



Sempra Energy Reports Increased Second-Quarter Earnings

- **Second-Quarter Earnings per Share Increase 8 Percent**
- **Company Reaffirms Earnings-per-Share Target of \$2.65 for 2002**

SAN DIEGO, July 23, 2002 – Sempra Energy (NYSE: SRE) today reported unaudited second-quarter 2002 earnings of \$147 million, or \$0.71 per diluted share, compared with \$137 million, or \$0.66 per diluted share, for the same period of 2001.

"I'm pleased that we continue to deliver solid financial results quarter after quarter, despite difficult conditions in the energy sector," said Stephen L. Baum, chairman, president and chief executive officer of Sempra Energy. "We have demonstrated consistency in meeting our financial targets as we continue to execute our strategic plan."

Sempra Energy Utilities

Sempra Energy Utilities contributed \$102 million to net income in the second quarter of 2002, compared with net income of \$84 million in the second quarter last year.

Net income for Southern California Gas Company for the second quarter 2002 was \$51 million, compared with \$47 million in the same period in 2001. The increase was due primarily to lower interest expense.

San Diego Gas & Electric reported net income for the second quarter 2002 of \$51 million, up from \$37 million for the same period in 2001. The increase was primarily due to a \$25 million after-tax benefit from the favorable resolution of tax issues from prior years, partially offset by increased depreciation expense. Second-quarter 2001 results included a \$7 million after-tax benefit from incentive awards. The timing of these annual awards varies.

Sempra Energy Trading

Sempra Energy Trading reported net income of \$21 million for the second quarter 2002, compared with \$69 million in the year-earlier period. The reduced earnings were primarily due to lower prices and reduced volatility in the U.S. natural gas and power markets in the second quarter 2002.

"Sempra Energy Trading remains a key part of our balanced portfolio of businesses," said Baum. "In a challenging time for the entire sector, we are pleased that our trading company has delivered \$63 million in earnings year-to-date. Sempra Energy Trading continues to pursue a low-risk business model, maintaining a short-dated trading book, more than 80 percent of which converts to cash within two years. With a diverse product line and geographic profile, as well as a low Value-at-Risk, Sempra Energy Trading is different from many others in the trading industry."

During the quarter, Sempra Energy Trading completed the acquisition of Henry Bath & Sons Ltd., a leading metals warehousing business headquartered in Liverpool, England. Henry Bath Ltd. and its sister companies that make up Sempra Metals Group Ltd. are expected to contribute positively to Sempra Energy's earnings per share in 2002.

Sempra Energy Resources

Sempra Energy Resources, the wholesale power-generation subsidiary of Sempra Energy, reported net income of \$34 million in the second quarter 2002, compared with a loss of \$9 million in the second quarter 2001. The improvement was primarily due to the sale of power to the California Department of Water Resources (CDWR) under a 10-year contract. In the second quarter 2001, the company incurred development costs and also sold power to the CDWR at a discount to market prices, resulting in a loss.

"Sempra Energy Resources' contract with the CDWR is part of the solution to California's energy crisis, helping to secure a reliable power supply for the future while sharply reducing prices in the volatile 'spot' market," said Baum. "Although the contract is subject to ongoing litigation and regulatory proceedings, both Sempra Energy Resources and the State of California are performing under the contract. In addition, Sempra Energy Resources is building more than 2,100 megawatts of new generation in the region by 2003."

In June 2002, Sempra Energy Resources signed an agreement to acquire a 305-megawatt, coal-fired power plant from Texas-New Mexico Power Company for \$120 million. Simultaneously, Sempra Energy Resources signed a five-year contract to sell

substantially all of the output of the plant, with deliveries to begin after the close of the transaction, which is expected in the third quarter of 2002.

Sempra Energy International

In the second quarter 2002, Sempra Energy International reported net income of \$9 million, compared with \$14 million during the same quarter 2001. The decrease was primarily due to reduced earnings from operations in Argentina, Peru and Mexico.

The North Baja Pipeline, which will extend 215 miles from Arizona across Baja California, Mexico, is on schedule to begin service in the third quarter 2002 and to contribute positively to earnings by the fourth quarter 2002.

Sempra Energy Solutions

Sempra Energy Solutions, which offers energy outsourcing and commodity services to commercial and industrial customers, recorded net income of \$5 million in the second quarter 2002, compared with \$2 million in the same period in 2001. Net income more than doubled due to increased commodity sales.

Earnings Targets

Sempra Energy reaffirms its earnings-per-share targets of \$2.65 for 2002 and \$2.90 for 2003.

"Despite the current uncertainty in the energy industry, companies like Sempra Energy with solid track records of meeting earnings targets, strong and transparent balance sheets and investment-grade credit ratings, ultimately will be properly valued by the market," said Baum.

Internet Broadcast

Sempra Energy will broadcast a live discussion of its earnings results over the Internet today at 1 p.m. EDT with Baum; Neal E. Schmale, executive vice president and chief financial officer, Sempra Energy; Donald E. Felsinger, group president, Sempra Energy Global Enterprises; Edwin A. Guiles, group president, Sempra Energy Utilities; Frank H. Ault, senior vice president and controller, Sempra Energy; and Dennis V. Arriola, vice president of investor relations, Sempra Energy. 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 (719) 457-0820 and entering passcode number 145622.

Sempra Energy based in San Diego, is a Fortune 500 energy services holding company with 2001 revenues of \$8 billion. The Sempra Energy companies' nearly 12,000 employees serve more than 9 million customers in the United States, Europe, Canada, Mexico, South America and Asia.

This press release contains statements that are not historical fact and constitute forward-looking statements within the meaning of the Private Securities Legislation Reform Act of 1995. When the company uses words like "believes," "expects," "anticipates," "intends," "plans," "estimates," "may," "would," "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: national, international, regional and local economic, competitive, political, legislative and regulatory conditions and developments; actions by the California Public Utilities Commission, the California State Legislature, the California Department of Water Resources and the Federal Energy Regulatory Commission; capital market conditions, inflation rates and interest rates; energy and trading markets, including the timing and extent of changes in commodity prices; weather conditions; business, regulatory and legal decisions; the pace of deregulation of retail natural gas and electricity delivery; the timing and success of business development efforts; and other uncertainties, all of which are difficult to predict and many of which are beyond the company's control. 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.

[Financial Tables](#)