SEMPRA ENERGY

Second Quarter 2017 Earnings Results

August 4, 2017

Sempra Energy®

Information Regarding Forward-Looking Statements

We make statements in this presentation that are not historical fact and constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based upon assumptions with respect to the future, involve risks and uncertainties, and are not guarantees of performance. These forward-looking statements represent our estimates and assumptions only as of the date of this presentation. We assume no obligation to update or revise any forward-looking statement as a result of new information, future events or other factors. In this report, when we use 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, opportunities, projections, initiatives, objectives or intentions, we are making forward-looking statements.

Factors, among others, that could cause our actual results and future actions to differ materially from those described in forward-looking statements include actions and the timing of actions, including decisions, new regulations, and issuances of permits and other authorizations by the California Public Utilities Commission, U.S. Department of Energy, California Division of Oil, Gas, and Geothermal Resources, Federal Energy Regulatory Commission, U.S. Environmental Protection Agency, Pipeline and Hazardous Materials Safety Administration, Los Angeles County Department of Public Health, states, cities and counties, and other regulatory and governmental bodies in the United States and other countries in which we operate; the timing and success of business development efforts and construction projects, including risks in obtaining or maintaining permits and other authorizations on a timely basis, risks in completing construction projects on schedule and on budget, and risks in obtaining the consent and participation of partners; the resolution of civil and criminal litigation and regulatory investigations; deviations from regulatory precedent or practice that result in a reallocation of benefits or burdens among shareholders and ratepayers; modifications of settlements; delays in, or disallowance or denial of, regulatory agency authorizations to recover costs in rates from customers (including with respect to regulatory assets associated with the San Onofre Nuclear Generating Station facility and 2007 wildfires) or regulatory agency approval for projects required to enhance safety and reliability; the availability of electric power, natural gas and liquefied natural gas, and natural gas pipeline and storage capacity, including disruptions caused by failures in the transmission grid, moratoriums or limitations on the withdrawal or injection of natural gas from or into storage facilities, and equipment failures; changes in energy markets; volatility in commodity prices; moves to reduce or eliminate reliance on natural gas; the impact on the value of our investment in natural gas storage and related assets from low natural gas prices, low volatility of natural gas prices and the inability to procure favorable long-term contracts for storage services; risks posed by actions of third parties who control the operations of our investments, and risks that our partners or counterparties will be unable or unwilling to fulfill their contractual commitments; 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 greenhouse gases, radioactive materials and harmful emissions, cause wildfires 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) or may be disputed by insurers; 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; capital markets and economic conditions, including the availability of credit and the liquidity of our investments; and fluctuations in inflation, interest and currency exchange rates and our ability to effectively hedge the risk of such fluctuations; changes in the tax code as a result of potential federal tax reform, such as the elimination of the deduction for interest and non-deductibility of all, or a portion of, the cost of imported materials, equipment and commodities; changes in foreign and domestic trade policies and laws, including border tariffs, revisions to favorable international trade agreements, and changes that make our exports less competitive or otherwise restrict our ability to export; the ability to win competitively bid infrastructure projects against a number of strong and aggressive competitors; expropriation of assets by foreign governments and title and other property disputes; the impact on reliability of San Diego Gas & Electric Company's (SDG&E) electric transmission and distribution system due to increased amount and variability of power supply from renewable energy sources; the impact on competitive customer rates due to the growth in distributed and local power generation and the corresponding decrease in demand for power delivered through SDG&E's electric transmission and distribution system 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; and other uncertainties, some of which may be difficult to predict and are beyond our control.

These forward-looking statements speak only as of August 4, 2017, and the company undertakes no obligation to update or revise these 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.

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Executive Summary

- Reporting strong second quarter 2017 adjusted earnings of $1.10[1] per share compared to second quarter 2016 of $0.79[1] per share
- Continuing to focus on near-term execution
  - Significant progress on new projects with over $1B added or filed for at CPUC since our 2017 Analyst Conference
  - Obtained 2 positive regulatory outcomes at our California utilities
    - Final approval of 2-year Cost of Capital extension
    - Authorization to increase the amount of gas stored at Aliso Canyon
- **Increasing 2017 adjusted earnings guidance to $5.00 to $5.30[2] per share,** up from $4.85 to $5.25 per share
- **Affirming 2018 earnings guidance of $5.30 to $5.80 per share,** on expected strong operational performance completely offsetting no Cameron earnings in 2018 (see following slides for Cameron LNG Trains 1-3 update)

1) Sempra Energy Adjusted Earnings-Per-Share (EPS) is a non-GAAP financial measure. Q2-2017 GAAP EPS and Q2-2016 GAAP EPS were $1.03 and $0.06, respectively. See appendix for information regarding non-GAAP financial measures and descriptions of adjustments.
2) Sempra Energy 2017 Adjusted EPS guidance is a non-GAAP financial measure. 2017 GAAP EPS guidance range is $4.95 - $5.25. See appendix for information regarding non-GAAP financial measures and descriptions of adjustments.

Cameron LNG Trains 1-3 Update[1]

- It is reasonable to expect that Train 1 could be delayed into 2019 with Trains 2 and 3 following throughout 2019. This is based on several factors:
  - An updated schedule from the contractor
  - Cameron's own review of the schedule, and
  - The inherent risks in constructing and testing these types of facilities
- Delay is disappointing, but no material economic impact over the life of the project is expected due to strong risk mitigation provisions in Cameron's contracts
- Revised our 2018 financial plan to assume no earnings from Cameron in 2018; **expected strength of our other businesses allows us to affirm our 2018 guidance range**
- **Sempra's 2020 earnings from Cameron still expected to be $300M - $350M**

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1) The ability to successfully complete major construction projects, including the Cameron LNG facility currently under construction, is subject to a number of risks and uncertainties. Please refer to the "Risk Factors" section of our most recent Annual Report on Form 10-K and the "Factors Influencing Future Performance" section of our most recent Quarterly Report on Form 10-Q for a description of the risks and other factors associated with this opportunity.

Cameron LNG Trains 1-3 Progress – July 2017[1]

1) The ability to successfully complete major construction projects, including the Cameron LNG facility currently under construction, is subject to a number of risks and uncertainties. Please refer to the “Risk Factors” section of our most recent Annual Report on Form 10-K and the “Factors Influencing Future Performance” section of our most recent Quarterly Report on Form 10-Q for a description of the risks and other factors associated with this opportunity.

Cameron LNG Trains 1-3 Progress[(1)]

- ✓ Engineering progress 100% complete
- ✓ Procurement progress near 100%
  - All purchase orders have been issued
  - All equipment and bulk materials received on site or stored in laydown areas awaiting installation
- ✓ All earthworks and piling activities complete
- ✓ Gas supply – Cameron Interstate Pipeline Expansion and Meter Station – in-service
- ✓ Entergy utility substation and transmission system upgrades complete, site energization complete
- ✓ Completed upgrade of the existing control system at the regas terminal
- ✓ All GE Refrigerant Compressor packages delivered to site, Trains 1 and 2 GE Refrigerant Compressor packages set on foundations
- ✓ All 3 APCI Main Cryogenic Heat Exchangers set on foundations
- ✓ Completed all tie-in work requiring existing LNG tank outages
- ✓ All 3 Boil-Off Gas (BOG) Compressors set on foundation
- ✓ New control room/maintenance and shop/warehouse building ready
- ✓ All required operators are hired and trained for Start-up and Commissioning

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1) The ability to successfully complete major construction projects, including the Cameron LNG facility currently under construction, is subject to a number of risks and uncertainties. Please refer to the “Risk Factors” section of our most recent Annual Report on Form 10-K and the “Factors Influencing Future Performance” section of our most recent Quarterly Report on Form 10-Q for a description of the risks and other factors associated with this opportunity.

Second Quarter 2017 Financial Results

(Unaudited; Dollars, except EPS, and shares, in millions)	Three months ended June 30, 2017	Three months ended June 30, 2016	Six months ended June 30, 2017	Six months ended June 30, 2016 As Recast	2016 Adjustment for Share-Based Comp.[1]	2016 As Originally Reported
GAAP Earnings	$ 259	$ 16	$ 700	$ 369	$ (34)	$ 335
Losses Related to Termoeléctrica de Mexicali (TdM) Held For Sale	45	2	42	26	-	26
(Recoveries) Losses Related to Permanent Releases of Pipeline Capacity	(28)	123	(28)	123	-	123
Tax Repairs Adjustments Related to General Rate Case (GRC)	-	80	-	80	-	80
Retroactive Q1-16 GRC Benefit	-	(21)	-	-	-	-
Loss Related to Rockies Express Pipeline	-	-	-	27	-	27
Adjusted Earnings[2]	$ 276	$ 200	$ 714	$ 625	$ (34)	$ 591
Diluted weighted-average shares outstanding	253	252	253	252	252	252
GAAP EPS	$ 1.03	$ 0.06	$ 2.77	$ 1.47	$ (0.14)	$ 1.33
Adjusted EPS[2]	$ 1.10	$ 0.79	$ 2.83	$ 2.48	$ (0.14)	$ 2.35

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1) Reflects the adoption of Accounting Standards Update (ASU) 2016-09 as of January 1, 2016. For more information, refer to our Form 10-Q.
2) Sempra Energy Adjusted Earnings and Adjusted EPS are non-GAAP financial measures. See appendix for information regarding non-GAAP financial measures and descriptions of adjustments above.

Second Quarter 2017 Key Drivers

- $276M adjusted earnings[1] reported in Q2-2017 compared to $200M adjusted earnings[1] reported in Q2-2016. The increase is primarily due to:
  - $23M higher earnings due to LNG marketing activities in 2017 and losses in Q2-2016 on natural gas inventories sold forward
  - $21M higher operational earnings primarily from transportation earnings from GdC acquisition, net of related higher interest expense, and other pipeline assets placed into service at Sempra Mexico
  - $16M higher CPUC base margin, net of operating expenses, at SDG&E
  - $11M higher earnings due to U.S. renewable assets placed into service during 2016 and increased production
  - Strong operational earnings at Sempra Mexico more than offset by $28M lower earnings due to $12M unfavorable impact in 2017 compared to $16M favorable impact in 2016 from FX and inflation effects, net of hedge impact[2]
    - ~$30M of hedge benefits to be recognized in 2H-2017, assuming current rates[3], largely offsetting YTD-2017 FX losses by year-end

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1) Sempra Energy Adjusted Earnings is a non-GAAP financial measure. Q2-2017 GAAP Earnings and Q2-2016 GAAP Earnings were $259M and $16M, respectively. See appendix for information regarding non-GAAP financial measures and descriptions of adjustments.
2) Amount is shown after noncontrolling interests.
3) Assuming rates stay similar to rates as of 6/30/17. See Appendix for further details on foreign currency impacts.

Focus on Execution: Capture Opportunities

Segment	Project	Estimated Investment	Expected In-Service Date	Terms/Ownership
Sempra Mexico	**Liquids Terminals** at Port of Veracruz, Puebla and Mexico City	~$275M	2018 - 2019	Long-term, U.S.$ firm-capacity agreements with Valero(1) Valero option to buy 50% equity at CODs(2)
Sempra Mexico	**Pima Solar** 110 MW	~$115M	Q4-2018	20-year, U.S.$ contract
Sempra S.A. Utilities	**Eletrans III transmission** line in northern Chile	~$50M(3)	2021	50% equity interest through JV with SAESA(4)
Sempra Renewables	**California solar project**	200 MW	1H-2018(5)	18-year average contract term

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1) Offtake agreements are at 100% capacity.
2) Subject to regulatory approvals.
3) $50M represents Sempra South American Utilities' share of capex in 50/50 JV with Sociedad Austral de Electricidad S.A. (SAESA); total expected project capex is $100M.
4) Sociedad Austral de Electricidad S.A.
5) Commercial operations and corresponding PPAs are expected to commence in phases during Q4-2017 and 1H-2018.

Focus on Execution: Positive Regulatory Outcomes & Projects

- Received final decision for 2-year Cost of Capital extension of 10.2% and 10.05% authorized return on equity for SDG&E and SoCalGas, respectively[(1)]
- Received approval from CPUC and DOGGR to reinstate limited natural gas injections, which have resumed, at Aliso Canyon storage facility for a target level of ~24 Bcf[(2)]
- Filed CPUC applications for additional utility projects (discussed in Q1-2017):

Segment	Project[(3)]	Estimated Investment	Details
SDG&E and SoCalGas	Mobile Home Park Master Meter expansion	$200M - $300M[(4)]	Expand beyond current pilot program
SDG&E	Customer Information System replacement	~$250M	Received CPUC approval for memo account prior to final decision[(5)]

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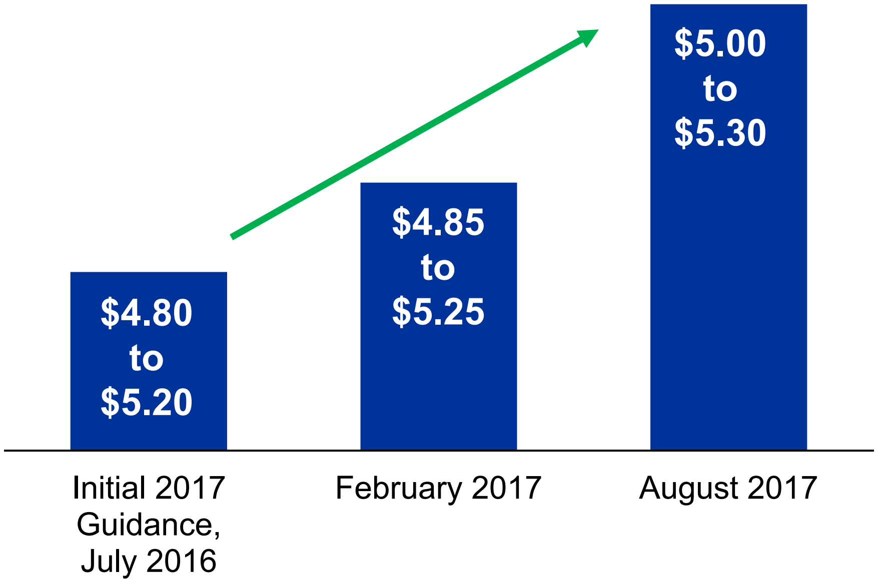
1) Effective January 1, 2018 through December 31, 2019.
2) Litigation is pending to halt natural gas injections.
3) Projects subject to CPUC approval.
4) Requested a total of $470M - $510M of capex; $200M - $300M is incremental to the plan.
5) Memo account will record related costs prior to recovery which will be requested at a future date.

Focus on Execution: Earnings Guidance

2017 Adjusted EPS Guidance of $5.00 to $5.30[1]

- Increasing 2017 Adjusted EPS Guidance[1]
- 2017 Key Drivers:
  - Strong year-to-date earnings
  - Accelerated capital deployment
  - Disciplined cost management across businesses



2018 EPS Guidance of $5.30 to $5.80

- Affirming 2018 EPS Guidance
- 2018 Key Drivers:
  - Expect strong results from 2017 to continue into 2018
  - Stronger operational earnings across businesses expected to completely offset shift of Cameron earnings out of 2018

1) Sempra Energy 2017 Adjusted EPS guidance is a non-GAAP financial measure. 2017 GAAP EPS guidance range is $4.95 - $5.25. See appendix for information regarding non-GAAP financial measures and descriptions of adjustments.

Summary

- Reported excellent second quarter and year-to-date financial results
- Significant progress on development projects with over $1B added or filed for since our 2017 Analyst Conference
- Obtained positive regulatory results at California utilities
  - Final approval of 2-year Cost of Capital extension
  - Authorization to increase the amount of gas stored at Aliso Canyon
- Increased 2017 adjusted earnings guidance to **$5.00 to $5.30**[1] per share
- Strength of core businesses expected to overcome no Cameron earnings in 2018; Affirmed 2018 earnings guidance of **$5.30 to $5.80** per share

1) Sempra Energy 2017 Adjusted EPS guidance is a non-GAAP financial measure. 2017 GAAP EPS guidance range is $4.95 - $5.25. See appendix for information regarding non-GAAP financial measures and descriptions of adjustments.

APPENDIX

Business Unit Earnings

SDG&E

(Unaudited, Dollars in millions)	Three months ended June 30, 2017	Three months ended June 30, 2016	Six months ended June 30, 2017	Six months ended June 30, 2016
SDG&E GAAP Earnings, 2016 Recast[1]	$ 149	$ 100	$ 304	$ 236
Tax Repairs Adjustments Related to GRC	-	31	-	31
Retroactive Q1-16 GRC Benefit	-	(9)	-	-
SDG&E Adjusted Earnings, 2016 Recast[1][2]	$ 149	$ 122	$ 304	$ 267

- Q2-2017 adjusted earnings higher primarily due to:
  - $16M higher CPUC base operating margin, net of operating expenses, and
  - $8M favorable impact related to the resolution of prior years' income tax items

1) Year-to-date 2016 earnings recast to include $7M of earnings for the adoption of ASU 2016-09 as of January 1, 2016. For more information, refer to our Form 10-Q.
2) SDG&E Adjusted Earnings is a non-GAAP financial measure. See appendix for information regarding non-GAAP financial measures and descriptions of adjustments above.

SoCalGas

(Unaudited, Dollars in millions)	Three months ended June 30, 2017	Three months ended June 30, 2016	Six months ended June 30, 2017	Six months ended June 30, 2016
SoCalGas GAAP Earnings (Losses), 2016 Recast[1]	$ 58	$ (1)	$ 261	$ 198
Tax Repairs Adjustments Related to GRC	-	49	-	49
Retroactive Q1-16 GRC Benefit	-	(12)	-	-
SoCalGas Adjusted Earnings, 2016 Recast[1][2]	$ 58	$ 36	$ 261	$ 247

- Q2-2017 adjusted earnings higher primarily due to:
  - $13M impairment in Q2-2016 of development costs associated with the North-South Pipeline project, and
  - $5M higher earnings from PSEP and AMI

1) Year-to-date 2016 earnings recast to include $4M of earnings for the adoption of ASU 2016-09 as of January 1, 2016. For more information, refer to our Form 10-Q.
2) SoCalGas Adjusted Earnings is a non-GAAP financial measure. See appendix for information regarding non-GAAP financial measures and descriptions of adjustments above.

Sempra South American Utilities

(Unaudited, Dollars in millions)	Three months ended June 30, 2017	Three months ended June 30, 2016	Six months ended June 30, 2017	Six months ended June 30, 2016
Sempra South American Utilities GAAP Earnings	$ 45	$ 43	$ 92	$ 81

- Q2-2017 earnings in-line with last year

Sempra Mexico(1)

(Unaudited, Dollars in millions)	Three months ended June 30, 2017	Three months ended June 30, 2016	Six months ended June 30, 2017	Six months ended June 30, 2016
Sempra Mexico GAAP Earnings, 2016 Recast(2)	$ (9)	$ 57	$ 39	$ 75
Losses Related to TdM Held For Sale	45	2	42	26
Sempra Mexico Adjusted Earnings, 2016 Recast(2)(3)	$ 36	$ 59	$ 81	$ 101

- $21M higher operational earnings primarily from transportation earnings from GdC acquisition, net of related higher interest expense, and other pipeline assets placed in service
- Strong operational earnings at Sempra Mexico more than offset by
  - $28M lower earnings due to $12M unfavorable impact in 2017 compared to $16M favorable impact in 2016 from FX and inflation effects, net of hedge impact
    - ~$30M of hedge benefits to be recognized in 2H-2017, assuming current rates(4), largely offsetting YTD-2017 FX losses by year-end
- $14M lower earnings from TdM related to major maintenance and income tax valuation allowance

1) All variance explanations are shown after noncontrolling interests.
2) Year-to-date 2016 earnings recast to include $1M of earnings for the adoption of ASU 2016-09 as of January 1, 2016. For more information, refer to our Form 10-Q.
3) Sempra Mexico Adjusted Earnings is a non-GAAP financial measure. See appendix for information regarding non-GAAP financial measures and a description of the adjustment above.
4) Assuming rates stay similar to rates as of 6/30/17. See Appendix for further details on foreign currency impacts.

Sempra LNG & Midstream

(Unaudited, Dollars in millions)	Three months ended June 30, 2017	Three months ended June 30, 2016	Six months ended June 30, 2017	Six months ended June 30, 2016
Sempra LNG & Midstream GAAP Earnings (Losses), 2016 Recast[(1)]	$ 27	$ (149)	$ 28	$ (181)
Loss Related to REX	-	-	-	27
(Recoveries) Losses Related to Permanent Releases of Pipeline Capacity	(28)	123	(28)	123
Sempra LNG & Midstream Adjusted Losses, 2016 Recast[(1)(2)]	$ (1)	$ (26)	$ -	$ (31)

- Q2-2017 adjusted losses lower primarily due to:
  - $18M improved results primarily due to losses in Q2-2016 on natural gas inventories sold forward, and
  - $5M higher earnings from LNG marketing activities primarily driven by changes in natural gas prices

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1) Year-to-date 2016 losses recast to include $4M of earnings for the adoption of ASU 2016-09 as of January 1, 2016. For more information, refer to our Form 10-Q.
2) Sempra LNG & Midstream Adjusted Earnings (Losses) is a non-GAAP financial measure. See appendix for information regarding non-GAAP financial measures and descriptions of adjustments above.

Sempra Renewables

(Unaudited, Dollars in millions)	Three months ended June 30, 2017	Three months ended June 30, 2016	Six months ended June 30, 2017	Six months ended June 30, 2016
Sempra Renewables GAAP Earnings, 2016 Recast[1]	$ 23	$ 12	$ 34	$ 26

- Q2-2017 earnings higher due to assets placed into service during 2016 and increased production at our wind and solar assets

1) Year-to-date 2016 earnings recast to include $1M of earnings for the adoption of ASU 2016-09 as of January 1, 2016. For more information, refer to our Form 10-Q.

APPENDIX

Rules of Thumb

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2017 Rules of Thumb

Key Commodity and Market Forecasts	Guidance Assumption	Change in Assumption	Approximate 2017 Forecasted Earnings Sensitivity
Natural Gas Prices(1) ($/MMBtu)	$3.22	$1.00 increase / decrease	$15M / $(15)M in Sempra LNG & Midstream
Foreign Currency Exchange Rates(2)	21.8 MXN/USD 680 CLP/USD 3.46 PEN/USD	5% appreciation / depreciation 5% appreciation / depreciation 5% appreciation / depreciation	$(5)M-$(10)M / $25M-$30M in Mexico $3M / $(3)M in Chile $6M / $(6)M in Peru

1) Annual average SoCal Border price.
2) Source: Bloomberg forward curve at year-end for Mexico and average forecasted exchange rates from LatinFocus (December 2016) for South America. For Mexico, the earnings sensitivity excludes any offset related to inflation and is asymmetrical due to the hedge program put in place this year. For South America, earnings sensitivities reflect the translation impact on earnings and exclude foreign exchange rate impacts on tariff adjustments. In all cases, we engage in hedging activity from time to time that may limit earnings sensitivity for larger changes in currency rates than those reflected above. The rules of thumbs are applicable on a full-year basis.

Foreign Currency Exposure

Country	Exposure	Current Cash Flow Exposure?	Hedged?	Local currency appreciates +5% against US$?	Comments
Mexico	**US$ debt positions** translated to local currency for Mexico tax purposes	Yes, increases or decreases tax payments	Yes	Immaterial downside earnings impact for full year due to hedge	▪ Largest potential exposure when unhedged ▪ Hedge protects downside risk; upside if peso depreciates against US$ from plan ▪ Debt position versus hedge impacts may cause inter-quarter volatility
Mexico	**Deferred tax balances** translated to US$[(1)]	No	No	Lower earnings of ~$5-$10M[(1)]	▪ Second largest exposure ▪ Not hedged, generally, since exposure doesn't lead to current cash flow exposure
Chile & Peru	**Earnings** translated from local currency to US$	No	No	Higher earnings of ~$9M	▪ Impact generally occurs throughout year as earnings realized

1) Two other FX items impact Mexico earnings, but the overall impact is small and is reflected in the 2017 Rules of Thumb. The items are a Mexican Peso receivable that is translated to US Dollars and a small amount of earnings translated to US Dollars for Ecogas.

APPENDIX

Non-GAAP Financial Measures

Adjusted Earnings (Losses) and Adjusted Earnings Per Share (1 of 6)

Sempra Energy Adjusted Earnings and Adjusted Earnings Per Share exclude items (after the effects of taxes and, if applicable, noncontrolling interests) in 2017 and 2016 as follows:

Sempra Energy Adjusted Earnings and Adjusted Earnings-Per-Share (Unaudited) Exclude:

In the three months ended June 30, 2017:
- $(47) million impairment of Sempra Mexico's Termoeléctrica de Mexicali (TdM) assets held for sale
- $2 million deferred income tax benefit on the TdM natural gas-fired power plant that is held for sale
- $28 million of recoveries related to 2016 permanent release of pipeline capacity

In the three months ended June 30, 2016:
- $(123) million losses from the permanent release of pipeline capacity at Sempra LNG & Midstream
- $(80) million adjustments related to tax repairs deductions reallocated to ratepayers as a result of the 2016 General Rate Case Final Decision (2016 GRC FD) at the California Utilities
- $21 million incremental revenue increases for the first quarter of 2016 from the retroactive application of the 2016 GRC FD at the California Utilities
- $(2) million deferred income tax expense on the TdM plant that is held for sale

In the six months ended June 30, 2017:
- $(47) million impairment of TdM assets held for sale
- $5 million deferred income tax benefit on the TdM plant that is held for sale
- $28 million of recoveries related to 2016 permanent release of pipeline capacity

In the six months ended June 30, 2016:
- $(123) million losses from the permanent release of pipeline capacity at Sempra LNG & Midstream
- $(80) million adjustments related to tax repairs deductions reallocated to ratepayers as a result of the 2016 GRC FD at the California Utilities
- $(27) million impairment charge related to Sempra LNG & Midstream's investment in Rockies Express
- $(26) million deferred income tax expense on the TdM plant that is held for sale

Sempra Energy Adjusted Earnings and Adjusted Earnings Per Share are non-GAAP financial measures (GAAP represents accounting principles generally accepted in the United States of America). Because of the significance and nature of these items, management believes that these non-GAAP financial measures provide a meaningful comparison of the performance of Sempra Energy's business operations from 2017 to 2016 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 Earnings and Diluted Earnings Per Common Share, which we consider to be the most directly comparable financial measures calculated in accordance with GAAP.

Adjusted Earnings (Losses) and Adjusted Earnings Per Share (2 of 6)

(Dollars in millions except per share amounts)	Pretax amount	Income tax (benefit) expense(1)	Non-controlling interests	Earnings	Pretax amount	Income tax (benefit) expense(1)	Non-controlling interests	Earnings
	Three months ended June 30, 2017				**Three months ended June 30, 2016**			
Sempra Energy GAAP Earnings				$ 259				$ 16
Excluded items:								
Impairment of TdM assets held for sale	$ 71	$ -	$ (24)	47	$ -	$ -	$ -	-
Deferred income tax (benefit) expense associated with TdM	-	(3)	1	(2)	-	3	(1)	2
Recoveries related to 2016 permanent release of pipeline capacity	(47)	19	-	(28)	-	-	-	-
Permanent release of pipeline capacity	-	-	-	-	206	(83)	-	123
SDG&E tax repairs adjustments related to 2016 GRC FD	-	-	-	-	52	(21)	-	31
SoCalGas tax repairs adjustments related to 2016 GRC FD	-	-	-	-	83	(34)	-	49
SDG&E retroactive impact of 2016 GRC FD for Q1 2016	-	-	-	-	(15)	6	-	(9)
SoCalGas retroactive impact of 2016 GRC FD for Q1 2016	-	-	-	-	(20)	8	-	(12)
Sempra Energy Adjusted Earnings				$ 276				$ 200
Diluted earnings per common share:								
Sempra Energy GAAP Earnings				$ 1.03				$ 0.06
Sempra Energy Adjusted Earnings				$ 1.10				$ 0.79
Weighted-average number of shares outstanding, diluted (thousands)(3)				252,822				252,036
	Six months ended June 30, 2017				**Six months ended June 30, 2016 (2)**			
Sempra Energy GAAP Earnings				$ 700				$ 369
Excluded items:								
Impairment of TdM assets held for sale	$ 71	$ -	$ (24)	47	$ -	$ -	$ -	-
Deferred income tax (benefit) expense associated with TdM	-	(8)	3	(5)	-	32	(6)	26
Recoveries related to 2016 permanent release of pipeline capacity	(47)	19	-	(28)	-	-	-	-
Permanent release of pipeline capacity	-	-	-	-	206	(83)	-	123
SDG&E tax repairs adjustments related to 2016 GRC FD	-	-	-	-	52	(21)	-	31
SoCalGas tax repairs adjustments related to 2016 GRC FD	-	-	-	-	83	(34)	-	49
Impairment of investment in Rockies Express	-	-	-	-	44	(17)	-	27
Sempra Energy Adjusted Earnings				$ 714				$ 625
Diluted earnings per common share:								
Sempra Energy GAAP Earnings				$ 2.77				$ 1.47
Sempra Energy Adjusted Earnings				$ 2.83				$ 2.48
Weighted-average number of shares outstanding, diluted (thousands)				252,609				251,775

(1) Income taxes were calculated based on applicable statutory tax rates, except for adjustments that are solely income tax. Income taxes associated with TdM were calculated based on the applicable statutory tax rate, including translation from historic to current exchange rates. An income tax benefit of $12 million associated with the 2017 impairment has been fully reserved.

(2) Reflects the adoption of ASU 2016-09 as of January 1, 2016.

(3) For the three months ended June 30, 2016, we previously reported 251,938 shares; the effect of the adoption of ASU 2016-09 resulted in an "as adjusted" 252,036 shares.

Adjusted Earnings (Losses) and Adjusted Earnings Per Share (3 of 6)

SDG&E Adjusted Earnings (Unaudited) Exclude:

In the three months ended June 30, 2016:

- $(31) million adjustments related to tax repairs deductions reallocated to ratepayers as a result of the 2016 GRC FD
- $9 million incremental revenue increases for the first quarter of 2016 from the retroactive application of the 2016 GRC FD

In the six months ended June 30, 2016:

- $(31) million adjustments related to tax repairs deductions reallocated to ratepayers as a result of the 2016 GRC FD

SDG&E Adjusted Earnings is a non-GAAP financial measure (GAAP represents accounting principles generally accepted in the United States of America). Because of the significance and nature of these items, management believes that this non-GAAP financial measure provides a meaningful comparison of the performance of SDG&E's business operations from 2017 to 2016 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 SDG&E Earnings, which we consider to be the most directly comparable financial measure calculated in accordance with GAAP.

(Dollars in millions)	Pretax amount	Income tax (benefit) expense(1)	Earnings
	Three months ended June 30, 2016		
SDGE GAAP Earnings			$ 100
Excluded items:			
Tax repairs adjustments related to 2016 GRC FD	$ 52	$ (21)	31
Retroactive impact of 2016 GRC FD for Q1 2016	(15)	6	(9)
SDGE Adjusted Earnings			$ 122
	Six months ended June 30, 2016(2)		
SDGE GAAP Earnings			$ 236
Excluded item:			
Tax repairs adjustments related to 2016 GRC FD	$ 52	$ (21)	31
SDGE Adjusted Earnings			$ 267

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

(2) Reflects the adoption of ASU 2016-09 as of January 1, 2016.

Adjusted Earnings (Losses) and Adjusted Earnings Per Share (4 of 6)

SoCalGas Adjusted Earnings (Unaudited) Exclude:

In the three months ended June 30, 2016:

- $(49) million adjustments related to tax repairs deductions reallocated to ratepayers as a result of the 2016 GRC FD
- $12 million incremental revenue increases for the first quarter of 2016 from the retroactive application of the 2016 GRC FD

In the six months ended June 30, 2016:

- $(49) million adjustments related to tax repairs deductions reallocated to ratepayers as a result of the 2016 GRC FD at the California Utilities

SoCalGas Adjusted Earnings is a non-GAAP financial measure (GAAP represents accounting principles generally accepted in the United States of America). Because of the significance and nature of these items, management believes that this non-GAAP financial measure provides a meaningful comparison of the performance of SoCalGas' business operations from 2017 to 2016 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 SoCalGas Earnings, which we consider to be the most directly comparable financial measure calculated in accordance with GAAP.

(Dollars in millions)	Pretax amount	Income tax (benefit) expense(1)	Earnings
	Three months ended June 30, 2016		
SoCalGas GAAP Losses			$ (1)
Excluded items:			
Tax repairs adjustments related to 2016 GRC FD	$ 83	$ (34)	49
Retroactive impact of 2016 GRC FD for Q1 2016	(20)	8	(12)
SoCalGas Adjusted Earnings			$ 36
	Six months ended June 30, 2016(2)		
SoCalGas GAAP Earnings			$ 198
Excluded item:			
Tax repairs adjustments related to 2016 GRC FD	$ 83	$ (34)	49
SoCalGas Adjusted Earnings			$ 247

(1) *Income taxes were calculated based on applicable statutory tax rates.*

(2) *Reflects the adoption of ASU 2016-09 as of January 1, 2016.*

Adjusted Earnings (Losses) and Adjusted Earnings Per Share (5 of 6)

Sempra Mexico Adjusted Earnings (Unaudited) Exclude:

In the three months ended June 30, 2017:
- $(47) million impairment of Sempra Mexico's TdM assets held for sale
- $2 million deferred income tax benefit on the TdM assets held for sale

In the three months ended June 30, 2016:
- $(2) million deferred income tax expense on the TdM assets held for sale

In the six months ended June 30, 2017:
- $(47) million impairment of TdM assets held for sale
- $5 million deferred income tax benefit on the TdM assets held for sale

In the six months ended June 30, 2016:
- $(26) million deferred income tax expense on the TdM assets held for sale

Sempra Mexico Adjusted Earnings is a non-GAAP financial measures (GAAP represents accounting principles generally accepted in the United States of America). Because of the significance and nature of these items, management believes that this non-GAAP financial measure provides a meaningful comparison of the performance of Sempra Mexico's business operations from 2017 to 2016 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 Mexico Earnings, which we consider to be the most directly comparable financial measure calculated in accordance with GAAP.

(Dollars in millions)	Pretax amount	Income tax (benefit) expense(1)	Non-controlling interests	Earnings	Pretax amount	Income tax (benefit) expense(1)	Non-controlling interests	Earnings
	Three months ended June 30, 2017				Three months ended June 30, 2016			
Sempra Mexico GAAP (Losses) Earnings				$ (9)				$ 57
Excluded items:								
Impairment of TdM assets held for sale	$ 71	$ -	$ (24)	47	$ -	$ -	$ -	-
Deferred income tax (benefit) expense associated with TdM	-	(3)	1	(2)	-	3	(1)	2
Sempra Mexico Adjusted Earnings				$ 36				$ 59
	Six months ended June 30, 2017				Six months ended June 30, 2016(2)			
Sempra Mexico GAAP Earnings				$ 39				$ 75
Excluded items:								
Impairment of TdM assets held for sale	$ 71	$ -	$ (24)	47	$ -	$ -	$ -	-
Deferred income tax (benefit) expense associated with TdM	-	(8)	3	(5)	-	32	(6)	26
Sempra Mexico Adjusted Earnings				$ 81				$ 101

(1) Income taxes were calculated based on applicable statutory tax rates, except for adjustments that are solely income tax. Income taxes associated with TdM were calculated based on the applicable statutory tax rate, including translation from historic to current exchange rates. An income tax benefit of $12 million associated with the 2017 impairment has been fully reserved.

(2) Reflects the adoption of ASU 2016-09 as of January 1, 2016.

Adjusted Earnings (Losses) and Adjusted Earnings Per Share (6 of 6)

Sempra LNG & Midstream Adjusted (Losses) (Unaudited) Exclude:

In the three months ended June 30, 2017:

- $28 million of recoveries related to 2016 permanent release of pipeline capacity

In the three months ended June 30, 2016:

- $(123) million losses from the permanent release of pipeline capacity

In the six months ended June 30, 2017:

- $28 million of recoveries related to 2016 permanent release of pipeline capacity

In the six months ended June 30, 2016:

- $(123) million losses from the permanent release of pipeline capacity
- $(27) million impairment charge related to Sempra LNG & Midstream's investment in Rockies Express

Sempra LNG & Midstream Adjusted Earnings is a non-GAAP financial measure (GAAP represents accounting principles generally accepted in the United States of America). Because of the significance and nature of these items, management believes that this non-GAAP financial measure provides a meaningful comparison of the performance of Sempra LNG & Midstream's business operations from 2017 to 2016 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 & Midstream Earnings (Losses), which we consider to be the most directly comparable financial measure calculated in accordance with GAAP.

(Dollars in millions)	Pretax amount	Income tax (benefit) expense(1)	Earnings	Pretax amount	Income tax (benefit) expense(1)	Earnings
	Three months ended June 30, 2017			**Three months ended June 30, 2016**		
LNG & Midstream GAAP Earnings (Losses)			$ 27			$ (149)
Excluded items:						
Recoveries related to 2016 permanent release of pipeline capacity	$ (47)	$ 19	(28)	$ -	$ -	-
Permanent release of pipeline capacity	-	-	-	206	(83)	123
LNG & Midstream Adjusted Losses			$ (1)			$ (26)
	Six months ended June 30, 2017			**Six months ended June 30, 2016(2)**		
LNG & Midstream GAAP Earnings (Losses)			$ 28			$ (181)
Excluded items:						
Recoveries related to 2016 permanent release of pipeline capacity	$ (47)	$ 19	(28)	$ -	$ -	-
Permanent release of pipeline capacity	-	-	-	206	(83)	123
Impairment of investment in Rockies Express	-	-	-	44	(17)	27
LNG & Midstream Adjusted Earnings (Losses)			$ -			$ (31)

(1) Income taxes were calculated based on applicable statutory tax rates.
(2) Reflects the adoption of ASU 2016-09 as of January 1, 2016.

Non-GAAP Financial Measures

Sempra Energy 2017 Adjusted Earnings-Per-Share (EPS) Guidance Range (Unaudited) Excludes:

- $(47) million impairment of Sempra Mexico's Termoeléctrica de Mexicali (TdM) assets held for sale
- $5 million deferred income tax benefit on the TdM assets held for sale
- $28 million of recoveries related to 2016 permanent release of pipeline capacity

Sempra Energy 2017 Adjusted EPS Guidance is a non-GAAP financial measure. Because of the significance and nature of the excluded items, management believes this non-GAAP financial measure provides additional clarity into the ongoing results of the business and the comparability of such results to prior and future periods and also as a base for projected earnings-per-share compound annual growth rate. Sempra Energy 2017 Adjusted Earnings-Per-Share Guidance should not be considered an alternative to diluted EPS guidance determined in accordance with GAAP. The table below reconciles Sempra Energy 2017 Adjusted EPS Guidance Range to Sempra Energy 2017 EPS Guidance Range, which we consider to be the most directly comparable financial measure calculated in accordance with GAAP.

	Full Year 2017		
Sempra Energy GAAP EPS Guidance Range (1)	$ 4.95	to	$ 5.25
Impairment of TdM Assets Held for Sale	0.18		0.18
Recoveries Related to Permanent Release of Pipeline Capacity	(0.11)		(0.11)
Deferred Income Tax Associated with TdM	(0.02)		(0.02)
Sempra Energy Adjusted EPS Guidance Range (1)	$ 5.00	to	$ 5.30

1) Sempra Energy GAAP EPS Guidance Range and Sempra Energy Adjusted EPS Guidance Range are calculated using a weighted average number of shares (diluted) of 254 million shares. The effects of taxes and noncontrolling interests for excluded items are provided on slide 26 in the reconciliation of Sempra Energy GAAP Earnings to Sempra Energy Adjusted Earnings.