Sempra Texas Utility GAAP Earnings	$	94	$	15

- The increase in earnings of $79M for the three months ended March 31, 2019 represents higher equity earnings from our investment in Oncor, which we acquired in March 2018.

Sempra Mexico[1]

(Unaudited, Dollars in millions)	Three months ended March 31 2019	2018
Sempra Mexico GAAP Earnings	$ 57	$ 20

- Q1-2019 earnings are higher than Q1-2018 primarily due to:
  - $21M lower expenses from foreign currency and inflation effects net of foreign currency derivatives
  - $7M higher equity earnings in 2019 primarily from higher AFUDC at the IMG joint venture and
  - $7M improved operating results at TdM mainly due to higher power prices and volumes

1) All variance explanations are shown after noncontrolling interests.

Sempra Renewables

(Unaudited, Dollars in millions)	Three months ended March 31 2019	Three months ended March 31 2018
Sempra Renewables GAAP Earnings	$ 13	$ 21

- Q1-2019 earnings are lower than Q1-2018 primarily due to $7M lower earnings from assets sold in December 2018

Sempra LNG

(Unaudited, Dollars in millions)	Three months ended March 31 2019		Three months ended March 31 2018	
Sempra LNG GAAP Earnings (Losses)	$	5	$	(16)
Impact from the Tax Cuts and Jobs Act of 2017		-		9
Sempra LNG Adjusted Earnings (Losses)[1]	$	5	$	(7)

- Q1-2019 adjusted earnings[1] compared to Q1-2018 adjusted losses[1] primarily due to $15M higher earnings from our marketing operations primarily driven by changes in natural gas prices

1) Sempra LNG Adjusted Earnings (Losses) is a non-GAAP financial measure. See Appendix beginning on page 24 for information regarding non-GAAP financial measures and a description of the adjustment above.

Parent & Other

(Unaudited, Dollars in millions)	Three months ended March 31 2019	2018[1]
Parent & Other GAAP Losses	$ (117)	$ (109)
Reduction in Tax Valuation Allowance Against Certain NOL Carryfowards	(10)	-
Parent & Other Adjusted Losses[2]	$ (127)	$ (109)

- Q1-2019 adjusted losses[2] are higher than Q1-2018 primarily due to:
  - $17M increase in net interest expense and
  - $8M increase in mandatory convertible preferred stock dividends, **offset by**
  - $15M of investment gains in 2019 compared to $4M of investment losses in 2018 on dedicated assets in support of our executive retirement and deferred compensation plans, net of associated deferred compensation expense

1) Amounts have been adjusted for discontinued operations.
2) Parent & Other Adjusted Losses is a non-GAAP financial measure. See Appendix beginning on page 24 for information regarding non-GAAP financial measures and a description of the adjustment above.

Discontinued Operations[1] (Sempra South American Utilities)

(Unaudited, Dollars in millions)	Three months ended March 31 2019	2018
Discontinued Operations GAAP (Losses) Earnings	$ (51)	$ 21
Change in Indefinite Reinvestment Assertion of Basis Differences in Discontinued Operations	103	-
Impact From the Tax Cuts and Jobs Act of 2017	-	16
Discontinued Operations Adjusted Earnings[2]	$ 52	$ 37

- Q1-2019 adjusted earnings[2] are higher than Q1-2018 primarily due to:
  - $23M higher earnings from South American operations, including $15M at Peru due to an increase in rates and lower cost of purchased power and $7M higher earnings as a result of lower depreciation due to assets classified as held for sale, **offset by**
  - $13M income tax expense related to the increase in outside basis differences from 2019 earnings since January 25, 2019

1) Discontinued Operations include the operations of Sempra's South American businesses and amounts associated with holding the businesses for sale, primarily income tax impacts.
2) Discontinued Operations Adjusted Earnings is a non-GAAP financial measure. See Appendix beginning on page 24 for information regarding non-GAAP financial measures and a description of the adjustments above.

APPENDIX

Non-GAAP Financial Measures

Adjusted Earnings and Adjusted Earnings Per Share (Unaudited) (1 of 2)

Sempra Energy Adjusted Earnings and Adjusted Earnings Per Common Share (Adjusted EPS) exclude items in 2019 and 2018 as follows:

In the three months ended March 31, 2019:

Associated with holding the South American businesses for sale:

- $(103) million income tax expense from outside basis differences in our South American businesses primarily related to the change in our indefinite reinvestment assertion from our decision in January 2019 to hold these businesses for sale
- $10 million income tax benefit from a reduction in a valuation allowance against certain net operating loss (NOL) carryforwards as a result of our decision to sell our South American businesses

In the three months ended March 31, 2018:

- $(25) million income tax expense to adjust the Tax Cuts and Jobs Act of 2017 (TCJA) provisional amounts recorded in 2017

Sempra Energy Adjusted Earnings, Weighted-Average Shares Outstanding – Adjusted and Adjusted EPS are non-GAAP financial measures (GAAP represents accounting principles generally accepted in the United States of America). Because of the significance and/or nature of the excluded items, management believes that these non-GAAP financial measures provide a meaningful comparison of the performance of Sempra Energy’s business operations from 2019 to 2018 and to future periods. 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. The table below reconciles for historical periods these non-GAAP financial measures to Sempra Energy GAAP Earnings, Weighted-Average Shares Outstanding – GAAP and GAAP Diluted Earnings Per Common Share (GAAP EPS), which we consider to be the most directly comparable financial measures calculated in accordance with GAAP.

Adjusted Earnings and Adjusted Earnings Per Share (Unaudited) (2 of 2)

(Dollars in millions, except per share amounts; shares in thousands)	Three months ended March 31, 2019				Three months ended March 31, 2018			
	Income tax expense (benefit)		Earnings		Income tax expense		Earnings	
Sempra Energy GAAP Earnings			$	441			$	347
Excluded items:								
Associated with holding the South American businesses for sale:								
Change in indefinite reinvestment assertion of basis differences in discontinued operations	$	103		103	$	-		-
Reduction in tax valuation allowance against certain NOL carryforwards		(10)		(10)		-		-
Impact from the TCJA				-		25		25
Sempra Energy Adjusted Earnings			$	534			$	372
Diluted earnings per common share:								
Sempra Energy GAAP Earnings			$	441			$	347
Weighted-average shares outstanding, diluted - GAAP				277,228				259,490
Sempra Energy GAAP EPS			$	1.59			$	1.33
Sempra Energy Adjusted Earnings for Adjusted EPS(1)			$	560			$	372
Weighted-average shares outstanding, diluted - Adjusted(1)				291,179				259,490
Sempra Energy Adjusted EPS(1)			$	1.92			$	1.43

(1) In the three months ended March 31, 2019, the assumed conversion of the series A preferred stock and the series B preferred stock are antidilutive for GAAP Earnings, however, the series A preferred stock is dilutive for the higher Adjusted Earnings. As such, the series A preferred stock dividends of $26 million have been added back to the numerator and the dilutive effect of the series A preferred stock shares of 13,951 has been added to the denominator when calculating Adjusted EPS.

Business Unit Adjusted Earnings (Unaudited) (1 of 2)

Discontinued Operations Adjusted Earnings excludes items in 2019 and 2018 as follows:

In the three months ended March 31, 2019:

Associated with holding the South American businesses for sale:

- $(103) million income tax expense from outside basis differences in our South American businesses primarily related to the change in our indefinite reinvestment assertion from our decision in January 2019 to hold these businesses for sale

In the three months ended March 31, 2018:

- $(16) million income tax expense to adjust the TCJA provisional amounts recorded in 2017

Discontinued Operations Adjusted Earnings is a non-GAAP financial measure. Because of the significance and/or nature of the excluded items, management believes that this non-GAAP financial measure provides a meaningful comparison of the performance of Discontinued Operations' business operations from 2019 to 2018 and to future periods. 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. The table below reconciles for historical periods this non-GAAP financial measure to Discontinued Operations GAAP (Losses) Earnings, which we consider to be the most directly comparable financial measure calculated in accordance with GAAP.

	Income tax expense	Earnings	Income tax expense	Earnings
(Dollars in millions)	Three months ended March 31, 2019		Three months ended March 31, 2018	
Discontinued Operations GAAP (Losses) Earnings		$ (51)		$ 21
Excluded items:				
Associated with holding the South American businesses for sale:				
Change in indefinite reinvestment assertion of basis differences in discontinued operations	$ 103	103	$ -	-
Impact from the TCJA	-	-	16	16
Discontinued Operations Adjusted Earnings		$ 52		$ 37

Business Unit Adjusted Earnings (Unaudited) (2 of 2)

Sempra LNG Adjusted Earnings excludes an item in 2018 as follows:

In the three months ended March 31, 2018:

- $(9) million income tax expense to adjust the TCJA provisional amounts recorded in 2017

Sempra LNG Adjusted Earnings (Losses) is a non-GAAP financial measure. Because of the significance and/or nature of the excluded item, management believes that this non-GAAP financial measure provides a meaningful comparison of the performance of Sempra LNG's business operations from 2019 to 2018 and to future periods. 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. The table below reconciles for historical periods this non-GAAP financial measure to Sempra LNG GAAP Earnings (Losses), which we consider to be the most directly comparable financial measure calculated in accordance with GAAP.

(Dollars in millions)	Income tax expense	Earnings	Income tax expense	Losses
	Three months ended March 31, 2019		Three months ended March 31, 2018	
Sempra LNG GAAP Earnings (Losses)		$ 5		$ (16)
Excluded item:				
Impact from the TCJA	$ -	-	$ 9	9
Sempra LNG Adjusted Earnings (Losses)		$ 5		$ (7)

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Parent & Other Adjusted Losses (Unaudited)

Sempra Parent & Other Adjusted Losses excludes an item in 2019 as follows:

In the three months ended March 31, 2019:

Associated with holding the South American businesses for sale:

- $10 million income tax benefit from a reduction in a valuation allowance against certain NOL carryforwards as a result of our decision to sell our South American businesses

Sempra Parent & Other Adjusted Losses is a non-GAAP financial measure. Because of the significance and/or nature of the excluded item, management believes that this non-GAAP financial measure provides a meaningful comparison of the performance of Sempra Parent & Other from 2019 to 2018 and to future periods. 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. The table below reconciles for historical periods this non-GAAP financial measure to Sempra Parent & Other GAAP Losses, which we consider to be the most directly comparable financial measure calculated in accordance with GAAP.

	Income tax benefit	Losses	Income tax expense	Losses
(Dollars in millions)	Three months ended March 31, 2019		Three months ended March 31, 2018	
Sempra Parent & Other GAAP Losses		$ (117)		$ (109)
Excluded item:				
Associated with holding the South American businesses for sale:				
Reduction in tax valuation allowance against certain NOL carryforwards	$ (10)	(10)	$ -	-
Sempra Parent & Other Adjusted Losses		$ (127)		$ (109)

(1) Income taxes were calculated based on applicable statutory tax rates, except for adjustments that are solely income tax.

2019 Adjusted Earnings Per Common Share Guidance Range (Unaudited)

Sempra Energy 2019 Adjusted EPS Guidance Range of $5.70 to $6.30 excludes:

- $103 million income tax expense recorded in the first quarter of 2019 from outside basis differences in our South American Businesses primarily related to the change in our indefinite reinvestment assertion from our decision in January 2019 to hold these businesses for sale
- $10 million income tax benefit from a reduction in a valuation allowance against certain NOL carryforwards as a result of our decision to sell our South American businesses
- an approximate $35 million after-tax[1] (approximately $50 million pretax) gain, plus working capital and other customary adjustments, related to our sale of the remaining U.S. renewables assets and investments to American Electric Power, which closed in April 2019
- any potential gain from the planned sale of our South American businesses

Sempra Energy 2019 Adjusted EPS Guidance is a non-GAAP financial measure. Because of the significance and nature of the excluded items, management believes that this non-GAAP financial measure provides better clarity into the ongoing results of the business and the comparability of such results to prior and future periods. Sempra Energy 2019 Adjusted EPS Guidance should not be considered an alternative to GAAP EPS 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. Because the sale process for the planned divestiture of our South American businesses initiated in January 2019 is ongoing, the terms and structure of any potential sale transaction or transactions are unknown, including the terms that would impact the final income tax expense resulting from the expected change in our assertion regarding indefinite reinvestment of foreign undistributed earnings, including timing and amounts of repatriation of such earnings. As a result, 2019 GAAP EPS Guidance, the most directly comparable financial measure calculated in accordance with GAAP, is inestimable.

1) Income taxes on estimated gain were calculated based on applicable statutory tax rates.