



Sempra Energy To Partner With Royal Bank Of Scotland To Expand Global Commodities Business; Announces New Financial Initiatives

- Upon Closing, Sempra Energy Intends to:
 - Repurchase \$1.5 Billion to \$2 Billion of Its Common Shares
 - Raise Annual Dividend to \$1.40 per Share
- Company Increases Guidance for Five-Year Earnings-Per-Share Growth Rate

SAN DIEGO, July 9, 2007 – Sempra Energy (NYSE: SRE) today announced that it will form a joint venture with the Royal Bank of Scotland Group (LSE: RBS) to significantly expand Sempra Energy's commodity-marketing business.

The joint venture, called RBS Sempra Commodities LLP, will absorb the operations of Sempra Commodities. RBS will provide the joint venture with all growth capital, working-capital requirements and credit support. As a result of this transaction, Sempra Energy estimates it will free up more than \$1 billion previously dedicated to the company's commodities business. Sempra Energy will keep \$1.3 billion invested in the joint venture.

In a related announcement today, Sempra Energy said that, after the completion of this transaction, it expects to purchase \$1.5 billion to \$2 billion of its common stock and increase the company's quarterly dividend to \$0.35, or \$1.40 annually, from the current quarterly dividend of \$0.31, or \$1.24 annually. Additionally, Sempra Energy expects to maintain a targeted dividend payout ratio of 35 percent to 40 percent of net income.

"Over the past nine years, we have grown Sempra Commodities to become one of the most successful companies in its sector," said Donald E. Felsing, chairman and chief executive officer of Sempra Energy. "Establishing RBS Sempra Commodities will allow for faster international expansion of our commodities business into new markets, benefiting from RBS' strong presence in North America, Europe and Asia, and access to greater capital resources. With RBS' additional financial support, RBS Sempra Commodities will expand its leadership position in the commodities sector on a global scale."

Sempra Energy and RBS will share in the pre-tax income of the joint venture as follows:

- Sempra Energy and RBS will receive a 15-percent cumulative return on their equity investment;
- After the return on its equity investment, Sempra Energy will receive \$350 million of the next \$500 million of pre-tax income;
- Thereafter, Sempra Energy will receive 30 percent of all pre-tax income.

"This new joint-venture structure will provide us with more predictable earnings and cash flows from our commodities business, while eliminating trading guarantees and credit support," Felsing said.

"Over the past five years, RBS has successfully built a first-class customer franchise and global product leadership in the areas of loans, bonds, fixed income, foreign exchange and treasury risk management," said Johnny Cameron, director of RBS. "This joint venture brings immediate global leadership in another important asset class which will complement those leading positions. We are delighted that, in forming this joint venture, bringing together Sempra and RBS with our complementary skills, we have established a very strong platform for future growth."

The joint venture will be governed by a board of seven directors, three appointed by Sempra Energy and four by RBS. David A. Messer, currently president of Sempra Commodities, will be chief executive officer of RBS Sempra Commodities. Steven J. Prince, currently chairman and chief executive officer of Sempra Commodities, plans to retire upon closing of the transaction.

The transaction, which is expected to be completed in the fourth quarter 2007, is subject to customary closing conditions and regulatory approvals, including from the U.K. Financial Services Authority, U.S. Federal Reserve Board and U.S. Federal Energy Regulatory Commission.

UPDATED EARNINGS GUIDANCE

As part of today's announcements, Sempra Energy reaffirmed its 2007 earnings guidance and adjusted its guidance for 2008 and 2011. For 2008, the company reduced its earnings-per-share guidance to a range of \$3.65 to \$3.85 from a range of \$3.85 to \$4.05. For 2011, Sempra Energy increased its earnings-per-share guidance to a range of \$5.15 to \$5.45 from a range of \$4.85 to \$5.15. Sempra Energy's 2007 earnings-per-share guidance remains \$3.75 to \$3.95.

"This transaction enables us to utilize capital previously invested in our commodities business to continue to pursue growth initiatives, increase our dividend for investors, repurchase stock and enhance our five-year growth rate," Felsing said.

ANALYST CALL

Sempra Energy will hold a conference call with financial analysts and investors that will be Webcast over the Internet today at 10 a.m. EDT with senior management of the company. 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 (888) 203-1112 and entering passcode 8437884.

Sempra Energy's financial advisor on the transaction was Lazard.

The Royal Bank of Scotland Group, founded in 1727, is a broadly based financial services group with operations spanning retail banking, corporate and commercial banking, financial markets activities, wealth management and insurance. It is currently the 3rd largest financial services group in Europe by market capitalization and the 10th largest in the world.

Sempra Commodities is an international marketing and trading company that combines financial risk management with physical expertise to provide innovative solutions for customers in natural gas, power, petroleum and base metals, as well as natural gas liquids, coal, emissions credits and ethanol.

Sempra Energy, based in San Diego, is a Fortune 500 energy services holding company with 2006 revenues of nearly \$12 billion. The Sempra Energy companies' 14,000 employees serve more than 29 million consumers worldwide.

This press release contains statements that are not historical fact and constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. When the company uses words like "believes," "expects," "anticipates," "intends," "plans," "estimates," "may," "would," "could," "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: local, regional, national and international economic, competitive, political, legislative and regulatory conditions and developments; actions by the California Public Utilities Commission, California State Legislature, California Department of Water Resources, Federal Energy Regulatory Commission, Federal Reserve Board, U.K. Financial Services Authority and other environmental and regulatory bodies in the United States and other countries; capital market conditions, inflation rates, interest rates and exchange rates; energy and trading markets, including the timing and extent of changes in commodity prices; the availability of natural gas and liquefied natural gas; weather conditions and conservation efforts; war and terrorist attacks; business, regulatory, environmental, and legal decisions and requirements; the status of deregulation of retail natural gas and electricity delivery; the timing and success of business development efforts; 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 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 and on the company's Web site, www.sempra.com.

Sempra Energy Trading, doing business as Sempra Commodities, and Sempra Generation are not the same companies as the utilities, SDG&E or SoCalGas, and the California Public Utilities Commission does not regulate the terms of their products and services.

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