

NEWS RELEASE

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SEMPRA ENERGY REPORTS THIRD-QUARTER RESULTS, EXPECTS TO EXCEED PRIOR 2007 GUIDANCE

Company Raises Full-Year Outlook to Above \$4 per Share

SAN DIEGO, Nov. 1, 2007 – Sempra Energy (NYSE: SRE) today reported thirdquarter 2007 income from continuing operations of \$330 million, or \$1.24 per diluted share. Third-quarter 2006 income from continuing operations — excluding \$211 million, or \$0.80 per diluted share, from the favorable impact of asset sales — was \$332 million, or \$1.27 per diluted share.

Sempra Energy's net income in the third quarter 2007 was \$305 million, or \$1.15 per diluted share, compared with net income of \$653 million, or \$2.49 per diluted share, in the third quarter 2006, which included \$318 million, or \$1.21 per diluted share, in gains from asset sales.

"Our third-quarter performance reflects solid contributions from all of our businesses," said Donald E. Felsinger, chairman and chief executive officer of Sempra Energy. "Our 2007 earnings guidance was \$3.75 to \$3.95 per share. We now expect to exceed \$4 per share for the full year."

Sempra Energy Reports Third-Quarter Results.../Page 2

For the nine-month period in 2007, Sempra Energy's income from continuing operations was \$837 million, or \$3.16 per diluted share. Income from continuing operations in 2006, excluding \$204 million from the favorable impact of asset sales, was \$758 million, or \$2.91 per diluted share. Net income for the first nine months of 2007 was \$810 million, or \$3.06 per diluted share, compared with \$1.3 billion, or \$4.92 per diluted share, in the first nine months of 2006, which included \$546 million, or \$2.10 per diluted share, from the favorable impact of asset sales.

Revenues for Sempra Energy in the third quarter 2007 were \$2.7 billion, unchanged from the prior-year's quarter.

OPERATING HIGHLIGHTS

Sempra Utilities

Sempra Utilities – San Diego Gas & Electric (SDG&E) and Southern California Gas Co. (SoCalGas) – reported third-quarter net income of \$186 million in 2007, compared with \$131 million in 2006.

SDG&E's third-quarter net income increased to \$123 million in 2007 from \$70 million in 2006. Third-quarter 2007 and 2006 results included a net benefit of \$46 million and \$9 million, respectively, from the resolution of prior-years' income-tax issues and regulatory matters.

SoCalGas' net income in the third quarter 2007 increased to \$63 million from \$61 million in the same quarter last year.

As a result of the wildfires that spread across Southern California during the week of Oct. 21, a state of emergency was declared for seven counties, all within SDG&E's and SoCalGas' service territories.

"These fires have been among the most devastating in the history of California," said Felsinger. "I am proud of the way our employees have responded, working around the clock to repair facilities, restore service, aid our customers and extend a helping hand to the affected communities. They've done an incredible job under the most trying circumstances."

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Sempra Commodities

In the third quarter 2007, Sempra Commodities earned net income of \$87 million, compared with \$105 million in the third quarter 2006, primarily due to strong performance in every major product line, offset partially by a litigation charge and lower income from synthetic-fuel tax credit operations.

Sempra Energy's joint venture with The Royal Bank of Scotland to create RBS Sempra Commodities LLP, announced in July 2007, has received approval from the Federal Energy Regulatory Commission. Regulatory approvals by the Federal Reserve Board and the U.K. Financial Services Authority are still pending. The joint-venture transaction now is expected to be completed in January 2008.

Sempra Generation

Sempra Generation's third-quarter net income was \$58 million in 2007, compared with \$265 million last year, which included \$211 million in gains on the sale of the company's Texas power plants.

Sempra Pipelines & Storage

Third-quarter 2007 net income for Sempra Pipelines & Storage was \$17 million, compared with \$19 million in the third quarter 2006.

During the quarter, the International Centre for Settlement of Investment Disputes in Washington, D.C., awarded Sempra Energy approximately \$172 million, including interest, over a 2002 dispute involving the company's minority ownership in two Argentine natural gas utility holding companies. The dispute related to measures taken by the Argentine government in early 2002 that resulted in a reduction in the value of Sempra Energy's Argentine utility investments. The company is seeking to enforce the arbitration award and has not recorded it in income.

Sempra LNG

Sempra LNG reported a net loss of \$4 million in the third quarter 2007, down from a net loss of \$13 million in the prior-year's quarter. These improved results were due primarily to the favorable tax effects of foreign-currency adjustments.

Internet Broadcast

Sempra Energy will broadcast a live discussion of its earnings results over the Internet today at 1 p.m. EDT with senior management of the company. Access is available by logging onto the Web site at www.sempra.com. For those unable to log onto the live webcast, the teleconference will be available on replay a few hours after its conclusion by dialing (888) 203-1112 and entering the passcode 3858841.

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

Complete financial tables, including income-statement information by business unit, are available on Sempra Energy's Web site at <u>http://www.sempra.com/downloads/3Q2007.pdf</u>.

This press release contains statements that are not historical fact and constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. When the company uses words like "believes," "expects," "anticipates," "intends," "plans," "estimates," "may," "would," "could," "should" or similar expressions, or when the company discusses its strategy or plans, the company is making forward-looking statements. Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions. Future results may differ materially from those expressed in the forward-looking statements. Forward-looking statements are necessarily based upon various assumptions involving judgments with respect to the future and other risks, including, among others: local, regional, national and international economic, competitive, political, legislative and regulatory conditions and developments; actions by the California Public Utilities Commission, California State Legislature, California Department of Water Resources, Federal Energy Regulatory Commission, Federal Reserve Board, U.K. Financial Services Authority, and other environmental and regulatory bodies in the United States and other countries; capital market conditions, inflation rates, interest rates and exchange rates; energy and trading markets, including the timing and extent of changes in commodity prices; the availability of natural gas, electric power and liquefied natural gas; weather conditions and conservation efforts; war and terrorist attacks; business, regulatory, environmental, and legal decisions and requirements; the status of deregulation of retail natural gas and electricity delivery; the timing and success of business development efforts; the resolution of litigation; and other uncertainties, all of which are difficult to predict and many of which are beyond the control of the company. These risks and uncertainties are further discussed in the company's reports filed with the Securities and Exchange Commission that are available through the EDGAR system without charge at its Web site, <u>www.sec.gov</u> and on the company's Web site, <u>www.sempra.com</u>.

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

SEMPRA ENERGY Table A

STATEMENTS OF CONSOLIDATED INCOME

	Three mor Septer	nths ended nber 30,	Nine mon Septer	ths ended hber 30,
(Dollars in millions, except per share amounts)	2007	2006	2007	2006
		(unau	idited)	
Operating revenues	• • • • • •	• • • • •	•	•
Sempra Utilities	\$ 1,515	\$ 1,494	\$ 5,194	\$ 5,190
Sempra Global and parent	1,148	1,200	3,134	3,326
Total operating revenues	2,663	2,694	8,328	8,516
Operating expenses				
Sempra Utilities:	389	440	2 0 4 2	2.077
Cost of natural gas Cost of electric fuel and purchased power		412 203	2,042 496	2,077 566
Sempra Global and parent:	104	203	490	500
Cost of natural gas, electric fuel and purchased power	331	332	945	863
Other cost of sales	256	384	796	1,073
Other operating expenses	699	655	2,065	1,980
Litigation expense	59	12	69	43
Depreciation and amortization	174	163	514	491
Franchise fees and other taxes	72	67	221	208
Total operating expenses	2,164	2,228	7,148	7,301
Operating income	499	466	1,180	1,215
Other income, net	5	376	61	375
Interest income	12	34	62	73
Interest expense	(68)	(90)	(204)	(273)
Preferred dividends of subsidiaries	(2)	(2)	(7)	(7)
Income from continuing operations before income taxes and				
equity in earnings of certain unconsolidated subsidiaries	446	784	1,092	1,383
Income tax expense	135	257	341	461
Equity in earnings of certain unconsolidated subsidiaries	19	16	86	40
Income from continuing operations	330	543	837	962
Discontinued operations, net of income tax	(25)	110	(27)	319
Net income	\$ 305	\$ 653	\$ 810	\$ 1,281
Basic earnings per share:				
Income from continuing operations	\$ 1.27	\$ 2.11	\$ 3.23	\$ 3.76
Discontinued operations, net of income tax	(0.10)	0.43	(0.11)	1.25
Net income	\$ 1.17	\$ 2.54	\$ 3.12	\$ 5.01
Weighted-average number of shares outstanding (thousands)	259,563	257,487	259,742	255,834
Diluted earnings per share:				
Income from continuing operations	\$ 1.24	\$ 2.07	\$ 3.16	\$ 3.69
Discontinued operations, net of income tax	(0.09)	0.42	(0.10)	1.23
Net income	\$ 1.15	\$ 2.49	\$ 3.06	\$ 4.92
Weighted-average number of shares outstanding (thousands)	264,279	262,102	264,416	260,587
Dividends declared per share of common stock	\$ 0.31	\$ 0.30	\$ 0.93	\$ 0.90
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As a result of the decisions in 2006 to dispose of the Twin Oaks power plant, Sempra Energy Production Company, and the Energy Services and Facilities Management businesses, all within Sempra Generation, and Bangor Gas and Frontier Energy, both within Sempra Pipelines & Storage, these operations have been reflected above as discontinued operations in all periods presented.

SEMPRA ENERGY

Table B

CONSOLIDATED BALANCE SHEETS

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Minority interests 165 11 Shareholders' equity 8,080 7,511					,	
Shareholders' equity 8,080 7,511						
	Total liabilities and shareholders' equity	\$		\$		

As a result of the decisions in 2006 to dispose of the Twin Oaks power plant, Sempra Energy Production Company, and the Energy Services and Facilities Management businesses, all within Sempra Generation, and Bangor Gas and Frontier Energy, both within Sempra Pipelines & Storage, these operations have been reflected above as discontinued operations in all periods presented.

SEMPRA ENERGY

Table C

CONDENSED STATEMENTS OF CONSOLIDATED CASH FLOWS

		Nine month	is end	ed
		Septemb		
(Dollars in millions)		2007		2006
		(Unaud		
Cash Flows from Operating Activities:				
Net income	\$	810	\$	1,281
Adjustments to reconcile net income to net cash				
provided by operating activities:				
Discontinued operations		27		(319)
Depreciation and amortization		514		491
Deferred income taxes and investment tax credits		42		(56)
Equity in income of unconsolidated subsidiaries		(75)		(380)
Tax benefits from share-based awards		(12)		(18)
Other		39		77
Quasi-reorganization resolution		-		12
Net changes in other working capital components		131		263
Changes in other assets		35		41
Changes in other liabilities		63		12
Net cash provided by continuing operations		1,574		1,404
Net cash used in discontinued operations		(3)		(13)
Net cash provided by operating activities		1,571		1,391
Cash Flows from Investing Activities:				
Expenditures for property, plant and equipment		(1,357)		(1,341)
Proceeds from sale of assets from continuing operations		77		36
Expenditures for investments		(17)		(126)
Distributions from investments		13		104
Purchases of nuclear decommissioning and other trust assets		(498)		(500)
Proceeds from sales by nuclear decommissioning and other trusts		458		476
Decrease (increase) in restricted cash balance		3		(153)
Dividends received from unconsolidated affiliates		-		410
Other		(22)		(27)
Net cash used in continuing operations		(1,343)		(1,121)
Net cash provided by discontinued operations		-		778
Net cash used in investing activities		(1,343)		(343)
Cash Flows from Financing Activities:		(00.1)		(000)
Common dividends paid		(234)		(203)
Issuances of common stock		36		89
Repurchases of common stock		(161)		(12)
Increase (decrease) in short-term debt, net		954		(632)
Payments on long-term debt		(1,069)		(81)
Issuance of long-term debt		359		422
Financing transaction related to Sempra Financial		-		83
Tax benefits from share-based awards		12		18
Other		(2)		(2)
Net cash used in continuing operations		(105)		(318)
Net cash provided by discontinued operations		-		2
Net cash used in financing activities		(105)		(316)
Increase in cash and cash equivalents		123		732
Cash and cash equivalents, January 1		920		769
Cash assumed in connection with FIN 46(R) initial consolidation		920 29		109
Cash and cash equivalents, September 30	\$	1,072	\$	1,501
	Ψ	1,012	Ψ	1,001

As a result of the decisions in 2006 to dispose of the Twin Oaks power plant, Sempra Energy Production Company, and the Energy Services and Facilities Management businesses, all within Sempra Generation, and Bangor Gas and Frontier Energy, both within Sempra Pipelines & Storage, these operations have been reflected above as discontinued operations in all periods presented.

SEMPRA ENERGY Table D

BUSINESS UNIT EARNINGS AND CAPITAL EXPENDITURES & INVESTMENTS (Unaudited)

		nths ended nber 30,	Nine months ended September 30,				
(Dollars in millions)	2007	2006	2007	2006			
Net Income							
Sempra Utilities:							
San Diego Gas & Electric	\$ 123	\$ 70	\$ 236	\$ 182			
Southern California Gas	63	61	172	168			
Total Sempra Utilities	186	131	408	350			
Sempra Global:							
Sempra Commodities	87	105	313	290			
Sempra Generation*	58	265	122	322			
Sempra Pipelines & Storage*	17	19	50	58			
Sempra LNG	(4)	(13)	(27)	(35)			
Total Sempra Global	158	376	458	635			
Parent & Other	(14)	36	(29)	(23)			
Continuing Operations	330	543	837	962			
Discontinued Operations, Net of Income Tax	(25)	110	(27)	319			
Consolidated Net Income	\$ 305	\$ 653	\$ 810	\$ 1,281			

* Excludes amounts now classified as discontinued operations.

		nths ended hber 30,	Nine mon Septem		
(Dollars in millions)	2007	2006	2007	2006	
Capital Expenditures and Investments					
Sempra Utilities:					
San Diego Gas & Electric	\$ 174	\$ 157	\$ 479	\$ 880	
Southern California Gas	109	91	300	284	
Total Sempra Utilities	283	248	779	1,164	
Sempra Global:					
Sempra Commodities	24	13	49	43	
Sempra Generation	4	2	8	37	
Sempra Pipelines & Storage	43	66	180	212	
Sempra LNG	122	121	346	466	
Total Sempra Global	193	202	583	758	
Parent & Other	4	4	12	(455) (1)	
Consolidated Capital Expenditures and Investments	\$ 480	\$ 454	\$ 1,374	\$ 1,467	

(1) Reflects the transfer of the Palomar plant to SDG&E from Sempra Generation.

As a result of the decisions in 2006 to dispose of the Twin Oaks power plant, Sempra Energy Production Company, and the Energy Services and Facilities Management businesses, all within Sempra Generation, and Bangor Gas and Frontier Energy, both within Sempra Pipelines & Storage, these operations have been reflected above as discontinued operations in all periods presented.

SEMPRA ENERGY Table E

OTHER OPERATING STATISTICS (Unaudited)

	Three months ended September 30,					Nine months ended September 30,			
SEMPRA UTILITIES	20	07	2	2006		2007		2006	
Revenues (Dollars in millions)									
SDG&E (excludes intercompany sales)	\$	714	\$	700	\$	2,074	\$	2,078	
SoCalGas (excludes intercompany sales)	\$	801	\$	794	\$	3,120	\$	3,112	
Gas Sales (Bcf)		65		62		290		292	
Transportation and Exchange (Bcf)		178		165		421		419	
Total Deliveries (Bcf)		243		227		711		711	
Total Gas Customers (Thousands)						6,517		6,446	
Electric Sales (Millions of kWhs)	4	,788		5,022		12,847		12,897	
Direct Access (Millions of kWhs)		907		915		2,401		2,569	
Total Deliveries (Millions of kWhs)	5	,695		5,937		15,248		15,466	
Total Electric Customers (Thousands)						1,363		1,350	
SEMPRA GENERATION									
Power Sold (Millions of kWhs)	5	,718		5,470 (1)		15,243		14,026 (1)	

(1) Revised to exclude the Twin Oaks, Coleto Creek and Topaz power plants.

SEMPRA PIPELINES & STORAGE

(Represents 100% of these subsidiaries, although only the Mexican subsidiaries are 100% owned by Sempra Energy.)

Natural Gas Sales (Bcf)				
Argentina	100	89	241	208
Mexico	13	13	35	34
Chile	1	1	1	2
Natural Gas Customers (Thousands)				
Argentina			1,589	1,527
Mexico			95	100
Chile			39	39
Electric Sales (Millions of kWhs)				
Peru	1,273	1,166	3,800	3,488
Chile	582	385	1,868	1,562
Electric Customers (Thousands)				
Peru			803	780
Chile			545	532

SEMPRA ENERGY

Table E (Continued)

SEMPRA COMMODITIES

	Three	months ended Septe	Nine months ended September 30,			
Margin* (Dollars in millions)	2	2007 2006			2007	2006
Geographical:						
North America	\$	288 \$	233	\$	780 \$	839
Europe/Asia		97	128		239	152
Total	\$	385 \$	361	\$	1,019 \$	991
Product Line:						
Gas	\$	180 \$	146	\$	336 \$	430
Power		91	116		290	327
Oil - Crude & Products		35	27		149	113
Metals		80	53		204	78
Other		(1)	19		40	43
Total	\$	385 \$	361	\$	1,019 \$	991

* Margin is a non-GAAP financial measure, consisting of operating revenues less cost of sales (primarily transportation and storage costs), both GAAP financial measures, reduced by certain transaction-related execution costs (primarily brokerage and other fees) and net interest income/expense, as follows:

	Three	months ended Ser	otember 30,	Nine m	onths ended Se	ded September 30,	
(Dollars in millions)	2	007	2006	2	2007	2006	
Revenues	\$	679 \$	784	\$	1,901 \$	2,178	
Cost of sales		(256)	(384)		(796)	(1,073)	
		423	400		1,105	1,105	
Other related costs		(38)	(39)		(86)	(114)	
Margin	\$	385 \$	361	\$	1,019 \$	991	
	Three	months ended Ser	otember 30,	Nine m	onths ended Se	ptember 30,	
Effect of EITF 02-3 (Dollars in millions)	2	.007	2006		2007	2006	
Mark-to-Market Earnings *	\$	76 \$	86	\$	355 \$	329	
Effect of EITF 02-3 **		11	19		(42)	(39)	
GAAP Net Income	\$	87 \$	105	\$	313 \$	290	

* Represents earnings from the fair market value of all commodities transactions. This metric is a useful measurement of profitability because it simultaneously recognizes changes in the various components of transactions and reflects how the business is managed.

** Consists of the income statement effect of not recognizing changes in the fair market value of certain physical inventories, capacity contracts for transportation and storage, and derivative hedging activities related to synthetic fuels tax credits.

	Mar	Fair ket Value		Sche	eduled Mat	urity	(in months)	
Net Unrealized Revenue (Dollars in millions)	Septem	ber 30, 2007	0 - 12		13 - 24		25 - 36	> 36
OTC Fair Value of forwards, swaps and options (1)	\$	1,169	\$ 740	\$	170	\$	89	\$ 170
Maturity of OTC Fair Value - Cumulative Percentages			63.3%		77.8%		85.5%	100.0%
Exchange Contracts (2)		176	143		62		37	(66)
Total Net Unrealized Revenue at September 30, 2007	\$	1,345	\$ 883	\$	232	\$	126	\$ 104
Net Unrealized Revenue - Cumulative Percentages			65.7%		82.9%		92.3%	100.0%

(1) The present value of unrealized revenue to be received or (paid) from outstanding OTC contracts (2) Cash received or (paid) associated with open Exchange Contracts

	September 30,	December 31,
Credit Quality of Unrealized Trading Assets (net of margin)	2007	2006
Commodity Exchanges	11%	13%
Investment Grade	55%	57%
Below Investment Grade	34%	30%

	Three	months ended	1,	Nine months end	ed Se	d September 30,	
Risk Adjusted Performance Indicators (Mark-to-Market Basis)		2007	2006		2007		2006
VaR at 95% (Dollars in millions) (1)	\$	18.2 \$	11	.1 :	\$ 13.1	\$	15.8
VaR at 99% (Dollars in millions) (2)	\$	25.7 \$	15	.6	\$ 18.4	\$	22.3

(1) Average Daily Value-at-Risk for the period using a 95% confidence level (2) Average Daily Value-at-Risk for the period using a 99% confidence level

	Three months ended	September 30,	Nine months ended September 30,					
Physical Statistics	2007	2006	2007	2006				
Natural Gas (Bcf/Day)	14.2	11.8	12.8	12.0				
Electric (Billions of kWhs)	132.2	126.1	377.7	350.0				
Oil & Liquid Products (Millions Bbls/Day)	0.7	0.6	0.6	0.7				

SEMPRA ENERGY Table F (Unaudited)

Income Statement Data by Business Unit

Nine Months Ended September 30, 2007

(Dollars in millions)		SDG&E		SoCalGas		Commodities		Generation		Pipelines & Storage		LNG	Consolidating Adjustments, Parent & Other		Total
Operating Revenues	\$	2,084	\$	3,168	\$	1,901	\$	1,064	\$	242	\$	(11)	\$ (12	20)	\$ 8,328
Cost of Sales and Other Operating Expenses		1,453		2,626		1,383		840		227		29		7	6,565
Litigation Expense		8		2		54		2		-		1		2	69
Depreciation & Amortization		225		210		19		41		9		-		0	514
Operating Income (Loss)		398		330		445		181		6		(41)	(13	9)	1,180
Other Income (Expense), Net		10		(4)		-		6		(3)		-	Ę	2	61
Income (Loss) before Interest & Taxes (1)		408		326		445		187		3		(41)	3)	57)	1,241
Net Interest Expense (Income) (2)		71		32		16		(11)		1		2	3	8	149
Income Tax Expense (Benefit)		101		122		156		76		(2)		(16)	(9	6)	341
Equity in Earnings of Certain Unconsolidated Subsidiaries		-		-		40		-		46		-		-	86
Discontinued Operations		-		-		-		-		-		-	(2	27)	(27)
Net Income (Loss)	\$	236	\$	172	\$	313	\$	122	\$	50	\$	(27)	\$ (5	6)	\$ 810

Nine Months Ended September 30, 2006

(Dollars in millions)		SDG&E		SoCalGas		Commodities		Generation		ines & rage	LNG		Consolidating Adjustments, Parent & Other	Total
Operating Revenues	\$	2,089	\$	3,145	\$	2,178	\$	1,032	\$	227	\$ (2	1)	\$ (134)	\$ 8,516
Cost of Sales and Other Operating Expenses		1,495		2,609		1,644		786		210	2	9	(6)	6,767
Litigation Expense (Adjustment)		3		(3)		8		30		3		-	2	43
Depreciation & Amortization		219		200		19		34		9		-	10	491
Operating Income (Loss)		372		339		507		182		5	(5	0)	(140)	1,215
Other Income (Expense), Net		15		(1)		-		354		3		-	4	375
Income (Loss) before Interest & Taxes (1)		387		338		507		536		8	(5	0)	(136)	1,590
Net Interest Expense (Income) (2)		79		31		48		(2)		(2)		3	50	207
Income Tax Expense (Benefit)		126		139		169		216		(8)	(1	8)	(163)	461
Equity in Earnings of Certain Unconsolidated Subsidiaries		-		-		-		-		40		-	-	40
Discontinued Operations		-		-		-		-		-		-	319	319
Net Income (Loss)	\$	182	\$	168	\$	290	\$	322	\$	58	\$ (3	5)	\$ 296	\$ 1,281

⁽¹⁾ Management believes "Income (Loss) before Interest & Taxes" (Operating Income plus Other Income, Net) is a useful measurement of our business units' performance because it can be used to evaluate the effectiveness of our operations exclusive of interest and income taxes, neither of which is directly relevant to the efficiency of those operations.

⁽²⁾ Net Interest Expense (Income) includes Interest Income, Interest Expense and Preferred Dividends of Subsidiaries.

SEMPRA ENERGY Table F (Unaudited)

Income Statement Data by Business Unit

Three Months Ended September 30, 2007

(Dollars in millions)		SDG&E		SoCalGas		Commodities		Generation		ies & age	LNG		Consolidating Adjustments, Parent & Other		Тс	otal
Operating Revenues	\$	716	\$	819	\$	679	\$	390	\$	81	\$	-	\$	(22)	\$ 2	2,663
Cost of Sales and Other Operating Expenses		472		629		454		293		77		9		(3)	1	1,931
Litigation Expense		2		2		52		1		-		-		2		59
Depreciation & Amortization		75		71		6		16		3		-		3		174
Operating Income (Loss)		167		117		167		80		1		(9)		(24)		499
Other Income (Expense), Net		8		-				8		(1)		-		(10)		5
Income (Loss) before Interest & Taxes (1)		175		117		167		88		-		(9)		(34)		504
Net Interest Expense (Income) (2)		24		10		14		(2)		1		1		10		58
Income Tax Expense (Benefit)		28		44		66		32		1		(6)		(30)		135
Equity in Earnings of Certain Unconsolidated Subsidiaries		-		-		-		-		19		-		-		19
Discontinued Operations		-		-		-		-		-		-		(25)		(25)
Net Income (Loss)	\$	123	\$	63	\$	87	\$	58	\$	17	\$	(4)	\$	(39)	\$	305

Three Months Ended September 30, 2006

(Dollars in millions)		SDG&E		SoCalGas		Commodities		Generation		nes & age	LNG	Consolidating Adjustments, Parent & Other	Tota	al
Operating Revenues	\$	703	\$	812	\$	784	\$	379	\$	79	\$ (1)	\$ (62)	\$ 2,6	694
Cost of Sales and Other Operating Expenses		481		611		594		288		73	10	(4)	2,0	053
Litigation Expense		2		2		1		2		1	-	4		12
Depreciation & Amortization		72		67		6		12		3	-	3	1	163
Operating Income (Loss)		148		132		183		77		2	(11)	(65)	4	466
Other Income, Net		2		-		-		364		-	2	8	3	376
Income (Loss) before Interest & Taxes (1)		150		132		183		441		2	(9)	(57)	8	842
Net Interest Expense (Income) (2)		27		12		17		(6)		(2)	1	9		58
Income Tax Expense (Benefit)		53		59		61		182		1	3	(102)	2	257
Equity in Earnings of Certain Unconsolidated Subsidiaries		-		-		-		-		16	-	-		16
Discontinued Operations		-		-		-		-		-	-	110	1	110
Net Income (Loss)	\$	70	\$	61	\$	105	\$	265	\$	19	\$ (13)	\$ 146	\$ 6	653

⁽¹⁾ Management believes "Income (Loss) before Interest & Taxes" (Operating Income plus Other Income, Net) is a useful measurement of our business units' performance because it can be used to evaluate the effectiveness of our operations exclusive of interest and income taxes, neither of which is directly relevant to the efficiency of those operations.

⁽²⁾ Net Interest Expense (Income) includes Interest Income, Interest Expense and Preferred Dividends of Subsidiaries.