Sempra Energy

Sempra Energy

Second Quarter 2018 Earnings Results

August 6, 2018

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 discussions of guidance, strategies, plans, goals, 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: actions and the timing of actions, including decisions, new regulations, and issuances of permits and other authorizations by the California Public Utilities Commission (CPUC), U.S. Department of Energy, California Department of Conservation's 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, Public Utility Commission of Texas, 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 timely obtaining or maintaining permits and other authorizations, risks in completing construction projects on schedule and on budget, and risks in obtaining the consent and participation of partners and counterparties; 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; denial of approvals of proposed settlements or modifications of settlements; and delays in, or disallowance 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, any of which may raise our cost of capital and materially impair our ability to finance our operations; the greater degree and prevalence of wildfires in California in recent years and risk that we may be found liable for damages regardless of fault, such as in cases where the inverse condemnation doctrine applies, and risk that we may not be able to recover any such costs in rates from customers in California; 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 and moves to reduce or eliminate reliance on natural gas; 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), may be disputed by insurers or may otherwise not be recoverable through regulatory mechanisms or may impact our ability to obtain satisfactory levels of insurance, to the extent that such insurance is available or not prohibitively expensive; 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; our ability to successfully execute our plan to divest certain non-utility assets within the anticipated timeframe, if at all, or that such plan may not yield the anticipated benefits; actions of activist shareholders, which could impact the market price of our common stock, preferred stock and other securities and disrupt our operations as a result of, among other things, requiring significant time and attention by management and our board of directors; 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; the impact of recent federal tax reform and uncertainty as to how it may be applied, and our ability to mitigate adverse impacts; 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; changes in foreign and domestic trade policies and laws, including border tariffs, and revisions to international trade agreements, such as the North American Free Trade Agreement, that make us less competitive or impair our ability to resolve trade disputes; 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; the ability to realize the anticipated benefits from our investment in Oncor Electric Delivery Holdings Company LLC (Oncor Holdings); Oncor Electric Delivery Company LLC's (Oncor) ability to eliminate or reduce its quarterly dividends due to regulatory capital requirements, certain reductions in its senior secured credit rating, or the determination by 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 August 6, 2018, 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 Infrastructure, Sempra LNG & Midstream, 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 Infrastructure, Sempra LNG & Midstream, Sempra Renewables, Sempra Mexico, Sempra Texas Utility, Oncor and IEnova are not regulated by the California Public Utilities Commission.

Table of Contents

Executive Summary

- Advancing our vision
  - Continuing execution of our strategy
  - Increasing focus on transmission and distribution investments
  - Strengthening our balance sheet
  - Progressing existing and new projects

- Reporting Q2-2018 adjusted earnings of $1.35[1] per share compared to Q2-2017 adjusted earnings of $1.10[1] per share

1) Attributable to common shares. Sempra Energy Adjusted Earnings-Per-Share (EPS) is a non-GAAP financial measure. Q2-2018 GAAP Losses-Per-Share and Q2-2017 GAAP EPS were ($2.11) and $1.03, respectively. See appendix for information regarding non-GAAP financial measures.

Executing on Strategy | Analyst Conference Update

Executing on our long-term strategic vision discussed at our Analyst Conference

Action	Status
Launch Strategic Vision ▪ Become premier North American Energy Infrastructure company ▪ High-grade our portfolio with transmission and distribution investments ▪ Execute sale of U.S. Wind, U.S. Solar, and certain U.S. Midstream assets[(1)]	Ongoing
Complete Equity Offerings | July 2018 ▪ Finalize targeted equity financing for Oncor transaction ▪ Execute on $1,850M[(2)] of equity offerings through issuance of ~$1,109M[(3)] in Common Forwards, $166M in Common Shares, and $575M[(4)] 6.75% Mandatory Convertible Preferred, Series B, including greenshoes	✓
Continue Progress on California Wildfire Mitigation Strategy ▪ Monitor progress of wildfire legislative bills; Governor Brown actively involved ▪ Continue to pursue three-pronged approach: Regulatory | Legislative | Insurance	Ongoing

1) U.S. Midstream assets included in the planned sale are Mississippi Hub and our 90.9% ownership interest in Bay Gas Storage Company, Ltd. We will retain our 75.4% interest in the Liberty Gas Storage project.
2) The $1,850M does not include underwriting discounts and expenses of approximately $31M. Assuming the Common Forwards are all settled by physical delivery of common stock, the net proceeds to the company would be approximately $1,819M, subject to adjustment under the forward sales agreements.
3) Expect to settle and thereby issue common stock in multiple settlements on or prior to December 15, 2019, which is the final settlement date under the forward sale agreements. At our option and in lieu of settling by physical delivery of common shares, we can net settle or settle for cash all or a portion of the shares under the forward sales agreements.
4) Unless earlier converted, each share of the Mandatory Convertible Preferred stock, Series B will automatically convert on the mandatory conversion date, which is expected to be July 15, 2021, into not less than 0.7326 shares and not more than 0.8791 shares of our common stock, subject to anti-dilution adjustments.

Executing on Strategy | LNG Projects[1]

Well-positioned to help meet the world's growing natural gas demand with Cameron and other LNG development opportunities

Projects	Investment | Size[2]	Status
Cameron Trains 1 – 3	~$10B | ~12 Mtpa	▪ All 3 trains expected to be producing LNG in 2019 ▪ Total's acquisition of Engie stake complete
Cameron Trains 4 & 5	TBD | ~10 Mtpa	▪ FERC permits complete ▪ DOE licenses complete
ECA	TBD | ~2.5 Mtpa (Mid-scale) TBD | ~11 Mtpa (Large-scale)	▪ TechnipFMC and Kiewit selected as EPC contractor[3] ▪ Mid-scale: Key permits expected end of 2018 ▪ Large-scale: Key permits complete
Port Arthur	TBD | ~11 Mtpa	▪ Bechtel selected as EPC contractor[3] ▪ HOA for sale of 2 Mtpa to PGNiG[4] ▪ MOU with KOGAS

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 opportunity, 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 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 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 opportunities.
2) Represents 100% of project, not Sempra's ownership.
3) Subject to reaching a definitive agreement.
4) Polish Oil & Gas Company. Terms to HOA subject to reaching a definitive LNG Sales and Purchase agreement.

Executing on Strategy | New Projects[1]

Capturing projects that fit our disciplined investment strategy

Project	Investment	Status	Incremental to Plan
Topolobampo Marine Liquids Terminal (IEnova) ▪ Rights to construct and operate marine terminal, expected capacity of 1M barrels of storage ▪ COD Q4-2020	~$150M	Awarded	✓
Veracruz, Mexico City & Puebla Liquids Terminals (IEnova) ▪ Expansion of Veracruz from 1.4M to 2.1M barrels ▪ Redistributed capacity of Mexico City & Puebla terminals	Incremental ~$40M	Awarded	✓
Transmission Lines (Chile) ▪ Purchase of 2 transmission lines & respective substations[2] ▪ Fund the purchase with available cash on hand at Sempra South American Utilities ▪ Majority of assets within existing service territory	~$220M	Expected Close 2H-2018	✓
Leak Abatement Program (CA Utilities | SB 1371[2]) ▪ Investment represents 3-year forecasted costs out of 12-year program ▪ Outlines recovery mechanism and proposed activities	~$115M	Filed	✓

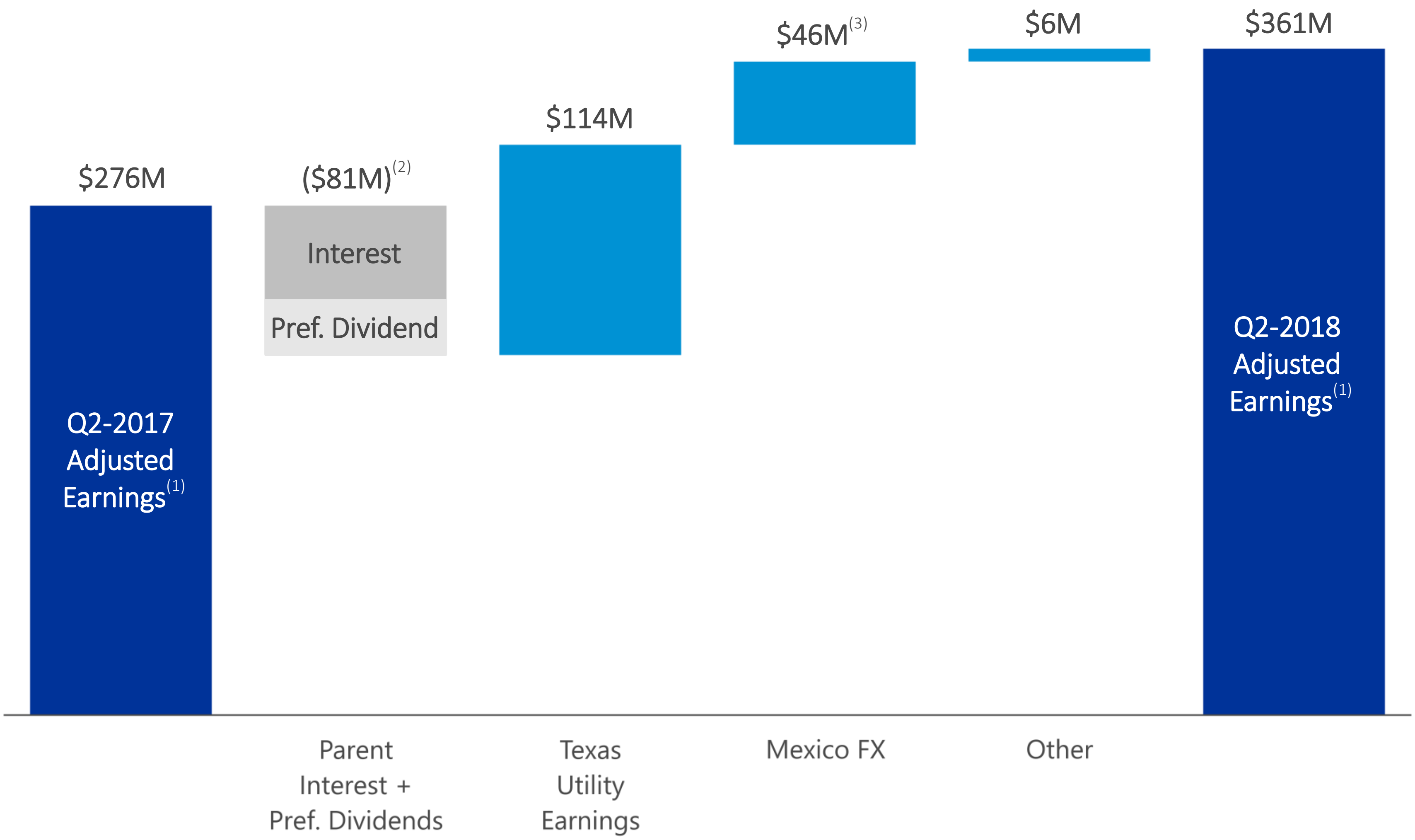
1) The ability to successfully complete major construction projects is subject to a number of risks and uncertainties. Please refer to the "Risk Factors" section of our most recent Annual Report on Form 10-K and the "Factors Influencing Future Performance" section of our most recent Annual Report on Form 10-K and our most recent Quarterly Report on Form 10-Q for a description of the risks and other factors associated with these construction projects.
2) Subject to regulatory approval.

Second Quarter 2018 Results

(Unaudited; dollars, except EPS, and shares, in millions)	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
GAAP (Losses) Earnings[1]	$ (561)	$ 259	$ (214)	$ 700
Impairment of Non-Utility Natural Gas Storage Assets	755	-	755	-
Impairment of U.S. Wind Equity Method Investments	145	-	145	-
Impact from the Tax Cuts and Jobs Act of 2017[2]	-	-	25	-
Adjustments Related to Termoeléctrica de Mexicali (TdM)	-	45	-	42
Impacts Associated with Aliso Canyon Litigation	22	-	22	-
Recoveries Related to 2016 Permanent Releases of Pipeline Capacity	-	(28)	-	(28)
Adjusted Earnings[1],[3]	$ 361	$ 276	$ 733	$ 714
Diluted weighted-average shares outstanding	268	253	264	253
GAAP (Losses) Earnings Per Diluted Share[1]	$ (2.11)	$ 1.03	$ (0.82)	$ 2.77
Adjusted Earnings Per Diluted Share[1],[3]	$ 1.35	$ 1.10	$ 2.78	$ 2.83

1) Attributable to Common Shares.
2) Includes $16M at Parent and $9M at Sempra LNG & Midstream.
3) 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.

Q2-2018 Adjusted Earnings[1] Drivers



1) Sempra Energy Adjusted Earnings is a non-GAAP financial measure. Q2-2018 GAAP Losses and Q2-2017 GAAP Earnings were $(561)M and $259M, respectively. See appendix for information regarding non-GAAP financial measures.
2) Sempra Parent ($81M) includes ($56M) increase in net interest expense and ($25M) of Mandatory Convertible Preferred stock dividends.
3) Variances for Mexico are shown after noncontrolling interests.

Near-Term Focus

1. Resolving our California General Rate Cases

2. Executing the sale of U.S. Wind, U.S. Solar, and certain U.S. Midstream assets[1]

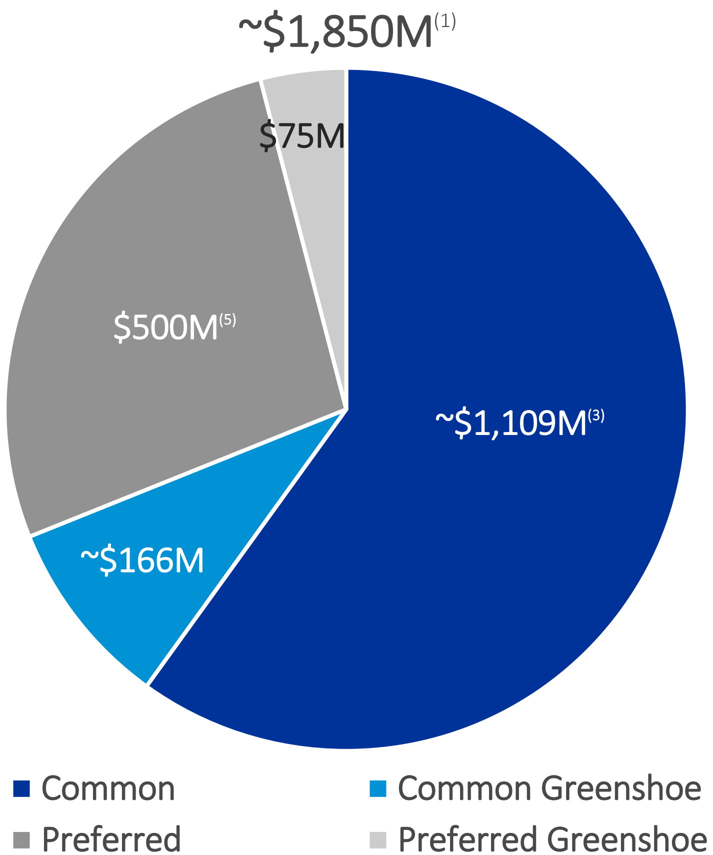
3. Progressing Cameron construction to be producing LNG from all 3 trains in 2019

4. Advancing California wildfire risk mitigation strategy

1) U.S. Midstream assets included in the planned sale are Mississippi Hub and our 90.9% ownership interest in Bay Gas Storage Company, Ltd. We will retain our 75.4% interest in the Liberty Gas Storage project.

Appendix

Equity Offerings | July 2018



January 2018 Equity Offerings Update: ~7M Common Forwards remaining to be settled by December 15, 2019

Common Shares

- ~$1,109M of common shares sold via forward sale agreements and ~$166M greenshoe shares issued
  - $113.75 per share to the public[2]
  - 9.75M shares sold via forwards
    - 1.4625M greenshoe shares issued
    - Forward shares to be settled by December 15, 2019[3]

6.75% Mandatory Convertible Preferred Shares, Series B

- $575M of mandatory convertible preferred shares issued, including greenshoe shares
  - $100.00 per share to the public[4]
  - 5.75M shares, including 0.75M greenshoe shares
  - Mandatory conversion date is July 15, 2021[5]

1) The $1,850M does not include underwriting discounts and expenses of approximately $31M. Assuming the Common Forwards are all settled by physical delivery of common stock, the net proceeds to the company would be approximately $1,819M, subject to adjustment under the forward sale agreements.
2) ~$111.87 per share after deducting the underwriting discount. Sold 9,750,000 shares of common stock pursuant to forward sales agreements (none of which have been settled at this time) and 1,462,500 shares issued as a result of the underwriters fully exercising their option to purchase such shares from us solely to cover overallotments.
3) Expect to settle and thereby issue common stock in multiple settlements on or prior to December 15, 2019, which is the final settlement date under the forward sale agreements. At our option and in lieu of settling by physical delivery of common shares, we can net settle or settle for cash all or a portion of the shares under the forward sale agreements.
4) $98.35 per share after deducting the underwriting discount.
5) Unless earlier converted, each share of the mandatory convertible preferred stock will automatically convert on the mandatory conversion date, which is expected to be July 15, 2021, into not less than 0.7326 shares and not more than 0.8791 shares of our common stock, subject to anti-dilution adjustments.

2018 Rules of Thumb

Key Commodity and Market Forecasts	Current Guidance Assumption	Change in Assumption	Approximate 2018 Forecasted Earnings Sensitivity
Natural Gas Prices[1] ($/MMBtu)	$2.35	$1.00 increase / decrease	$18M / ($18)M in Sempra LNG & Midstream
Foreign Currency Exchange Rates[2]	633 CLP/USD 3.3 PEN/USD	5% appreciation / depreciation 5% appreciation / depreciation	$3M / ($3)M in Chile $7M / ($7)M in Peru
	20.98 MXN/USD	5% appreciation / depreciation 10% appreciation / depreciation 15% appreciation / depreciation	($40)M / $40M in Mexico ($70)M / $70M in Mexico ($80)M / $80M in Mexico

1) Annual average SoCal Border price.
2) Source: Bloomberg forward curve at year-end for Mexico and average forecasted exchange rates from LatinFocus for South America. For Mexico, the earnings sensitivity excludes any offset related to inflation. 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 thumb are applicable on a full-year basis.

APPENDIX

Business Unit Earnings

SDG&E

(Unaudited, Dollars in millions)	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
SDG&E GAAP Earnings	$ 146	$ 149	$ 316	$ 304

- Q2-2018 earnings are lower than Q2-2017 primarily due to:
  - $8M favorable impact in 2017 from the resolution of prior years' income tax items, partially offset by
  - $5M higher earnings from electric transmission operations

SoCalGas

(Unaudited, Dollars in millions)	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
SoCalGas GAAP Earnings	$ 33	$ 58	$ 258	$ 261
Impacts Associated with Aliso Canyon Litigation	22	-	22	-
SoCalGas Adjusted Earnings[1]	$ 55	$ 58	$ 280	$ 261

- Q2-2018 adjusted earnings[1] primarily impacted by:
  - $5M higher PSEP earnings, offset by
  - $5M unfavorable impact due to lower cost of capital in 2018

1) SoCalGas Adjusted Earnings is a non-GAAP financial measure. See Appendix beginning on page 23 for information regarding non-GAAP financial measures and a description of the adjustment above.

Sempra Texas Utility

(Unaudited, Dollars in millions)	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
Sempra Texas Utility GAAP Earnings	$ 114	$ -	$ 129	$ -

- Q2-2018 earnings represent equity earnings from our investment in Oncor Holdings
- The six months ended June 30, 2018 include Sempra's share of Oncor earnings from acquisition close date of March 9, 2018

Sempra South American Utilities

(Unaudited, Dollars in millions)	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
Sempra South American Utilities GAAP Earnings	$ 44	$ 45	$ 90	$ 92

- Q2-2018 earnings are in-line with Q2-2017 earnings

Sempra Mexico[1]

(Unaudited, Dollars in millions)	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
Sempra Mexico GAAP Earnings	$ 97	$ (9)	$ 117	$ 39
Adjustments Related to Termoeléctrica de Mexicali (TdM)	-	45	-	42
Sempra Mexico Adjusted Earnings[2]	$ 97	$ 36	$ 117	$ 81

- Q2-2018 adjusted earnings[2] are higher than Q2-2017 primarily due to[3]:
  - $46M favorable impact from foreign currency and inflation effects net of foreign currency derivatives effects,
  - $8M improved operating results at TdM, mainly due to higher expense related to major maintenance in 2017, and
  - $7M higher pipeline operational earnings, partially offset by
  - $5M lower earnings from equity-related AFUDC, primarily associated with assets placed in service at the end of 1H-2017

1) All variance explanations are shown after noncontrolling interests.
2) Sempra Mexico Adjusted Earnings is a non-GAAP financial measure. See Appendix beginning on page 23 for information regarding non-GAAP financial measures and descriptions of the adjustments above.
3) See Appendix for further details on foreign currency exposure.

Sempra Renewables

(Unaudited, Dollars in millions)	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
Sempra Renewables GAAP (Losses) Earnings	$ (109)	$ 23	$ (88)	$ 34
Impairment of U.S. Wind Equity Method Investments	145	-	145	-
Sempra Renewables Adjusted Earnings[1]	$ 36	$ 23	$ 57	$ 34

- Q2-2018 adjusted earnings[1] are higher than Q2-2017 due to $13M higher earnings from our wind and solar tax equity investments placed in service in 2017 and 2018

1) Sempra Renewables Adjusted Earnings is a non-GAAP financial measure. See Appendix beginning on page 23 for information regarding non-GAAP financial measures and a description of the adjustment above.

Sempra LNG & Midstream

(Unaudited, Dollars in millions)	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
Sempra LNG & Midstream GAAP (Losses) Earnings	$ (764)	$ 27	$ (780)	$ 28
Impairment of Non-Utility Natural Gas Storage Assets	755	-	755	-
Impact from the Tax Cuts and Jobs Act of 2017	-	-	9	-
Recoveries Related to 2016 Permanent Releases of Pipeline Capacity	-	(28)	-	(28)
Sempra LNG & Midstream Adjusted Losses[1]	$ (9)	$ (1)	$ (16)	$ -

- Q2-2018 adjusted losses[1] are in-line with Q2-2017

1) Sempra LNG & Midstream Adjusted (Losses) is a non-GAAP financial measure. See Appendix beginning on page 23 for information regarding non-GAAP financial measures and descriptions of the adjustments above.

Sempra Parent & Other

(Unaudited, Dollars in millions)	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
Sempra Parent & Other Losses	$ (122)	$ (34)	$ (256)	$ (58)
Impact from the Tax Cuts and Jobs Act of 2017	-	-	16	-
Sempra Parent Adjusted Losses[2]	$ (122)	$ (34)	$ (240)	$ (58)

- Q2-2018 adjusted losses[1] are higher than Q2-2017 due to:
  - $56M increase in net interest expense,
  - $25M of mandatory convertible preferred stock dividends, and
  - $9M lower investment gains in 2018 on dedicated assets in support of our executive retirement and deferred compensation plans, including higher deferred compensation expense associated with these investments

1) Sempra Parent Adjusted Losses is a non-GAAP financial measure. See Appendix beginning on page 23 for information regarding non-GAAP financial measures and descriptions of the adjustments above.

APPENDIX

Non-GAAP Financial Measures

Adjusted Earnings and Adjusted Earnings Per Share (Unaudited) (1 of 7)

Sempra Energy Adjusted Earnings and Adjusted Earnings Per Share (unaudited) exclude items (after the effects of income taxes and, if applicable, noncontrolling interests) in 2018 and 2017 as follows:

In the three months ended June 30, 2018:
- $(755) million impairment of certain non-utility natural gas storage assets in the southeast U.S. at Sempra LNG & Midstream
- $(145) million other-than-temporary impairment of certain U.S. wind equity method investments at Sempra Renewables
- $(22) million impacts associated with Aliso Canyon litigation at SoCalGas

In the three months ended June 30, 2017:
- $(47) million impairment of Sempra Mexico's Termoeléctrica de Mexicali (TdM) assets that were held for sale until June 2018
- $2 million deferred income tax benefit on the TdM assets that were held for sale
- $28 million of recoveries related to 2016 permanent release of pipeline capacity at Sempra LNG & Midstream

In the six months ended June 30, 2018:
- $(755) million impairment of certain non-utility natural gas storage assets
- $(145) million other-than-temporary impairment of U.S. wind equity method investments
- $(22) million impacts associated with Aliso Canyon litigation
- $(25) million income tax expense to adjust Tax Cuts and Jobs Act of 2017 (TCJA) provisional amounts

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

Sempra Energy Adjusted Earnings and Adjusted Earnings Per Common Share 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 2018 to 2017 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 (Losses) Earnings and GAAP Diluted (Losses) Earnings Per Common Share, 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 7)

(Dollars in millions, except per share amounts)	Pretax amount	Income tax (benefit) expense[1]	Non-controlling interests	(Losses) Earnings	Pretax amount	Income tax (benefit) expense[1]	Non-controlling interests	Earnings
	Three months ended June 30, 2018				**Three months ended June 30, 2017**			
Sempra Energy GAAP (Losses) Earnings				$ (561)				$ 259
Excluded items:								
Impairment of non-utility natural gas storage assets	$ 1,300	$ (499)	$ (46)	755	$ -	$ -	$ -	-
Impairment of U.S. wind equity method investments	200	(55)	-	145	-	-	-	-
Impacts associated with Aliso Canyon litigation	1	21	-	22	-	-	-	-
Impairment of TdM assets held for sale	-	-	-	-	71	-	(24)	47
Deferred income tax benefit associated with TdM	-	-	-	-	-	(3)	1	(2)
Recoveries related to 2016 permanent release of pipeline capacity	-	-	-	-	(47)	19	-	(28)
Sempra Energy Adjusted Earnings				$ 361				$ 276
Diluted (losses) earnings per common share:								
Sempra Energy GAAP (Losses) Earnings				$ (2.11)[2]				$ 1.03
Sempra Energy Adjusted Earnings				$ 1.35				$ 1.10
Weighted-average number of shares outstanding, diluted (thousands)				267,536 [2]				252,822

	Pretax amount	Income tax (benefit) expense[1]	Non-controlling interests	(Losses) Earnings	Pretax amount	Income tax (benefit) expense[1]	Non-controlling interests	Earnings
	Six months ended June 30, 2018				**Six months ended June 30, 2017**			
Sempra Energy GAAP (Losses) Earnings				$ (214)				$ 700
Excluded items:								
Impairment of non-utility natural gas storage assets	$ 1,300	$ (499)	$ (46)	755	$ -	$ -	$ -	-
Impairment of U.S. wind equity method investments	200	(55)	-	145	-	-	-	-
Impacts associated with Aliso Canyon litigation	1	21	-	22	-	-	-	-
Impact from the TCJA	-	25	-	25	-	-	-	-
Impairment of TdM assets held for sale	-	-	-	-	71	-	(24)	47
Deferred income tax benefit associated with TdM	-	-	-	-	-	(8)	3	(5)
Recoveries related to 2016 permanent release of pipeline capacity	-	-	-	-	(47)	19	-	(28)
Sempra Energy Adjusted Earnings				$ 733				$ 714
Diluted (losses) earnings per common share:								
Sempra Energy GAAP (Losses) Earnings				$ (0.82)[2]				$ 2.77
Sempra Energy Adjusted Earnings				$ 2.78				$ 2.83
Weighted-average number of shares outstanding, diluted (thousands)				263,584 [2]				252,609

(1) Except for adjustments that are solely income tax and tax related to outside basis differences, income taxes were primarily calculated based on applicable statutory tax rates. 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 TdM impairment has been fully reserved.

(2) In both the three months and six months ended June 30, 2018, total weighted-average number of potentially dilutive securities of 1.7 million were not included in the computation of GAAP losses per common share since to do so would have decreased the loss per share.

Adjusted Earnings and Adjusted Earnings Per Share (Unaudited) (3 of 7)

SoCalGas Adjusted Earnings (unaudited) exclude items (after the effects of income taxes) in 2018 as follows:

In the three and six months ended June 30, 2018:

- $(22) million impacts associated with Aliso Canyon litigation

SoCalGas Adjusted Earnings 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 SoCalGas' business operations from 2018 to 2017 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 GAAP Earnings, which we consider to be the most directly comparable financial measure calculated in accordance with GAAP.

	Pretax amount	Income tax expense[1]	Earnings	Pretax amount	Earnings
(Dollars in millions)	**Three months ended June 30, 2018**			**Three months ended June 30, 2017**	
SoCalGas GAAP Earnings			$ 33		$ 58
Excluded item:					
Impacts associated with Aliso Canyon litigation	$ 1	$ 21	22	$ -	-
SoCalGas Adjusted Earnings			$ 55		$ 58

	Six months ended June 30, 2018			**Six months ended June 30, 2017**	
SoCalGas GAAP Earnings			$ 258		$ 261
Excluded item:					
Impacts associated with Aliso Canyon litigation	$ 1	$ 21	22	$ -	-
SoCalGas Adjusted Earnings			$ 280		$ 261

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

Adjusted Earnings and Adjusted Earnings Per Share (Unaudited) (4 of 7)

Sempra Mexico Adjusted Earnings (unaudited) exclude items (after the effects of income taxes and noncontrolling interests) in 2017 as follows :

In the three months ended June 30, 2017:

- $(47) million impairment of TdM assets that were held for sale until June 2018
- $2 million deferred income tax benefit on the TdM assets that were held for sale

In the six months ended June 30, 2017:

- $(47) million impairment of TdM assets that were held for sale
- $5 million deferred income tax benefit on the TdM assets that were held for sale

Sempra Mexico 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 Sempra Mexico's business operations from 2018 to 2017 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 GAAP Earnings (Losses), which we consider to be the most directly comparable financial measure calculated in accordance with GAAP.

(Dollars in millions)	Pretax amount	Earnings	Pretax amount	Income tax (benefit) expense[1]	Non-controlling interests	(Losses) Earnings
	Three months ended June 30, 2018		Three months ended June 30, 2017			
Sempra Mexico GAAP Earnings (Losses)		$ 97				$ (9)
Excluded items:						
Impairment of TdM assets held for sale	$ -	-	$ 71	$ -	$ (24)	47
Deferred income tax benefit associated with TdM	-	-	-	(3)	1	(2)
Sempra Mexico Adjusted Earnings		$ 97				$ 36
	Six months ended June 30, 2018		Six months ended June 30, 2017			
Sempra Mexico GAAP Earnings		$ 117				$ 39
Excluded items:						
Impairment of TdM assets held for sale	$ -	-	$ 71	$ -	$ (24)	47
Deferred income tax benefit associated with TdM	-	-	-	(8)	3	(5)
Sempra Mexico Adjusted Earnings		$ 117				$ 81

(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 TdM impairment has been fully reserved.

Adjusted Earnings and Adjusted Earnings Per Share (Unaudited) (5 of 7)

Sempra Renewables Adjusted Earnings (unaudited) exclude an item (after the effects of income taxes) in 2018 as follows:

In the three and six months ended June 30, 2018:

- $(145) million other-than-temporary impairment of certain U.S. wind equity method investments

Sempra Renewables Adjusted Earnings 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 Renewables' business operations from 2018 to 2017 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 Renewables GAAP (Losses) Earnings, which we consider to be the most directly comparable financial measure calculated in accordance with GAAP.

	Pretax amount	Income tax benefit[1]	(Losses) Earnings	Pretax amount	Earnings
(Dollars in millions)	Three months ended June 30, 2018			Three months ended June 30, 2017	
Sempra Renewables GAAP (Losses) Earnings			$ (109)		$ 23
Excluded item:					
Impairment of U.S. wind equity method investments	$ 200	$ (55)	145	$ -	-
Sempra Renewables Adjusted Earnings			$ 36		$ 23
	Six months ended June 30, 2018			Six months ended June 30, 2017	
Sempra Renewables GAAP (Losses) Earnings			$ (88)		$ 34
Excluded item:					
Impairment of U.S. wind equity method investments	$ 200	$ (55)	145	$ -	-
Sempra Renewables Adjusted Earnings			$ 57		$ 34

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

Adjusted Earnings and Adjusted Earnings Per Share (Unaudited) (6 of 7)

Sempra LNG & Midstream Adjusted Losses (unaudited) exclude items (after the effects of income taxes and, if applicable, noncontrolling interests) in 2018 and 2017 as follows:

In the three months ended June 30, 2018:
- $(755) million impairment of certain non-utility natural gas storage assets in the southeast U.S.

In the three months ended June 30, 2017:
- $28 million of recoveries related to 2016 permanent release of pipeline capacity

In the six months ended June 30, 2018:
- $(755) million impairment of certain non-utility natural gas storage assets
- $(9) million income tax expense to adjust TCJA provisional amounts

In the six months ended June 30, 2017:
- $28 million of recoveries related to 2016 permanent release of pipeline capacity

Sempra LNG & Midstream Adjusted Losses 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 Sempra LNG & Midstream's business operations from 2018 to 2017 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 GAAP (Losses) Earnings, which we consider to be the most directly comparable financial measure calculated in accordance with GAAP.

	Pretax amount	Income tax (benefit) expense[1]	Non-controlling interests	(Losses) Earnings	Pretax amount	Income tax expense[1]	Non-controlling interests	Earnings (Losses)
(Dollars in millions)	Three months ended June 30, 2018				Three months ended June 30, 2017			
Sempra LNG & Midstream GAAP (Losses) Earnings				$ (764)				$ 27
Excluded items:								
Impairment of non-utility natural gas storage assets	$ 1,300	$ (499)	$ (46)	755	$ -	$ -	$ -	-
Recoveries related to 2016 permanent release of pipeline capacity	-	-	-	-	(47)	19	-	(28)
Sempra LNG & Midstream Adjusted Losses				$ (9)				$ (1)
	Six months ended June 30, 2018				Six months ended June 30, 2017			
Sempra LNG & Midstream GAAP (Losses) Earnings				$ (780)				$ 28
Excluded items:								
Impairment of non-utility natural gas storage assets	$ 1,300	$ (499)	$ (46)	755	$ -	$ -	$ -	-
Impact from the TCJA	-	9	-	9	-	-	-	-
Recoveries related to 2016 permanent release of pipeline capacity	-	-	-	-	(47)	19	-	(28)
Sempra LNG & Midstream Adjusted (Losses) Earnings				$ (16)				$ -

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

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Adjusted Earnings and Adjusted Earnings Per Share (Unaudited) (7 of 7)

Sempra Parent & Other Adjusted Losses (unaudited) exclude items in 2018 as follows:

In the six months ended June 30, 2018:

- $(16) million income tax expense to adjust TCJA provisional amounts

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 Sempra Parent & Other results from 2018 to 2017 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.

	Pretax amount	Income tax expense[1]	Losses	Pretax amount	Losses
(Dollars in millions)	**Six months ended June 30, 2018**			**Six months ended June 30, 2017**	
Sempra Parent & Other GAAP Losses			$ (256)		$ (58)
Excluded item:					
Impact from the TCJA	$ -	$ 16	16	$ -	-
Sempra Parent & Other Adjusted Losses			$ (240)		$ (58)

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

2018 Adjusted Earnings-Per-Share Guidance Range (Unaudited)

Sempra Energy 2018 Adjusted Earnings-Per-Share Guidance Range of $5.30 to $5.80 excludes items (after the effects of income taxes and, if applicable, noncontrolling interests) as follows:

- $(755) million impairment of certain non-utility natural gas storage assets
- $(145) million other-than-temporary impairment of certain U.S. wind equity method investments
- $(22) million impacts associated with Aliso Canyon litigation
- $(25) million income tax expense to adjust TCJA provisional amounts

Sempra Energy 2018 Adjusted Earnings-Per-Share Guidance is a non-GAAP financial measure. Because of the significance and/or 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 2018 Adjusted Earnings-Per-Share Guidance should not be considered an alternative to Earnings-Per-Share Guidance determined in accordance with GAAP. The table below reconciles Sempra Energy 2018 Adjusted Earnings-Per-Share Guidance Range to Sempra Energy 2018 GAAP Earnings-Per-Share Guidance Range, which we consider to be the most directly comparable financial measure calculated in accordance with GAAP.

	Full Year 2018		
Sempra Energy GAAP EPS Guidance Range (1)	$ 1.78	to	$ 2.28
Excluded Items:			
Impairment of non-utility natural gas storage assets	2.80		2.80
Impairment of U.S. wind equity method investments	0.54		0.54
Impacts associated with Aliso Canyon litigation	0.08		0.08
Impact from the TCJA	0.10		0.10
Sempra Energy Adjusted EPS Guidance Range (1)	$ 5.30		$ 5.80
Weighted-average number of shares outstanding, diluted (millions)			270

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 270 million. The effects of taxes and noncontrolling interests for excluded items are provided on slide 25 in the reconciliation of Sempra Energy GAAP Earnings to Sempra Energy Adjusted Earnings.