



## Sempra Energy Third-Quarter Earnings Per Share Rise 26 Percent

- **2002 Earnings Guidance of \$2.55 to \$2.65 per Share Reaffirmed**
- **2003 Earnings Guidance Set at \$2.60 to \$2.80 per Share**
- **Company Maintains Strong Investment-Grade Credit Ratings With Stable Outlook**

SAN DIEGO, Oct. 22, 2002 – Sempra Energy (NYSE: SRE) today reported earnings for the third quarter 2002 of \$150 million, or \$0.73 per diluted share, up from third-quarter 2001 earnings of \$96 million, or \$0.46 per diluted share. The third-quarter 2001 results included a one-time, after-tax charge of \$0.12 per diluted share for exiting Nova Scotia. Excluding the charge, Sempra Energy's third-quarter 2002 earnings per share increased about 26 percent over last year's third quarter.

For the first nine months of 2002, Sempra Energy's net income was \$443 million, an increase of 8 percent over the \$410 million earned during the same period last year.

"We are pleased to continue strong financial and operating performance at a time when many of our peers in the energy sector have struggled," said Stephen L. Baum, chairman, president and chief executive officer of Sempra Energy. "We are growing our balanced portfolio of businesses while maintaining a solid balance sheet with strong investment-grade credit ratings." Baum reaffirmed the company's earnings guidance for 2002 of \$2.55 to \$2.65 per share and provided guidance for 2003 of \$2.60 to \$2.80 per share.

Sempra Energy's revenues of \$1.4 billion in the third quarter 2002 were essentially unchanged from the prior year, even as electric and gas prices were significantly lower, on average, than during the third quarter 2001.

### Sempra Energy Utilities – SoCalGas and SDG&E

Net income for Southern California Gas Company (SoCalGas) in the third quarter 2002 was \$56 million, compared with \$57 million in the third quarter 2001.

SoCalGas recently issued \$250 million of 10-year mortgage bonds. The proceeds of this offering were used to refinance debt. Net income for San Diego Gas & Electric (SDG&E) in the third quarter 2002 was \$46 million, compared with \$43 million earned in the third quarter 2001. The increase was primarily due to performance-based-ratemaking (PBR) awards earned in 2000, but approved by state regulators during the quarter, partially offset by higher depreciation expense.

At the end of the third quarter, SDG&E's regulatory balancing account linked to state law AB265 was \$270 million. The account, which peaked at \$750 million last year, represents uncollected wholesale power costs that SDG&E is entitled to recover. Baum estimated that at the current rate the balance will be recovered by 2005.

"Our California utilities continue to deliver solid results for our customers and shareholders, and contribute to our overall earnings strength," Baum said.

### Sempra Energy Trading

Net income for Sempra Energy Trading for the third quarter 2002 declined to \$10 million from \$31 million in the same period last year. The decrease was primarily due to reduced commodity price volatility and lower customer demand.

"Most of our competitors have either downsized or eliminated their energy-trading operations," said Baum. "Our trading operation, however, is consistently profitable and remains an integral part of our successful energy business. We operate a low-risk trading business that differs from others in the industry -- one based on transparency, liquidity and tight management controls."

### Sempra Energy Resources

Sempra Energy Resources, the wholesale power-generation subsidiary of Sempra Energy, reported earnings of \$29 million in the third quarter 2002, compared with a net loss of \$9 million during the same period last year. The rise in net income was due primarily to the sale of power to California Department of Water Resources (CDWR) under the company's 10-year power-supply contract. Last year's third-quarter loss was the result of discounted power sales under the same contract. Sempra Energy Resources is on schedule with its power plant development program. The company has three power plant projects in

Bakersfield, Calif., Mesquite, Ariz., and Mexicali, Mexico, that are on schedule to begin operations next year. The company also is scheduled to complete its acquisition of the 305-megawatt Twin Oaks power plant in Bremond, Texas, next month from Texas-New Mexico Power Company. More than 85 percent of Sempra Energy Resources' power capacity from these plants is under medium- to long-term contract.

### **Sempra Energy International**

Sempra Energy International, which develops and operates utilities in international markets, reported quarterly net income of \$13 million, compared with a loss of \$7 million in the third quarter 2001. Last year's results included a one-time after-tax charge of \$25 million for the surrender of a natural gas distribution franchise in Nova Scotia.

During the quarter, Sempra Energy International began operations of the Mexican portion of the Bajanorte Pipeline, a 215-mile natural gas transportation pipeline that originates in Arizona and crosses Baja California, Mexico, connecting to the TGN Pipeline near Tijuana, Mexico. The Bajanorte Pipeline has a capacity of 500 million cubic feet per day of natural gas to serve power plants and industrial customers on both sides of the border.

### **Sempra Energy Solutions**

Sempra Energy Solutions, which offers energy outsourcing and commodity services to commercial and industrial customers, reported net income of \$5 million in the third quarter 2002 versus a break-even quarter last year. The company continues to gain market share as competitors exit the industry and now is a leader among energy service providers.

### **Internet Broadcast**

Sempra Energy will broadcast a live discussion of its earnings results over the Internet today at 1 p.m. Eastern Daylight Time with Baum, Neal E. Schmale, executive vice president and chief financial officer, Frank H. Ault, senior vice president and controller, and Dennis V. Arriola, vice president of investor relations. Access is available by logging onto the Web site at [www.sempra.com](http://www.sempra.com). For those unable to log onto the live Webcast, the teleconference will be available on replay a few hours after its conclusion by dialing (719) 457-0820 and entering passcode number 618937.

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

This press release contains statements that are not historical fact and constitute forward-looking statements within the meaning of the Private Securities Legislation Reform Act of 1995. When the company uses words like "believes," "expects," "anticipates," "intends," "plans," "estimates," "may," "would," "should" or similar expressions, or when the company discusses its strategy or plans, the company is making forward-looking statements. Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions. Future results may differ materially from those expressed in the forward-looking statements. Forward-looking statements are necessarily based upon various assumptions involving judgments with respect to the future and other risks, including, among others: national, international, regional and local economic, competitive, political, legislative and regulatory conditions and developments; actions by the California Public Utilities Commission, the California State Legislature, the California Department of Water Resources and the Federal Energy Regulatory Commission; capital market conditions, inflation rates and interest rates; energy markets, including the timing and extent of changes in commodity prices; weather conditions; business, regulatory and legal decisions; the pace of deregulation of retail natural gas and electricity delivery; the timing and success of business development efforts; and other uncertainties, all of which are difficult to predict and many of which are beyond the company's control. These risks and uncertainties are further discussed in the company's reports filed with the Securities and Exchange Commission that are available through the EDGAR system without charge at its Web site, [www.sec.gov](http://www.sec.gov).

Sempra Energy Solutions, Sempra Energy Trading, Sempra Energy International, Sempra Energy Resources and Sempra Energy Financial are not the same companies as the utilities, SDG&E/SoCalGas, and are not regulated by the California Public Utilities Commission.

[Financial Tables](#)