SEMPRA ENERGY

Sempra Announces Agreement to Acquire Stake in Oncor

August 25, 2017

Sempra Energy®

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, focuses, 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.

Such forward-looking statements include, but are not limited to, statements about the anticipated benefits of the proposed merger involving Sempra Energy and EFH, including future financial or operating results of Sempra Energy or Oncor, Sempra Energy's, EFH's or Oncor's plans, objectives, expectations or intentions, the expected timing of completion of the transaction, the anticipated improvement in credit ratings of Oncor, and other statements that are not historical facts. Important factors that could cause actual results to differ materially from those indicated by any such forward-looking statements include risks and uncertainties relating to: the risk that Sempra Energy, EFH or Oncor may be unable to agree to definitive agreements for the transaction, obtain bankruptcy court and governmental and regulatory approvals required for the merger, or that required bankruptcy court and governmental and regulatory approvals may delay the merger or result in the imposition of conditions that could cause the parties to abandon the transaction or be onerous to Sempra Energy; the risk that a condition to closing of the merger may not be satisfied, including receipt of a satisfactory supplemental private letter ruling from the Internal Revenue Service; the expected timing to consummate the proposed merger; the risk that the businesses will not be integrated successfully; the risk that the cost savings and any other synergies from the transaction may not be fully realized or may take longer to realize than expected; disruption from the transaction making it more difficult to maintain relationships with customers, employees or suppliers; and the diversion of management time and attention to merger-related issues.

Additional factors, among others, that could cause 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; 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 risks and uncertainties are further discussed in the reports that Sempra Energy has filed with the U.S. 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. Investors should not rely unduly on any forward-looking statements. These forward-looking statements speak only as of the date hereof, 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 and Infraestructura Energética Nova, S.A.B. de C.V. (IEnova) are not the same as the California Utilities, San Diego Gas & Electric Company (SDG&E) or Southern California Gas Company (SoCalGas), and are not regulated by the California Public Utilities Commission.

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Summary

- Sempra agrees to acquire stake in Oncor[(1)]
  - $18.8[(2)] B implied 100% enterprise value for Oncor
  - $9.45[(3)] B purchase price for 100% of Energy Future Holdings Corp. (EFH) (80% of Oncor)
  - ~9.9x multiple of Oncor's 2018 projected adj. EBITDA[(4)]; ~23x multiple of Oncor's 2018 projected net income[(4)]
- Respects needs of regulators and EFH's creditors; approach considers observations from past transactions
- Provides stability and benefits for Oncor's customers, employees and management
- Delivers expected accretion beginning in 2018 and expands upon regulated utility earnings base, benefiting Sempra and our shareholders

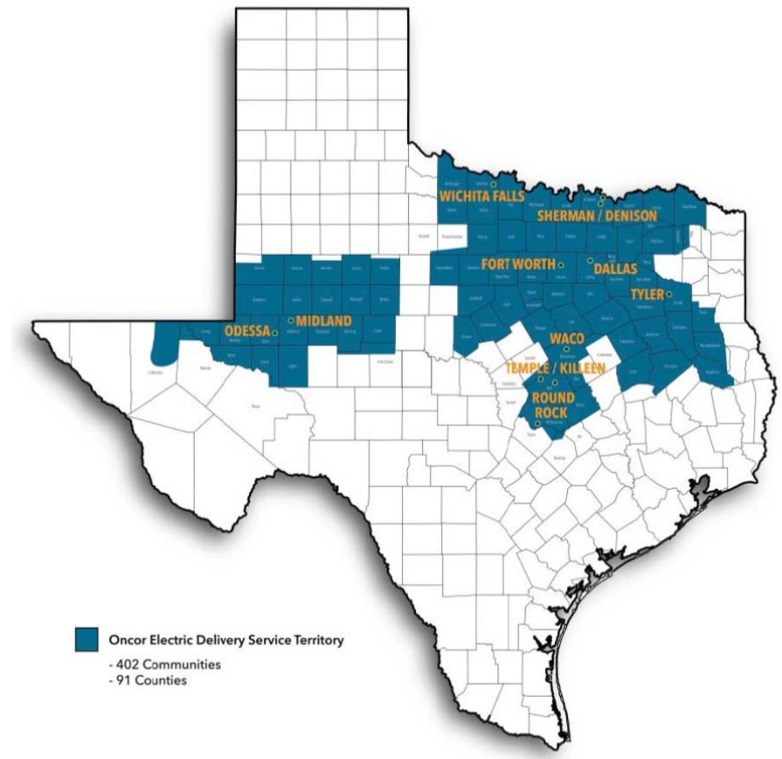
1) The transaction is subject to customary closing conditions, including the approval of the Public Utility Commission of Texas, U.S. Bankruptcy Court of Delaware, Federal Communications Commission, Federal Energy Regulatory Commission, the U.S. Department of Justice under the Hart-Scott-Rodino Act, IRS supplemental PLR, among others.
2) Purchase price of $9.45 billion divided by 80% ownership plus ~$7.0 billion of net debt. Net debt as of June 30, 2017, as reported in Oncor's most recent Quarterly Report on Form 10-Q.
3) Excludes transaction fees and adjustments based on dividends made by Oncor.
4) Net income and adjusted EBITDA projections from EFH's Disclosure Statement from May-2016 Amended Joint Plan of Reorganization, updated for Oncor's 2017 rate case settlement agreement and our internal analysis, which represent our best estimates at this time.

Oncor Overview

Key Business Statistics

- Largest regulated electric transmission and distribution provider in Texas
- 10 million customers across Texas
- 3.4 million meters
- Nearly 4,000 employees
- ~122,000 miles of transmission and distribution lines
- Top quartile ranking for OSHA lost time incidence rate
- Dallas-Fort Worth area leads in job growth

Service Territory

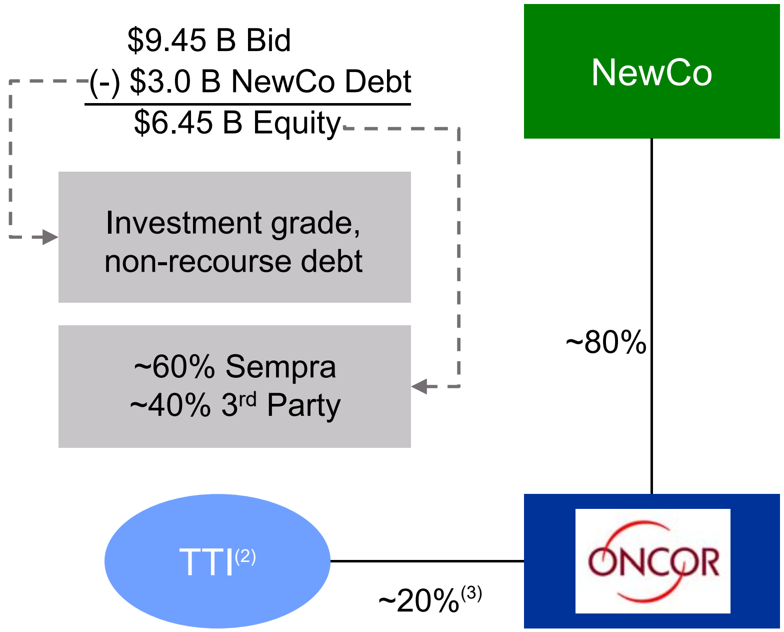


Oncor plans to invest $7.5 billion within service territory over next five years

Sempra Energy®

Structure & Governance

Expected Financing[1] & Structure



- Expect average annualized accretion of \$0.15-\$0.25[4] at Sempra, assumes current transaction structure and capital plan

Governance

- Oncor management, employees and Dallas headquarters are preserved
  - Bob Shapard, current CEO, becomes Executive Chairman of Oncor Board at closing
  - Allen Nye, current General Counsel, becomes CEO at closing
- Oncor Board to increase by 1 member, to a total of 13, and will include:
  - 7 independent directors, all based in Texas, and
  - 2 each from Sempra-led NewCo, Oncor management and TTI
- Ring-fencing protections remain in place

1) The ability to raise the financing at favorable prices is subject to market conditions and other factors, some of which are beyond the control of Sempra.
2) Texas Transmission Investment, owned by Borealis Infrastructure Management and Government of Singapore Investment Corp.
3) Includes Oncor management's 0.22% interest.
4) Four-year average annualized EPS assumes 80% ownership for tax consolidation in a future period and is dependent on the actual amount of equity issued, among other assumptions and is subject to a number of risks and uncertainties.

Strategic Rationale

Expands Utility Footprint

- Pure-play transmission and distribution utility
- Diversification of utility earnings in constructive jurisdiction
- Domestic utility earnings meaningfully increased

Growth Platform

- Strong projected rate-base growth driven by strong economic fundamentals and infrastructure needs
- Regional growth opportunities increase / extend growth

Accretive to EPS

- Expected accretion beginning in 2018
- Utility earnings growth supports our leading projected growth rate over next five years and beyond

Strong Utility Profiles

Leaders in Owning and Operating Utilities		
Metric	**Sempra[1]**	**Oncor[2]**
Rate Base	$12.8 B	$11.0 B
Utility Meters	8.2 M	3.4 M
Consumers	25.3 M	10.0 M
Authorized Capital Structure (Equity / Debt)[3]	SDG&E[3]: 52% / 45.25% SoCalGas[3]: 52% / 45.60%	42.5% / 57.5%[4]
Return on Equity	SDG&E: 10.2%[5] SoCalGas: 10.05%[5]	9.8%[4]

1) Figures are representative of Sempra's U.S. utilities (i.e., SDG&E and SoCalGas) as of December 31, 2016.
2) Represents 100% of Oncor as of December 31, 2016.
3) Capital structure shown excludes 2.75% and 2.40% preferred equity for SDG&E and SoCalGas, respectively.
4) Per Oncor's 8-K on July 24, 2017, subject to regulatory approval. Authorized ROE based on settlement and effective November 2017.
5) Effective January 1, 2018.

Key Next Steps

2nd Half of 2017	▪ Bankruptcy hearing scheduled for September 6th to approve the Sempra Merger and Plan Support Agreements ▪ Other governmental approvals[1], most within ~90 days
1st Half of 2018	▪ Public Utility Commission (PUC) of Texas Approval (~6 Months) ▪ Bankruptcy hearing to confirm the Plan of Reorganization (~30 days following a PUC of Texas approval) ▪ **Transaction closing expected in the first half of 2018**

1) Federal agencies include Federal Communications Commission and Federal Energy Regulatory Commission, among others.

Highlights

- Respects needs of regulators and EFH's creditors; approach considers observations from past transactions
- Ensures continuity of Oncor's management team, employees and Dallas-based headquarters
- Delivers expected accretion beginning in 2018
- Exemplifies focus on delivering disciplined, superior growth with utility-like risk across our multiple platforms