

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

SCHEDULE TO

TENDER OFFER STATEMENT UNDER SECTION 14(d)(1) OR SECTION 13(E)(1)  
OF THE SECURITIES EXCHANGE ACT OF 1934

SEMPRA ENERGY  
(Name Of Subject Company (issuer) and Filing Person (offeror))

COMMON STOCK, WITHOUT PAR VALUE  
(Title of Class of Securities)

816851109  
(CUSIP Number of Class of Securities)

JOHN R. LIGHT, ESQ.  
EXECUTIVE VICE PRESIDENT AND GENERAL COUNSEL  
SEMPRA ENERGY  
101 ASH STREET  
SAN DIEGO, CALIFORNIA 92101-3017  
(619) 696-2034

(Name, Address and Telephone Number of Person Authorized to Receive Notices and  
Communications on Behalf of the Filing Person(s))

COPY TO:  
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SAN DIEGO, CALIFORNIA 92101-8197  
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CALCULATION OF FILING FEE

TRANSACTION VALUATION\*  
-----  
\$720,000,000

AMOUNT OF FILING FEE  
-----  
\$144,000

\* For the purpose of calculating the filing fee only, this amount is based on the purchase of 36,000,000 shares of common stock at the maximum tender offer price of \$20.00 per share.

[ ] Check box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

Amount Previously Paid: Form or Registration No.:	Not applicable. Not applicable.	Filing party: Date Filed:	Not applicable. Not applicable.
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[ ] Check box if filing relates solely to preliminary communications made before the commencement of a tender offer.

Check the appropriate boxes below to designate any transactions to which the statement relates:

[ ] third-party tender offer subject to Rule 14d-1	[ ] going private transaction subject to Rule 13e-3
[X] issuer tender offer subject to Rule 13e-4	[ ] amendment to Schedule 13D under Rule 13d-2

Check the following box if the filing is a final amendment reporting the results of the tender offer [ ]

This Tender Offer Statement on Schedule T0 relates to the offer by Sempra Energy, a California corporation, to purchase shares of its common stock, without par value. Sempra is offering to purchase up to 36,000,000 shares at a price not in excess of \$[\_\_\_\_\_] nor less than \$[\_\_\_\_\_] per share, net to the seller in cash, without interest, as specified by shareholders tendering their shares. Sempra's offer is being made upon the terms and subject to the conditions set forth in the Offer to Purchase dated January 26, 2000 and in the related Letter of Transmittal, which, as amended or supplemented from time to time, together constitute the offer. All shares tendered and purchased will include the associated preferred stock purchase rights issued pursuant to a Rights Agreement dated as of May 26, 1998 between Sempra and First Chicago Trust Company of New York, as rights agent, and, unless the context otherwise requires, all references to shares include the associated preferred stock purchase rights. This Tender Offer Statement on Schedule T0 is intended to satisfy the reporting requirements of Section 13(e) of the Securities Exchange Act of 1934, as amended.

The information in the Offer to Purchase and the related Letter of Transmittal, copies of which are filed with this Schedule T0 as Exhibits (a)(1)(i) and (a)(1)(ii) hereto, respectively, is incorporated herein by reference in answer to items 1 through 11 in this Tender Offer Statement on Schedule T0.

ITEM 12. EXHIBITS.

- (a)(1)(i) Offer to Purchase.
- (a)(1)(ii) Letter of Transmittal.
- (a)(1)(iii) Notice of Guaranteed Delivery.
- (a)(1)(iv) Letter to shareholders from Richard D. Farman, Chairman and Chief Executive Officer of Sempra, dated January 26, 2000.
- (a)(1)(v) Letter to participants in the Sempra Energy and Subsidiary Savings Plans from Richard D. Farman, Chairman and Chief Executive Officer of Sempra, dated January 26, 2000.
- (a)(1)(vi) Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.
- (a)(1)(vii) Letter to Participants in the Sempra Energy and Subsidiary Savings Plans.
- (a)(2) Not applicable.
- (a)(3) Not applicable.
- (a)(4) Not applicable.
- (a)(5)(i) Letter to Clients for use by Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.
- (a)(5)(ii) Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9.
- (a)(5)(iii) Summary Advertisement dated January 26, 2000.
- (a)(5)(iv) Press Release dated January 26, 2000.

- (a)(5)(v) Teleconference Script.
- (a)(5)(vi) Presentation Materials.
- (a)(5)(vii) Pages 23 through 24 and Exhibit 13, inclusive, of Sempra's Annual Report on Form 10-K for the fiscal year ended December 31, 1998 (incorporated by reference to Sempra's Annual Report on Form 10-K filed with the Commission on March 9, 1999).
- (a)(5)(viii) Pages 1 through 7 and Exhibit 12.1, inclusive, of Sempra's Quarterly Report on Form 10-Q for the period ended September 30, 1999 (incorporated by reference to Sempra's Quarterly Report on Form 10-Q filed with the Commission on November 12, 1999).
- (b) Not applicable.
- (d) Not applicable.
- (g) Not applicable.
- (h) Not applicable.

SIGNATURE

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: January 26, 2000

SEMPRA ENERGY

By: /s/ John R. Light

-----  
Name: John R. Light  
Title: Executive Vice President and  
General Counsel

EXHIBIT INDEX

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(b)	Not applicable.
(d)	Not applicable.
(g)	Not applicable.
(h)	Not applicable.

Offer to Purchase for Cash up to  
36,000,000 Shares of its Common Stock  
(Including the Associated Preferred Stock Purchase Rights)  
at a Purchase Price not in Excess of \$20.00  
nor Less Than \$17.50 Per Share

The offer, proration period and withdrawal rights will expire at 5:00 p.m., New York City time, on Friday, February 25, 2000, unless the offer is extended.

Sempra Energy, a California corporation, invites its shareholders to tender up to 36,000,000 shares of its common stock, without par value, for purchase by Sempra at a price not in excess of \$20.00 nor less than \$17.50 per share, net to the seller in cash, without interest, as specified by shareholders tendering their shares. Sempra will determine a single per share price that it will pay for shares properly tendered, taking into account the number of shares tendered and the prices specified by tendering shareholders. All shares acquired in the offer will be acquired at the same purchase price. Sempra will select the lowest purchase price that will allow it to buy 36,000,000 shares or, if a lesser number of shares are properly tendered, all shares that are properly tendered.

Sempra's offer is being made upon the terms and subject to the conditions described in this Offer to Purchase and in the related Letter of Transmittal which, as amended or supplemented from time to time, together constitute this offer. All shares tendered and purchased will include the associated preferred stock purchase rights issued pursuant to a Rights Agreement dated as of May 26, 1998 between Sempra and First Chicago Trust Company of New York, as rights agent, and, unless the context otherwise requires, all references to shares include the associated preferred stock purchase rights.

Only shares properly tendered at prices at or below the purchase price selected by Sempra and not properly withdrawn will be purchased. However, because of the "odd lot" priority, proration and conditional tender provisions described in this Offer to Purchase, all of the shares tendered at or below the purchase price will not be purchased if the offer is oversubscribed. Shares not purchased in the offer will be returned as promptly as practicable following the Expiration Date. See Section 3.

Sempra reserves the right, in its sole discretion, to purchase more than 36,000,000 shares pursuant to the offer.

This offer is not conditioned on any minimum number of shares being tendered. However, this offer is subject to other conditions. See Section 7.

The shares are listed and traded on the New York Stock Exchange and the Pacific Stock Exchange under the symbol "SRE." On January 25, 2000, the last full trading day before the announcement of the offer, the last reported sale price of the shares on the NYSE Composite Tape was \$17.25. SHAREHOLDERS ARE URGED TO OBTAIN CURRENT MARKET QUOTATIONS FOR THE SHARES. SEE SECTION 8.

Neither Sempra nor Sempra's Board of Directors makes any recommendation to you as to whether to tender or refrain from tendering your shares or as to the purchase price at which you may choose to tender your shares. You must make your own decision as to whether to tender your shares and, if so, how many shares to tender and the price or prices at which you will tender them. In doing so, you should consider our reasons for making this offer, including the recently announced reduction in our quarterly dividend rate, our increased use of financial leverage and our increased business emphasis on providing unregulated integrated energy services. See Section 2. Our directors and executive officers have advised us that they do not intend to tender any shares in the offer.

If you wish to tender all or any part of the shares registered in your name, you should follow the instructions described in Section 3 carefully, including completing a Letter of Transmittal in accordance with the instructions and delivering it, along with your share certificates and any other required items, to First Chicago Trust Company of New York, the Depository. If your shares are registered in the name of a broker, dealer, commercial bank, trust company or other nominee, you should contact the nominee if you desire to tender your shares and request that the nominee tender them for you. Participants in the Sempra Energy Direct Stock Purchase Plan or Sempra's savings plans who wish to tender any of their shares held in these plans must follow the separate instructions and procedures described in Section 3 of this Offer to Purchase.

Any shareholder who desires to tender shares and whose certificates for the shares are not immediately available or cannot be delivered to the Depository or who cannot comply with the procedure for book-entry transfer or whose other required documents cannot be delivered to the Depository by the expiration of the offer must tender the shares pursuant to the guaranteed delivery procedure set forth in Section 3.

To properly tender shares, you must validly complete the Letter of Transmittal, including the section relating to the price at which you are tendering shares. If you wish to maximize the chance that your shares will be purchased at the purchase price determined by Sempra, you should check the box in the section on the Letter of Transmittal captioned "Shares Tendered at Price Determined Pursuant to the Offer." Note that this election could result in your shares being purchased at the minimum price of \$17.50 per share.

You may request additional copies of this Offer to Purchase, the Letter of Transmittal or the Notice of Guaranteed Delivery from the Information Agent at

its address and telephone numbers set forth on the back cover of this Offer to Purchase.

We have not authorized any person to make any recommendation on our behalf as to whether you should tender or refrain from tendering your shares in this offer. You should rely only on the information contained in this document or to which we have referred you. We have not authorized anyone to provide you with information or to make any representation in connection with this offer other than those contained in this Offer to Purchase or in the related Letter of Transmittal. If anyone makes any recommendation or gives any information or representation, you must not rely upon that recommendation, information or authorization as having been authorized by Sempra Energy.

The Dealer Manager for this offer is:

Goldman, Sachs & Co.

January 26, 2000

## Summary Term Sheet

This summary highlights the most material information from this Offer to Purchase. To understand the offer fully and for a more complete description of the terms of the offer, you should read carefully this entire Offer to Purchase and Letter of Transmittal. We have included page references parenthetically to direct you to a more complete description of the topics in this summary.

What securities is Sempra offering to purchase? (Page 1)

. Sempra is offering to purchase 36,000,000 shares of its common stock, including the associated preferred stock purchase rights, or any lesser number of shares that shareholders properly tender in the offer. If more than 36,000,000 shares are tendered, all shares tendered at or below the purchase price will be purchased on a pro rata basis, except for "odd lots" which will be purchased on a priority basis.

How much will Sempra pay me for my shares and in what form of payment?  
(Page 14)

Sempra is conducting the offer through a procedure commonly called a modified "Dutch Auction."

. This procedure allows you to select the price within a specified price range at which you are willing to sell your shares. The price range for this offer is \$17.50 to \$20.00.

. Sempra will determine the lowest single per share price within the price range that will allow it to purchase 36,000,000 shares, or if fewer shares are tendered, all shares tendered.

. All shares purchased will be purchased at the same price, even if you have selected a lower price, but no shares will be purchased above the purchase price determined by Sempra.

. If you wish to maximize the chance that your shares will be purchased, you should check the box in the section on the Letter of Transmittal indicating that you will accept the purchase price determined by Sempra under the terms of the offer. Note that this election could result in your shares being purchased at the minimum price of \$17.50 per share.

. Shareholders whose shares are purchased in the offer will be paid the purchase price, net in cash, without interest, as soon as practicable after the expiration of the offer period. Under no circumstances will Sempra pay interest on the purchase price, including but not limited to, by reason of any delay in making payment.

Does Sempra have the financial resources to pay me for my shares? (Page 19)

. Sempra intends to obtain substantially all of the approximately \$734 million of funds required to purchase the shares in this offer from the aggregate net proceeds of underwritten public offerings of senior notes of Sempra and trust preferred securities guaranteed by Sempra. These offerings are expected to be conducted during the tender offer period.

. Sempra also has obtained a commitment from Goldman, Sachs & Co. to provide up to \$1 billion of committed, short-term financing as a back-up that can be used if the long-term financings are not completed on terms acceptable to Sempra by the expiration of the tender offer.

When does the tender offer expire? Can Sempra extend the offer, and if so, how will I be notified? (Page 32)

. The offer expires Friday, February 25, 2000, at 5:00 p.m., New York City time, unless it is extended by Sempra.

. Yes, Sempra may extend the offer at any time.

. Sempra cannot assure you that the offer will be extended or, if extended, for how long.

. If the offer is extended, Sempra will make a public announcement of the extension no later than 9:00 a.m. on the next business day following the previously scheduled expiration of the offer period.

What is the purpose of the offer? Will Sempra's quarterly dividend be reduced?  
(Page 5)

. As a complement to Sempra's business strategy, Sempra has developed financial initiatives that are intended to increase Sempra's financial flexibility and further position Sempra for the increasingly competitive utility and energy services markets.

. Sempra plans to reduce the quarterly dividend payable on shares of its common stock to \$0.25 per share (\$1.00 annualized rate) from its previous level of \$0.39 per share (\$1.56 annualized rate) commencing with the dividend payable in the second quarter of 2000. Reducing the dividend rate improves the company's financial flexibility going forward. Additionally, it positions Sempra's common stock for potential increased growth in market value by retaining a proportionately higher level of earnings for reinvestment in the business.

. Sempra intends to incur approximately \$700 million in additional long-term



obligations in the form of senior notes of Semptra and trust preferred securities guaranteed by Semptra to repurchase shares in this offer. This is designed to increase the financial leverage employed by the company in its capital structure.

. This offer allows shareholders an opportunity to exit all or part of their investment in Semptra shares on potentially more favorable terms than would otherwise be available. However, shareholders who choose not to tender their shares may also benefit from these transactions. Non-tendering shareholders will own a

(i)

greater interest in a company with a potentially stronger earnings per share growth rate.

What are the most significant conditions to the offer? (Page 15)

Sempra's obligation to accept for payment, purchase or pay for any shares tendered depends upon a number of conditions, including:

- . No significant decrease in the price of Sempra's common stock or in the price of equity securities generally, or any adverse changes in the U.S. stock markets or credit markets, shall have occurred during this offer, and Sempra must have obtained approximately \$700 million of long-term financing on terms and conditions satisfactory to Sempra, in its sole judgment.
- . No legal action shall have been threatened, pending or taken, that might adversely affect the offer.
- . No one shall have proposed, announced or made a tender or exchange offer (other than this offer), merger, business combination or other similar transaction involving Sempra.
- . No material change in the business, condition (financial or otherwise), assets, income, operations, prospects or stock ownership of Sempra shall have occurred during this offer.

How do I tender my shares? (Page 8)

- . If you decide to tender your shares, you must either:
  - . Deliver your shares by mail, physical delivery or book-entry transfer and deliver a completed and signed Letter of Transmittal or an Agent's Message to the Depositary before 5:00 p.m. on Friday, February 25, 2000; or
  - . If your share certificates are not immediately available for delivery to the Depositary, comply with the guaranteed delivery procedure before 5:00 p.m. on Friday, February 25, 2000.
- . Contact the Information Agent or your broker for assistance.
- . Participants in Sempra savings plans who wish to tender any of their shares held in those plans must instruct the plan trustee to tender their shares at least three business days before the expiration of the offer by following the separate instructions and procedures described in Section 3.

Until what time can I withdraw previously tendered shares? (Page 13)

- . You may withdraw your tendered shares at any time before 5:00 p.m. on Friday, February 25, 2000 and, unless already accepted for payment by Sempra, at any time after 12:00 Midnight, New York City time, on Wednesday, March 22, 2000.

In what order will tendered shares be purchased? Will tendered shares be prorated? (Page 3)

- . First, Sempra will purchase shares from all holders of "odd lots" of less than 100 shares (not including any shares held in the Sempra Energy Direct Stock Purchase Plan or Sempra's savings plans) who properly tender all of their shares at or below the selected purchase price; and
- . Second, after purchasing all shares from the "odd lot holders," Sempra will then purchase shares from all other shareholders who properly tender shares at or below the selected purchase price, on a pro rata basis, subject to the conditional tender provisions described in Section 6.
- . Consequently, all of the shares that you tender in the offer may not be purchased even if they are tendered at or below the purchase price.

What do Sempra and its Board of Directors think of the offer? (Page 1)

- . Neither Sempra nor Sempra's Board of Directors makes any recommendation to you as to whether to tender or refrain from tendering your shares or as to the purchase price at which you may choose to tender your shares.
- . You must decide whether to tender your shares and, if so, how many shares to tender and the price or prices at which you will tender them.
- . Our directors and executive officers have advised us that they do not intend to tender any shares in the offer.

What is the recent market price of my shares? (Page 17)

- . On January 25, 2000, the last full trading day before the announcement of the offer, the last reported sale price of the shares on the NYSE Composite Tape was \$17.25.
- . Shareholders are urged to obtain current market quotations for their shares.

Who do I contact if I have questions about the tender offer?

For additional information or assistance, you may contact:

- . Information Agent:

D. F. King & Co., Inc.

77 Water Street  
New York, NY 10005-4495  
Banks and Brokers (212) 269-5550 (call collect)  
All Others (800) 431-9645 (toll free)

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FORWARD LOOKING STATEMENTS

This Offer to Purchase, including the Summary, the Introduction, Section 2 and Section 10, contains statements that are not historical facts and constitute projections, forecasts or forward-looking statements. When we use words like "believes," "expects," "anticipates," "intends," "plans," "estimates," "may," "should" or similar expressions, or when we discuss our strategy or plans, we are making projections, forecasts or forward-looking statements. These statements are not guarantees of performance. They involve risks, uncertainties and assumptions that could cause our future results and shareholder value to differ materially from those expressed in these statements. Many of the factors that will determine these results and value are beyond our ability to control or predict. These statements are necessarily based upon various assumptions involving judgments with respect to the future. These risks and uncertainties include, among others:

- . national, international, regional and local economic, competitive and regulatory conditions and developments;
- . 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;
- . technological developments;
- . the timing and success of business development efforts; and
- . other uncertainties, all of which are difficult to predict and many of which are beyond our control.

These risks and uncertainties are further discussed in more detail in Sempra's Annual Report on Form 10-K for the fiscal year ended December 31, 1998.

To the Holders of Common Stock of Sempra Energy:

## INTRODUCTION

### Offer

Sempra Energy, a California corporation, invites its shareholders to tender shares of its common stock, without par value, for purchase by Sempra. Sempra is offering to purchase up to 36,000,000 shares at a price not in excess of \$20.00 nor less than \$17.50 per share, net to the seller in cash, without interest, as specified by shareholders tendering their shares.

Sempra will determine a single per share price that it will pay for shares properly tendered, taking into account the number of shares tendered and the prices specified by tendering shareholders. All shares acquired in the offer will be acquired at the same purchase price. Sempra will select the lowest purchase price that will allow it to buy 36,000,000 shares or, if a lesser number of shares are properly tendered, all shares that are properly tendered.

Sempra's offer is being made upon the terms and subject to the conditions set forth in this Offer to Purchase and in the related Letter of Transmittal which, as amended or supplemented from time to time, together constitute this offer. All shares tendered and purchased will include the associated preferred stock purchase rights issued pursuant to a Rights Agreement dated as of May 26, 1998 between Sempra and First Chicago Trust Company of New York, as rights agent, and, unless the context otherwise requires, all references to shares include the associated preferred stock purchase rights.

Only shares properly tendered at prices at or below the purchase price selected by Sempra and not properly withdrawn will be purchased. However, because of the "odd lot" priority, proration and conditional tender provisions described in this Offer to Purchase, all of the shares tendered at or below the purchase price will not be purchased if the offer is oversubscribed. Shares tendered at prices in excess of the purchase price that is determined by Sempra and shares not purchased because of proration or conditional tenders will be returned as promptly as practicable following the Expiration Date. See Section 3.

Sempra reserves the right, in its sole discretion, to purchase more than 36,000,000 shares pursuant to the offer.

The offer is not conditioned on any minimum number of shares being tendered. The offer is, however, subject to other conditions. See Section 7.

The Board of Directors of Sempra has authorized this offer. However, neither Sempra nor Sempra's Board of Directors makes any recommendation to you as to whether to tender or refrain from tendering your shares or as to the purchase price at which you may choose to tender your shares. You must make your own decision whether to tender your shares and, if so, how many shares to tender and the price or prices at which you will tender them. In doing so, you should consider our reasons for making this offer, including the recently announced reduction in our quarterly dividend rate, our increased use of financial leverage and our increased business emphasis on providing unregulated integrated energy services. See Section 2. Our directors and executive officers have advised us that they do not intend to tender any shares in the offer. See Section 11.

If at the expiration of the offer more than 36,000,000 shares (or a greater number of shares as Sempra may elect to purchase) are properly tendered at or below the purchase price and not properly withdrawn, Sempra will buy shares first from all Odd Lot Holders (as defined in Section 1) who properly tender all their shares at or below the purchase price, and second, on a pro rata basis from all other shareholders who properly tender shares at prices at or below the purchase price. See Section 1.

If you tender shares in the offer, your tender will include a tender of the preferred stock purchase rights associated with your tendered shares. No separate consideration will be paid for the rights. See Section 8.

The purchase price will be paid net to the tendering shareholder in cash, without interest, for all shares purchased. Tendering shareholders who hold shares registered in their own name and who tender their shares directly to the Depositary will not be obligated to pay brokerage commissions, solicitation fees or, subject to Instruction 7 of the Letter of Transmittal, stock transfer taxes on the purchase of shares by Sempra in the offer. Shareholders holding shares through brokers or banks are urged to consult the brokers or banks to determine whether transaction costs may apply if shareholders tender shares through the brokers or banks and not directly to the Depositary. However, any tendering shareholder or other payee who fails to complete, sign and return to the Depositary the Substitute Form W-9 that is included as part of the Letter of Transmittal may be subject to required United States federal income tax backup withholding of 31% of the gross proceeds payable to the tendering shareholder or other payee pursuant to the offer. See Section 3.

Sempra will pay all fees and expenses incurred in connection with the offer by Goldman, Sachs & Co., the Dealer Manager for this offer, First Chicago Trust Company of New York, the Depositary for this offer and the administrator of the Sempra Energy Direct Stock Purchase Plan, D. F. King & Co., Inc., the Information Agent for this offer, and T. Rowe Price Trust Company, the trustee of Sempra's savings plans. See Section 16.

Participants in the Sempra Energy Direct Stock Purchase Plan may instruct the administrator of the plan to tender all or part of the shares of Sempra common stock credited to the participant's account in the Direct Stock Purchase Plan by following the instructions in the enclosed Letter of Transmittal and returning it in accordance with those instructions. See Section 3.

Participants in the Sempra Energy Savings Plan, Sempra Energy Trading Retirement Savings Plan, Southern California Gas Company Retirement Savings Plan, San Diego Gas & Electric Company Savings Plan or the Sempra Energy Services Savings Plan may instruct the trustee of those plans, T. Rowe Price Trust Company, to tender some or all of the shares held for the participant's account by following the instructions in the separate "Letter to Participants in the Sempra Energy and Subsidiary Savings Plans" furnished separately and returning it to the trustee's agent in accordance with those instructions. If the trustee has not received a participant's instructions at least three business days prior to the Expiration Date, the trustee will not tender any shares held on behalf of the participant in the Plan. The plans require that "employer matching funds" contributed to a participant's account by Sempra or its subsidiaries and earnings on these funds must be invested in Sempra common stock. Thus, the proceeds received by the trustee from any tender of shares from a participant's account that were originally acquired with employer matching funds or earnings on those funds will be reinvested under the terms of the plans in Sempra common stock following the tender offer. Participants should be aware that the proceeds will be reinvested in Sempra common stock under the terms of the plans at the prevailing market price at the time of reinvestment, which price may be higher or lower than the purchase price paid by Sempra for shares in the tender offer. Proceeds received from any tender of shares attributable to a participant's contributions and earnings thereon will be initially invested under the terms of the plans for the participant in T. Rowe Price Summit Cash Reserves, a money market fund, and subsequently may be transferred by the participant to other investment funds as permitted by the plan. See Section 3.

As of January 25, 2000, Sempra had 240,345,446 issued and outstanding shares, and 8,647,907 shares reserved for issuance upon exercise of outstanding stock options under Sempra's stock option plans. The 36,000,000 shares that Sempra is offering to purchase pursuant to the offer represent approximately 15% of Sempra's shares outstanding on January 25, 2000. The shares are listed and traded on the New York Stock Exchange and the Pacific Stock Exchange under the symbol "SRE." On January 25, 2000, the last full trading day before the announcement of the offer, the last reported sale price of the shares as reported on the NYSE Composite Tape was \$17.25. SHAREHOLDERS ARE URGED TO OBTAIN CURRENT MARKET QUOTATIONS FOR THE SHARES. See Section 8.

## THE OFFER

### 1. Number of Shares; Proration.

Upon the terms and subject to the conditions of the offer, Sempra will purchase 36,000,000 shares, or the lesser number of shares that are properly tendered and not properly withdrawn in accordance with Section 4 before the Expiration Date, as defined below, at prices not in excess of \$20.00 nor less than \$17.50 per share, net to the seller in cash, without interest.

The term "Expiration Date" means 5:00 p.m., New York City time, on Friday, February 25, 2000. Sempra may, in its sole discretion, extend the period of time during which the offer will remain open. In the event of an extension, the term "Expiration Date" will refer to the latest time and date at which the offer, as extended by Sempra, will expire. See Section 15 for a description of Sempra's right to extend, delay, terminate or amend the offer.

In accordance with Instruction 5 of the Letter of Transmittal, shareholders desiring to tender shares must either (1) specify that they are willing to sell their shares to Sempra at the price determined in the offer, or (2) specify the price, not in excess of \$20.00 nor less than \$17.50 per share, at which they are willing to sell their shares to Sempra in the offer. As promptly as practicable following the Expiration Date, Sempra will, upon the terms and subject to the conditions of the offer, determine a single per share purchase price that it will pay for shares properly tendered and not properly withdrawn pursuant to the offer, taking into account the number of shares tendered and the prices specified by tendering shareholders. All shares purchased in the offer will be purchased at the same purchase price. Sempra will select the lowest purchase price that will allow it to buy 36,000,000 shares, or the lesser number of shares that are properly tendered at prices not in excess of \$20.00 nor less than \$17.50 per share.

Only shares properly tendered at prices at or below the purchase price determined by Sempra and not properly withdrawn will be purchased. However, because of the "odd lot" priority, proration and conditional tender provisions, all of the shares tendered at or below the purchase price will not be purchased if the offer is oversubscribed. All shares tendered and not purchased pursuant to the offer, including shares tendered at prices in excess of the purchase price determined by Sempra and shares not purchased because of proration or conditional tenders, will be returned to the tendering shareholders at Sempra's expense as promptly as practicable following the Expiration Date.

Sempra reserves the right to purchase more than 36,000,000 shares pursuant to the offer. In accordance with applicable regulations of the Securities and Exchange Commission, Sempra may purchase pursuant to the offer an additional amount of shares not to exceed 2% of the outstanding shares without amending or extending the offer. See Section 15.

In the event of an over-subscription of the offer, shares tendered at or below the purchase price before the Expiration Date will be subject to proration, except for Odd Lots (as defined below). The proration period also expires on the Expiration Date.

If Sempra (1) increases the price that may be paid for shares above \$20.00 per share or decreases the price that may be paid for shares below \$17.50 per share, (2) materially increases the Dealer Manager fee, (3) increases the number of shares that it may purchase in the offer by more than 2% of the outstanding shares, or (4) decreases the number of shares that it may purchase in the offer, then the offer must remain open for at least ten business days following the date that notice of the increase or decrease is first published, sent or given in the manner specified in Section 15.

The offer is not conditioned on any minimum number of shares being tendered. The offer is, however, subject to other conditions. See Section 7.

Priority of Purchases. If more than 36,000,000 shares (or a greater number of shares as Sempra may elect to purchase) have been properly tendered at prices at or below the selected purchase price and not properly withdrawn before the Expiration Date, Sempra will purchase properly tendered shares on the basis set forth below:

- . First, Sempra will purchase all shares tendered by any Odd Lot Holder (as defined below) who:
  - (1) tenders all shares owned beneficially or of record by the Odd Lot Holder at a price at or below the selected purchase price (tenders of less than all of the shares owned by the Odd Lot Holder will not qualify for this preference); and
  - (2) completes the section entitled "Odd Lots" in the Letter of Transmittal and, if applicable, in the Notice of Guaranteed Delivery.
- . Second, after the purchase of all of the shares properly tendered by Odd Lot Holders, subject to the conditional tender provisions described in Section 6, Sempra will purchase all other shares tendered at prices at or below the purchase price, on a pro rata basis with appropriate adjustments to avoid purchases of fractional shares, as described below.

Consequently, all of the shares that a shareholder tenders in the offer may not be purchased even if they are tendered at prices at or below the purchase price.

Odd Lots. The term "Odd Lots" means all shares tendered at prices at or below the selected purchase price by any person (an "Odd Lot Holder") who owned beneficially or of record an aggregate of fewer than 100 shares (not including any shares held in the Sempra Energy Direct Stock Purchase Plan or in one of Sempra's savings plans) and so certified in the appropriate place on the Letter of Transmittal and, if applicable, on the Notice of Guaranteed Delivery. To qualify for this preference, an Odd Lot Holder must tender all shares owned by the Odd Lot Holder in accordance with the procedures described in Section 3. Odd Lots will be accepted for payment before any proration of the purchase of other tendered shares. This preference is not available to partial tenders or to beneficial or record holders of an aggregate of 100 or more shares, even if these holders have separate accounts or certificates representing fewer than 100 shares, or with respect to any shares held in the Sempra Energy Direct Stock Purchase Plan or in one of Sempra's savings plans. By tendering in the offer, an Odd Lot Holder who holds shares in its name and tenders its shares directly to the Depository would not only avoid the payment of brokerage commissions, but also would avoid any applicable odd lot discounts in a sale of the holder's shares. Any Odd Lot Holder wishing to tender all of the shareholder's shares pursuant to the offer should complete the section entitled "Odd Lots" in the Letter of Transmittal and, if applicable, in the Notice of Guaranteed Delivery.

Sempra also reserves the right, but will not be obligated, to purchase all shares properly tendered by any shareholder who tenders any shares owned beneficially or of record, at or below the selected purchase price and who, as a result of proration, would then own beneficially or of record, an aggregate of fewer than 100 shares. If Sempra exercises this right, it will increase the number of shares that it is offering to purchase in the offer by the number of shares purchased through the exercise of the right.

Proration. If proration of tendered shares is required, Sempra will determine the proration factor as promptly as practicable following the Expiration Date. Proration for each shareholder tendering shares, other than Odd Lot Holders, will be based on the ratio of the number of shares tendered by the shareholder to the total number of shares tendered by all shareholders, other than Odd Lot Holders, at or below the selected purchase price. Because of the difficulty in determining the number of shares properly tendered and not properly withdrawn, and because of the Odd Lot procedure described above and the conditional tender procedure described in Section 6, Sempra does not expect that it will be able to announce the final proration factor or commence payment for any shares purchased pursuant to the offer until approximately seven business days after the Expiration Date. The preliminary results of any proration will be announced by press release as promptly as practicable after the Expiration Date. Shareholders may obtain preliminary proration information from the Information Agent and also may be able to obtain the information from their brokers.



As described in Section 14, the number of shares that Sempra will purchase from a shareholder pursuant to the offer may affect the United States federal income tax consequences to the shareholder of the purchase and, therefore, may be relevant to a shareholder's decision whether or not to tender shares. The Letter of Transmittal affords each tendering shareholder the opportunity to designate the order of priority in which shares tendered are to be purchased in the event of proration.

This Offer to Purchase and the related Letter of Transmittal will be mailed to record holders of the shares and will be furnished to brokers, banks and similar persons whose names, or the names of whose nominees, appear on Sempra's shareholder list or, if applicable, who are listed as participants in a clearing agency's security position listing for subsequent transmittal to beneficial owners of shares.

## 2. Purpose of the Offer; Certain Effects of the Offer.

Diversified utility companies, including Sempra, have experienced and will continue to experience a significant increase in the level of competition in the utility and energy services markets over time. A steady move away from a regulated monopoly energy supply structure toward a more competitive structure has affected the utility industry for nearly two decades. During the past decade, various state and federal regulatory changes have occurred and a significant number of states have begun to implement legislative initiatives to permit retail customers to choose their energy supply provider.

Sempra continues to refine its business strategies for the following segments of the energy services industry: regulated delivery services, international, wholesale trading, retail energy services, electric generation and technology ventures.

Sempra plans to pursue the following initiatives to enhance its business model and create sustainable earnings growth. Sempra's California utilities plan to focus on their core distribution businesses, promoting competition in retail markets and efficiency in the delivery services business. Sempra International will continue to develop electric and gas distribution systems in Nova Scotia, Mexico and portions of South America, while evaluating opportunities to enhance its existing businesses with additional investments. Sempra Energy Trading plans to continue to build and enhance its natural gas and electric wholesale trading capability throughout North America and Europe. In addition, Sempra and its non-utility subsidiaries will provide integrated energy services to mass market retail and commercial and industrial customers in domestic and international markets. To support its customer focused activities, Sempra plans to continue to invest in electric generation assets, either through development or acquisition. Sempra also has made investments and is developing new businesses in the information systems and communications fields. Sempra believes that all of these businesses will complement and broaden its offerings to customers in retail markets. One of Sempra's objectives is to generate one-third of its consolidated earnings from its unregulated businesses by the end of 2003. Sempra cannot assure you that this objective will be achieved.

Based upon this integrated approach to the energy marketplace, Sempra will seek to achieve long-term returns on shareholder capital that exceed the returns that have been historically available for state-regulated utility businesses. At the same time, Sempra's business risks are expected to increase, resulting in an increase in the potential volatility in revenue and income streams.

As a complement to its business strategy, Sempra has developed financial initiatives that are intended to increase Sempra's financial and operating flexibility and to further position Sempra for the increasingly competitive utility and energy services markets. Accordingly, Sempra announced on January 26, 2000 that it plans to reduce the quarterly dividend payable on shares of its common stock, commencing with the dividend payable in the second quarter of 2000, to \$0.25 per share (\$1.00 annualized rate) from its previous level of \$0.39 per share (\$1.56 annualized rate). Reducing the dividend rate improves Sempra's financial flexibility going forward. It also positions Sempra's common stock for potential increased growth in market value by retaining a proportionately higher level of earnings for reinvestment in the business.

Sempra also intends to repurchase up to 36,000,000 shares of its common stock in this offer, representing approximately 15% of its outstanding common stock as of January 25, 2000. Sempra intends to finance substantially all of this stock repurchase by incurring approximately \$700 million in additional long-term obligations in the form of senior notes of Sempra and trust preferred securities guaranteed by Sempra, through underwritten public offerings during the tender offer period. It intends to finance the remaining approximately \$34 million necessary to repurchase the shares with the issuance by Sempra Energy Holdings of short-term commercial paper notes from its existing commercial paper program, guaranteed by Sempra. These transactions are designed to increase the financial leverage employed by Sempra in its capital structure. Sempra expects to maintain a strong investment grade credit rating on its debt and preferred securities and, following the announcement of this offer, rating agencies have reaffirmed the ratings for Sempra's securities and those of its utility subsidiaries. However, these ratings are subject to periodic review by the rating agencies and may change from time to time.

This offer allows shareholders an opportunity to exit, subject to proration in the offer, their investment in Sempra on potentially more favorable terms than would otherwise be available. The offer provides shareholders who are considering a sale of all or a portion of their shares with the opportunity to:

- . sell a portion of their shares while retaining a continuing equity interest in Sempra;
- . determine the price or prices, not in excess of \$20.00 nor less than \$17.50 per share, at which they are willing to sell their shares and, subject to the terms and conditions of the offer (including proration) and if shares are tendered by their registered owner directly to the Depository, to sell shares for cash without the usual transaction costs associated with open market sales; or
- . for Odd Lot Holders who hold shares in their names and tender their shares directly to the Depository and whose shares are purchased pursuant to the offer, avoid the payment of brokerage commissions and any applicable odd lot discounts payable on a sale of their shares in an NYSE transaction.

Non-tendering shareholders will own a greater interest in a company with a potentially stronger earnings per share growth rate. Upon successful completion of the tender offer, Sempra's current goal to grow earnings per share by 5-6% annually will increase to a goal of approximately 8-10% in annual compound growth over the three year period from 2000 through 2002. Sempra cannot assure you that this goal will be achieved. Shareholders who determine not to accept the offer will realize a proportionate increase in their relative ownership interest in Sempra, and thus in Sempra's future earnings and assets, subject to Sempra's right to issue additional shares and other equity securities in the future. Shareholders may be able to sell non-tendered shares in the future on the NYSE or otherwise, at a net price higher than the purchase price in the offer. Sempra can give no assurance, however, as to the price at which a shareholder may be able to sell his or her shares in the future, which may be higher or lower than the purchase price paid by Sempra in the offer.

In considering the offer, Sempra's Board of Directors took into account the expected financial impact of the offer, including the company's increased long-term obligations in the form of senior notes and trust preferred securities as a result of the offer and the resulting increased interest and trust preferred dividend expense. The Sempra Board believes that Sempra's financial condition and outlook and current market conditions, including recent trading prices of Sempra's common stock, make this an attractive time to repurchase a portion of its outstanding shares. In the view of Sempra's Board, the offer is an attractive use of Sempra's financial resources and will result in a more appropriate capital structure for Sempra.

Accordingly, the offer is consistent with Sempra's long-term corporate goal of increasing shareholder value. After the offer is completed, Sempra believes that its anticipated cash flow from operations, access to credit facilities and capital markets, and financial condition will, taken together, be adequate for its needs for the foreseeable future. However, actual experience may differ significantly from Sempra's expectations. Future events, such as regulatory developments, adverse effects on operations, or levels of capital or other expenditures, could have the effect of reducing Sempra's available cash or might reduce or adversely affect the availability or cost of external financial resources.

Although it has no current plans to acquire additional shares other than through the offer, Sempra may in the future purchase additional shares in the open market, in private transactions, through tender offers or otherwise, subject to the approval of the Board of Directors. Future purchases may be on the same terms or on terms which are more or less favorable to shareholders than the terms of the offer. However, Rule 13e-4 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), prohibits Sempra and its affiliates from purchasing any shares, other than pursuant to the offer, until at least ten business days after the Expiration Date. Any future purchases by Sempra will depend on many factors, including:

- . the market price of the shares;
- . the results of this offer;
- . Sempra's business and financial position; and
- . general economic and market conditions.

Shares that Sempra acquires in the offer will be restored to the status of authorized but unissued shares and will be available for Sempra to issue without further shareholder action (except as required by applicable law or stock exchange rules) for all purposes including, but not limited to, the acquisition of other businesses, the raising of additional capital for use in Sempra's business and the satisfaction of obligations under existing or future employee benefit plans. Sempra has no current plans for the issuance of shares repurchased pursuant to the offer.

Sempra has been informed that two members of its Board of Directors, Robert H. Goldsmith and Ignacio E. Lozano, Jr., will retire from Sempra's Board of Directors at Sempra's 2000 Annual Meeting of Shareholders. Sempra intends to reduce the size of the Board of Directors to reflect these retirements.

In accordance with a previously announced succession plan, Richard D. Farman will retire as Chief Executive Officer of Sempra on June 26, 2000 and as Chairman of the Board on September 1, 2000. He will be succeeded in these positions by Stephen L. Baum, who currently is Sempra's Vice Chairman, President and Chief Operating Officer.

Except as disclosed in this Offer to Purchase, Sempra currently has no plans, proposals or negotiations underway that relate to or would result in:

- . any extraordinary transaction, such as a merger, reorganization or liquidation, involving Sempra or any of its subsidiaries, which is material to Sempra and its subsidiaries, taken as a whole;
- . any purchase, sale or transfer of a material amount of assets of Sempra or any of its subsidiaries, taken as a whole;
- . any material change in the dividend rate or policy, or indebtedness or capitalization of Sempra;
- . any change in the present board of directors or management of Sempra, including, but not limited to, any plans or proposals to change the number or the term of directors or to fill any existing vacancies on the board or to change any material term of the employment contract of any executive officer;
- . any other material change in Sempra's corporate structure or business;
- . any class of equity securities of Sempra being delisted from a national securities exchange;
- . any class of equity securities of Sempra becoming eligible for termination of registration under section 12(g)(4) of the Exchange Act;
- . the suspension of Sempra's obligation to file reports under Section 15(d) of the Exchange Act;
- . the acquisition by any person of additional securities of Sempra, or the disposition of securities of Sempra; or
- . any changes in Sempra's charter, bylaws or other governing instruments or other actions that could impede the acquisition of control of Sempra.

The Board of Directors of Sempra has authorized the offer. However, neither Sempra nor its Board of Directors makes any recommendation to shareholders as to whether to tender or refrain from tendering their shares or as to the purchase price at which shareholders should tender their shares, and neither has authorized any person to make any recommendation. Shareholders are urged to evaluate carefully all information in the offer, consult with their own investment and tax advisors and make their own decision whether to tender and, if so, how many shares to tender and the price or prices at which to tender them. Sempra has been advised that none of its directors or executive officers intends to tender any shares pursuant to the offer. See Section 11.

### 3. Procedures for Tendering Shares.

Proper Tender of shares. For shares to be tendered properly pursuant to the offer:

- (1) the certificates for the shares, or confirmation of receipt of the shares pursuant to the procedure for book-entry transfer set forth below, together with a properly completed and duly executed Letter of Transmittal, or a manually signed facsimile of the Letter of Transmittal, including any required signature guarantees, or an Agent's Message (as defined below) in the case of a book-entry transfer, and any other documents required by the Letter of Transmittal, must be received before 5:00 p.m., New York City time, on the Expiration Date by the Depository at its address set forth on the back cover of this Offer to Purchase; or
- (2) the tendering shareholder must comply with the guaranteed delivery procedure set forth below.

In accordance with Instruction 5 of the Letter of Transmittal, each shareholder desiring to tender shares pursuant to the offer must either (1) check the box in the section of the Letter of Transmittal captioned "Shares Tendered at Price Determined Pursuant to the Offer" or (2) check one of the boxes in the section of the Letter of Transmittal captioned "Price (in dollars) per Share at Which Shares Are Being Tendered" indicating the price at which shares are being tendered. A tender of shares will be proper if and only if, one of these boxes is checked on the Letter of Transmittal.

If you wish to maximize the chance that your shares will be purchased, you should check the box in the section on the Letter of Transmittal captioned "Shares Tendered at Price Determined Pursuant to the Offer." Note that this election could result in your shares being purchased at the minimum price of \$17.50 per share.

If you wish to indicate a specific price (in multiples of \$0.125) at which your shares are being tendered, you must check a box under the section captioned "Price (in dollars) per Share at Which Shares Are Being Tendered." Note that this election could result in no shares being purchased if you check a box other than the box representing the lowest price. A shareholder who wishes to tender shares at more than one price must complete separate letters of transmittal for each price at which shares are being tendered. The same shares cannot be tendered (unless previously properly withdrawn in accordance with the terms of the offer) at more than one price.

In addition, Odd Lot Holders who tender all shares must complete the section captioned "Odd Lots" in the Letter of Transmittal and, if applicable, in the Notice of Guaranteed Delivery, to qualify for the preferential treatment available to Odd Lot Holders as set forth in Section 1.

Shareholders who hold shares through brokers or banks are urged to consult the brokers or banks to determine whether transaction costs may apply if shareholders tender shares through the brokers or banks and not directly to the Depository.

Participants in Sempra's savings plans who wish to tender some or all of the shares attributed to their accounts must follow the instructions in the "Letter to Participants in the Sempra Energy and Subsidiary Savings Plans" furnished separately and return it to the plan trustee in accordance with those instructions. The instructions must be received by the trustee's agent no later than three business days prior to the Expiration Date, or no shares attributed to the participant's account will be tendered.

Signature Guarantees and Method of Delivery. No signature guarantee is required if:

- (1) the Letter of Transmittal is signed by the registered holder of the shares (which term, for purposes of this Section 3, will include any participant in The Depository Trust Company (the "Book-Entry Transfer Facility") whose name appears on a security position listing as the owner of the shares) tendered and the holder has not completed either the box entitled "Special Delivery Instructions" or the box entitled "Special Payment Instructions" on the Letter of Transmittal; or
- (2) shares are tendered for the account of a bank, broker, dealer, credit union, savings association or other entity which is a member in good standing of the Securities Transfer Agents Medallion Program or a bank, broker, dealer, credit union, savings association or other entity which is an "eligible guarantor institution," as the term is defined in Rule 17Ad-15 under the Securities Exchange Act of 1934, as amended (each of the foregoing constituting an "Eligible Institution"). See Instruction 1 of the Letter of Transmittal.

If a certificate for shares is registered in the name of a person other than the person executing a Letter of Transmittal, or if payment is to be made, or shares not purchased or tendered are to be issued, to a person other than the registered holder, then the certificate must be endorsed or accompanied by an appropriate stock power, in either case, signed exactly as the name of the registered holder appears on the certificate, with the signature guaranteed by an Eligible Institution.

In all cases, payment for shares tendered and accepted for payment pursuant to the offer will be made only after timely receipt by the Depository of certificates for the shares (or a timely confirmation of the book-entry transfer of the shares into the Depository's account at the Book-Entry Transfer Facility as described above), a properly completed and duly executed Letter of Transmittal, or a manually signed facsimile of the Letter of Transmittal, and any other documents required by the Letter of Transmittal.

The method of delivery of all documents, including certificates for shares, the Letter of Transmittal and any other required documents, is at the election and risk of the tendering shareholder. If delivery is by mail, then registered mail with return receipt requested, properly insured, is recommended. In all cases, sufficient time should be allowed to ensure timely delivery.

Book-Entry Delivery. The Depository will establish an account with respect to the shares for purposes of the offer at the Book-Entry Transfer Facility within two business days after the date of this Offer to Purchase, and any financial institution that is a participant in the Book-Entry Transfer Facility's system may make book-entry delivery of the shares by causing the Book-Entry Transfer Facility to transfer shares into the Depository's account in accordance with the Book-Entry Transfer Facility's procedures for transfer. Although delivery of shares may be effected through a book-entry transfer into the Depository's account at the Book-Entry Transfer Facility, either (1) a properly completed and duly executed Letter of Transmittal, or a manually signed facsimile of the Letter of Transmittal, with any required signature guarantees, or an Agent's Message, and any other required documents must be transmitted to and received by the Depository at one of its addresses set forth on the back cover of this Offer to Purchase before the Expiration Date, or (2) the guaranteed delivery procedure described below must be followed. Delivery of the Letter of Transmittal and any other required documents to the Book-Entry Transfer Facility does not constitute delivery to the Depository.

The term "Agent's Message" means a message transmitted by the Book-Entry Transfer Facility to, and received by, the Depository and forming a part of a Book-Entry Confirmation, which states that the Book-Entry Transfer Facility has received an express acknowledgement from the participant in the Book-Entry Transfer

Facility tendering shares that such participant has received and agrees to be bound by the terms of the Letter of Transmittal and that Sempra may enforce such agreement against the participant.

United States Federal Income Tax Backup Withholding. Under the United States federal income tax backup withholding rules, unless an exemption applies under the applicable law and regulations, 31% of the gross proceeds payable to a shareholder or other payee pursuant to the offer must be withheld and remitted to the United States Internal Revenue Service ("IRS"), unless the shareholder or other payee provides his or her taxpayer identification number (employer identification number or social security number) to the Depository (as payor) and certifies under penalties of perjury that the number is correct. Therefore, each tendering shareholder should complete and sign the Substitute Form W-9 included as part of the Letter of Transmittal so as to provide the information and certification necessary to avoid backup withholding unless the shareholder otherwise establishes to the satisfaction of the Depository that the shareholder is not subject to backup withholding. If the Depository is not provided with the correct taxpayer identification number, the United States Holder (as defined in Section 14) may be subject to penalties imposed by the IRS. If withholding results in an overpayment of taxes, a refund may be obtained. Certain "exempt recipients" (including, among others, all corporations and certain Non-United States Holders (as defined in Section 14)) are not subject to these backup withholding and information reporting requirements. In order for a Non-United States Holder to qualify as an exempt recipient, that shareholder must submit an IRS Form W-8 or a Substitute Form W-8, signed under penalties of perjury, attesting to that shareholder's exempt status. These statements can be obtained from the Depository. See Instruction 14 of the Letter of Transmittal.

To prevent United States federal income tax backup withholding equal to 31% of the gross payments made to shareholders for shares purchased pursuant to the offer, each shareholder who does not otherwise establish an exemption from the backup withholding must provide the Depository with the shareholder's correct taxpayer identification number and provide other information by completing the Substitute Form W-9 included as part of the Letter of Transmittal.

Withholding For Non-United States Holders. Even if a Non-United States Holder has provided the required certification to avoid backup withholding, the Depository will withhold United States federal income taxes equal to 30% of the gross payments payable to a Non-United States Holder or his agent unless the Depository determines that a reduced rate of withholding is available pursuant to a tax treaty or that an exemption from withholding is applicable because the gross proceeds are effectively connected with the conduct of a trade or business within the United States. To obtain a reduced rate of withholding pursuant to a tax treaty, a Non-United States Holder must deliver to the Depository before the payment a properly completed and executed IRS Form 1001. To obtain an exemption from withholding on the grounds that the gross proceeds paid pursuant to the offer are effectively connected with the conduct of a trade or business within the United States, a Non-United States Holder must deliver to the Depository a properly completed and executed IRS Form 4224. The Depository will determine a shareholder's status as a Non-United States Holder and eligibility for a reduced rate of, or exemption from, withholding by reference to any outstanding certificates or statements concerning eligibility for a reduced rate of, or exemption from, withholding (e.g., IRS Form 1001 or IRS Form 4224) unless facts and circumstances indicate that reliance is not warranted. A Non-United States Holder may be eligible to obtain a refund of all or a portion of any tax withheld if the Non-United States Holder meets those tests described in Section 14 that would characterize the exchange as a sale (as opposed to a dividend) or is otherwise able to establish that no tax or a reduced amount of tax is due.

Non-United States Holders are urged to consult their tax advisors regarding the application of United States federal income tax withholding, including eligibility for a withholding tax reduction or exemption, and the refund procedure.

Guaranteed Delivery. If a shareholder desires to tender shares pursuant to the offer and the shareholder's share certificates are not immediately available or cannot be delivered to the Depository before the Expiration Date (or the procedure for book-entry transfer cannot be completed on a timely basis), or if time will not

permit all required documents to reach the Depository before the Expiration Date, the shares still may be tendered, if all of the following conditions are satisfied:

- (1) the tender is made by or through an Eligible Institution;
- (2) the Depository receives by hand, mail, overnight courier, telegram or facsimile transmission, on or before the Expiration Date, a properly completed and duly executed Notice of Guaranteed Delivery substantially in the form Sempra has provided with this Offer to Purchase, including (where required) a signature guarantee by an Eligible Institution in the form set forth in the Notice of Guaranteed Delivery; and
- (3) the certificates for all tendered shares, in proper form for transfer (or confirmation of book-entry transfer of the shares into the Depository's account at the Book-Entry Transfer Facility), together with a properly completed and duly executed Letter of Transmittal, or a manually signed facsimile of the Letter of Transmittal, or an Agent's Message in the case of a book-entry transfer, and any required signature guarantees and other documents required by the Letter of Transmittal, are received by the Depository within three NYSE trading days after the date of receipt by the Depository of the Notice of Guaranteed Delivery.

Return of Unpurchased Shares. If any tendered shares are not purchased, or if less than all shares evidenced by a shareholder's certificates are tendered, certificates for unpurchased shares will be returned as promptly as practicable after the expiration or termination of the offer or, in the case of shares tendered by book-entry transfer at the Book-Entry Transfer Facility, the shares will be credited to the appropriate account maintained by the tendering shareholder at the Book-Entry Transfer Facility, in each case without expense to the shareholder.

Determination of Validity; Rejection of Shares; Waiver of Defects; No Obligation to Give Notice of Defects. All questions as to the number of shares to be accepted, the purchase price to be paid for shares to be accepted and the validity, form, eligibility (including time of receipt) and acceptance for payment of any tender of shares will be determined by Sempra, in its sole discretion, and its determination will be final and binding on all parties. Sempra reserves the absolute right to reject any or all tenders of any shares that it determines are not in proper form or the acceptance for payment of or payment for which may, in the opinion of Sempra's counsel, be unlawful. Sempra also reserves the absolute right to waive any of the conditions of the offer or any defect or irregularity in any tender with respect to any particular shares or any particular shareholder, and Sempra's interpretation of the terms of the offer will be final and binding on all parties. No tender of shares will be deemed to have been properly made until all defects or irregularities have been cured by the tendering shareholder or waived by Sempra. None of Sempra, the Dealer Manager, the Depository, the Information Agent or any other person will be obligated to give notice of any defects or irregularities in tenders, nor will any of them incur any liability for failure to give any notice.

Sempra Energy Direct Stock Purchase Plan. Participants in the Sempra Energy Direct Stock Purchase Plan will receive all documents furnished to shareholders generally in connection with the offer. Participants in the Direct Stock Purchase Plan may use the Letter of Transmittal to instruct First Chicago Trust Company of New York, the administrator of the plan, to tender all or part of the shares of Sempra common stock credited to the participant's account in the Direct Stock Purchase Plan by completing the box entitled "Direct Stock Purchase Plan Shares" and following the instructions in the enclosed Letter of Transmittal and returning it in accordance with those instructions. Each participant may direct that all, some or none of the shares credited to the participant's account under the Direct Stock Purchase Plan be tendered and the price at which such participant's shares are to be tendered. Any Direct Stock Purchase Plan shares tendered but not purchased will be returned to the participant's Direct Stock Purchase Plan account. Participants in the Direct Stock Purchase Plan are urged to read the Letter of Transmittal and related materials carefully.

Savings Plans. Participants in the Sempra Energy Savings Plan, Sempra Energy Trading Retirement Savings Plan, Southern California Gas Company Retirement Savings Plan, San Diego Gas & Electric Company

Savings Plan or the Sempra Energy Services Savings Plan may instruct the trustee of those plans, T. Rowe Price Trust Company, to tender some or all of the shares attributed to a participant's account by following the instructions in the separate "Letter to Participants in the Sempra Energy and Subsidiary Savings Plans" furnished separately and returning it to the trustee's agent in accordance with those instructions. All documents furnished to shareholders generally in connection with the offer will be made available to participants whose individual accounts are credited with shares. Participants in the various savings plans cannot use the Letter of Transmittal to direct the tender of shares, but must use the separate instruction letter sent to them.

Sempra's savings plans are prohibited from selling shares to Sempra for a price that is less than the prevailing market price. Accordingly, if a participant in the savings plans elects to tender shares at a price that is lower than the prevailing market price of Sempra's common stock at the expiration of the offer, the tender price elected by the participant will be deemed to have been increased to the closest tender price that is not less than the closing price on the New York Stock Exchange at the Expiration Date.

Delivery of a Letter of Transmittal by a participant does not constitute proper tender of his or her retirement savings plan shares. Proper tender can only be made by the trustee, who is the record owner of the shares. Please note that the deadline for submitting instruction letters to the trustee's agent is earlier than the Expiration Date. If the trustee has not received a participant's instructions at least three business days prior to the Expiration Date, the trustee will not tender any shares held on behalf of the participant in the Plan.

Under the terms of the various savings plans, "employer matching funds" contributed by Sempra or its subsidiaries and earnings on employer matching funds must be invested in Sempra common stock. Thus, the proceeds received by the trustee from shares of Sempra common stock tendered by participants will be treated differently under the terms of the plan, depending upon whether the tendered shares were originally purchased with contributions from the participant or with earnings on participant contributions, or with employer matching funds contributed by Sempra or its subsidiaries or earnings on matching funds. The proceeds received by the trustee from any shares tendered by a participant which were originally purchased with participant contributions or earnings on participant contributions will be invested following the tender offer initially in T. Rowe Price Summit Cash Reserves, a money market fund, pending further investment direction from the tendering participant. On the other hand, the proceeds received by the trustee from any shares tendered by a participant which were originally purchased with employer matching funds or earnings on matching funds will be reinvested under the terms of the plans in shares of Sempra common stock following the tender offer. After any successfully tendered shares are processed and the proceeds are credited to a participant's savings plan account, participants may contact T. Rowe Price by their normal manner of communication (e.g. participant service center, voice response or on-line access(R)) to exchange any proceeds held in the T. Rowe Price Summit Cash Reserves money market fund to any other investment option available under the terms of the savings plans. Participants should be aware that the proceeds reinvested under the terms of the plan in Sempra common stock will be reinvested at the prevailing market price at the time of reinvestment, which may be higher or lower than the purchase price paid by Sempra for shares in the tender offer. Participants in the various Sempra savings plans are urged to read the separate instruction letter and related materials carefully.



Tendering Shareholder's Representation and Warranty; Sempra's Acceptance Constitutes an Agreement. A tender of shares pursuant to any of the procedures described above will constitute the tendering shareholder's acceptance of the terms and conditions of the offer, as well as the tendering shareholder's representation and warranty to Sempra that (1) the shareholder has a "net long position," within the meaning of Rule 14e-4 promulgated by the SEC under the Exchange Act, in the shares or equivalent securities at least equal to the shares being tendered, and (2) the tender of shares complies with Rule 14e-4. It is a violation of Rule 14e-4 for a person, directly or indirectly, to tender shares for that person's own account unless, at the time of tender and at the end of the proration period or period during which shares are accepted by lot (including any extensions thereof), the person so tendering (1) has a net long position equal to or greater than the amount of (a) shares tendered or (b) other securities convertible into or exchangeable or exercisable for the shares tendered and will acquire the shares for tender by conversion, exchange or exercise and (2) will deliver or cause to be delivered the shares in accordance with the terms of the offer. Rule 14e-4 provides a similar restriction applicable to the tender or guarantee of a tender on behalf of another person. Sempra's acceptance for payment of shares tendered pursuant to the offer will constitute a binding agreement between the tendering shareholder and Sempra upon the terms and conditions of the offer.

Lost or Destroyed Certificates. Shareholders whose certificates for part or all of their shares have been lost, stolen, misplaced or destroyed may either complete the box in the Letter of Transmittal entitled, "Affidavit of Lost or Destroyed Certificate(s)," and pay the listed insurance premium or contact the Depository at (877) 773-6772 for instructions as to the documents which will be required to be submitted together with the Letter of Transmittal in order to receive stock certificate(s) representing the shares. Shareholders are requested to contact the Depository immediately in order to permit timely processing of this documentation.

Certificates for shares, together with a properly completed Letter of Transmittal and any other documents required by the Letter of Transmittal, must be delivered to the Depository and not to Sempra. Any documents delivered to Sempra will not be forwarded to the Depository and will not be deemed to be properly tendered.

#### 4. Withdrawal Rights.

Shares tendered pursuant to the offer may be withdrawn at any time before the Expiration Date and, unless already accepted for payment by Sempra pursuant to the offer, may also be withdrawn at any time after 12:00 Midnight, New York City time, on Wednesday, March 22, 2000. Except as otherwise provided in this Section 4, tenders of shares pursuant to the offer are irrevocable.

For a withdrawal to be effective, a notice of withdrawal must be in written, telegraphic, telex or facsimile transmission form and must be received in a timely manner by the Depository at one of its addresses set forth on the back cover of this Offer to Purchase. Any notice of withdrawal must specify the name of the tendering shareholder, the number of shares to be withdrawn and the name of the registered holder of the shares. If the certificates for shares to be withdrawn have been delivered or otherwise identified to the Depository, then, before the release of the certificates, the tendering shareholder must also submit the serial numbers shown on the particular certificates for shares to be withdrawn and the signature(s) on the notice of withdrawal must be guaranteed by an Eligible Institution (except in the case of shares tendered for the account of an Eligible Institution). If shares have been tendered pursuant to the procedure for book-entry transfer described in Section 3, the notice of withdrawal also must specify the name and the number of the account at the Book-Entry Transfer Facility to be credited with the withdrawn shares and must otherwise comply with the Book-Entry Transfer Facility's procedures. All questions as to the form and validity, including the time of receipt, of any notice of withdrawal will be determined by Sempra, in its sole discretion, which determination will be final and binding on all parties. None of Sempra, the Dealer Manager, the Depository, the Information Agent or any other person will be obligated to give notice of any defects or irregularities in any notice of withdrawal, nor will any of them incur liability for failure to give any notice.

Participants in Sempra's savings plans who wish to withdraw their shares must follow the instructions found in the separate "Letter to Participants in the Sempra Energy and Subsidiary Savings Plans" sent to them separately.

Withdrawals may not be rescinded, and any shares properly withdrawn will be deemed not properly tendered for purposes of the offer. However, withdrawn shares may be re-tendered before the Expiration Date by again following one of the procedures described in Section 3.

If Sempra extends the offer, is delayed in its purchase of shares or is unable to purchase shares pursuant to the offer for any reason, then, without prejudice to Sempra's rights under the offer, the Depositary may, subject to applicable law, retain tendered shares on behalf of Sempra, and the shares may not be withdrawn except to the extent tendering shareholders are entitled to withdrawal rights as described in this Section 4.

#### 5. Purchase of Shares and Payment of Purchase Price.

As promptly as practicable following the Expiration Date, Sempra (1) will determine a single per share purchase price it will pay for the shares properly tendered and not properly withdrawn before the Expiration Date, taking into account the number of shares tendered and the prices specified by tendering shareholders, and (2) will accept for payment and pay for (and thereby purchase) up to 36,000,000 shares properly tendered at prices at or below the purchase price and not properly withdrawn before the Expiration Date. For purposes of the offer, Sempra will be deemed to have accepted for payment (and therefore purchased), subject to the "odd lot" priority, proration and conditional tender provisions of this offer, shares that are properly tendered at or below the selected purchase price and not properly withdrawn only when, as and if it gives oral or written notice to the Depositary of its acceptance of the shares for payment pursuant to the offer.

Sempra will accept for payment and pay the per share purchase price for all of the shares accepted for payment pursuant to the offer as soon as practicable after the Expiration Date. In all cases, payment for shares tendered and accepted for payment pursuant to the offer will be made promptly, subject to possible delay in the event of proration, but only after timely receipt by the Depositary of certificates for shares, or of a timely Book-Entry Confirmation of shares into the Depositary's account at the Book-Entry Transfer Facility, and a properly completed and duly executed Letter of Transmittal, or manually signed facsimile of the Letter of Transmittal, and any other required documents.

Sempra will pay for shares purchased pursuant to the offer by depositing the aggregate purchase price for the shares with the Depositary, which will act as agent for tendering shareholders for the purpose of receiving payment from Sempra and transmitting payment to the tendering shareholders.

In the event of proration, Sempra will determine the proration factor and pay for those tendered shares accepted for payment as soon as practicable after the Expiration Date. However, Sempra does not expect to be able to announce the final results of any proration and commence payment for shares purchased until approximately seven business days after the Expiration Date. Certificates for all shares tendered and not purchased, including all shares tendered at prices in excess of the purchase price and shares not purchased due to proration or conditional tenders, will be returned or, in the case of shares tendered by book-entry transfer, will be credited to the account maintained with the Book-Entry Transfer Facility by the participant who delivered the shares, to the tendering shareholder at Sempra's expense as promptly as practicable after the Expiration Date or termination of the offer without expense to the tendering shareholders. Under no circumstances will Sempra pay interest on the purchase price, including but not limited to, by reason of any delay in making payment. In addition, if certain events occur, Sempra may not be obligated to purchase shares pursuant to the offer. See Section 7.

Sempra will pay all stock transfer taxes, if any, payable on the transfer to it of shares purchased pursuant to the offer. If, however, payment of the purchase price is to be made to, or (in the circumstances permitted by the offer) if unpurchased shares are to be registered in the name of, any person other than the registered holder,

or if tendered certificates are registered in the name of any person other than the person signing the Letter of Transmittal, the amount of all stock transfer taxes, if any (whether imposed on the registered holder or the other person), payable on account of the transfer to the person will be deducted from the purchase price unless satisfactory evidence of the payment of the stock transfer taxes, or exemption from payment of the stock transfer taxes, is submitted. See Instruction 7 of the Letter of Transmittal.

Any tendering shareholder or other payee who fails to complete fully, sign and return to the Depository the Substitute Form W-9 included with the Letter of Transmittal may be subject to required United States federal income tax backup withholding of 31% of the gross proceeds paid to the shareholder or other payee pursuant to the offer. See Section 3. Also see Section 3 regarding United States federal income tax consequences for Non-United States shareholders.

#### 6. Conditional Tender of Shares.

Under certain circumstances and subject to the exceptions for Odd Lot Holders described in Section 1, Sempra may prorate the number of shares purchased pursuant to the offer. As discussed in Section 14, the number of shares to be purchased from a particular shareholder may affect the tax treatment of the purchase to the shareholder and the shareholder's decision whether to tender. Accordingly, a shareholder may tender shares subject to the condition that a specified minimum number of the shareholder's shares tendered pursuant to a Letter of Transmittal or Notice of Guaranteed Delivery must be purchased if any shares tendered are purchased. Any shareholder desiring to make a conditional tender must so indicate in the box captioned "Conditional Tender" in the Letter of Transmittal or, if applicable, the Notice of Guaranteed Delivery. Each shareholder is urged to consult with his or her own tax advisor.

Any tendering shareholder wishing to make a conditional tender must calculate and appropriately indicate the minimum number of shares that must be purchased if any are purchased. If the effect of accepting tenders on a pro rata basis would be to reduce the number of shares to be purchased from any shareholder (tendered pursuant to a Letter of Transmittal or Notice of Guaranteed Delivery) below the minimum number specified, the tender will automatically be regarded as withdrawn (except as provided in the next paragraph). All shares tendered by a shareholder subject to a conditional tender pursuant to the Letter of Transmittal or Notice of Guaranteed Delivery and regarded as withdrawn as a result of proration will be returned as promptly as practicable after the Expiration Date.

If conditional tenders would otherwise be regarded as withdrawn and would cause the total number of shares to be purchased to fall below 36,000,000 then, to the extent feasible, Sempra will select enough of the conditional tenders that would otherwise have been withdrawn to permit Sempra to purchase 36,000,000 shares. In selecting among the conditional tenders, Sempra will select by lot and will limit its purchase in each case to the designated minimum of shares to be purchased.

#### 7. Conditions of the Offer.

Notwithstanding any other provision of the offer, Sempra will not be required to accept for payment, purchase or pay for any shares tendered, and may terminate or amend the offer or may postpone the acceptance for payment of, or the purchase of and the payment for shares tendered, subject to the rules under the Exchange Act, if at any time on or after January 26, 2000 and before the Expiration Date any of the following events have occurred (or have been determined by Sempra to have occurred) that, in Sempra's sole judgment and regardless of the circumstances giving rise to the event or events (including any action or omission to act by Sempra), makes it inadvisable to proceed with the offer or with acceptance for payment:

- . there has been threatened, instituted or pending any action, suit or proceeding by any government or governmental, regulatory or administrative agency, authority or tribunal or by any other person, domestic, foreign or supranational, before any court, authority, agency or other tribunal that directly or indirectly:
  - (1) challenges or seeks to make illegal, or to delay or otherwise directly or indirectly to restrain, prohibit or otherwise affect the making of the offer, the acquisition of some or all of the shares pursuant to the offer or otherwise relates in any manner to the offer; or
  - (2) in Sempra's sole judgment, could materially and adversely affect the business, condition (financial or otherwise), income, operations or prospects of Sempra and its subsidiaries, taken as a whole, or otherwise materially impair in any way the contemplated future conduct of the business of Sempra or any of its subsidiaries or materially impair the contemplated benefits of the offer to Sempra;
- . there has been any action threatened, pending or taken, including any settlement, or any approval withheld, or any statute, rule, regulation, judgment, order or injunction threatened, invoked, proposed, sought, promulgated, enacted, entered, amended, enforced or deemed to be applicable to the offer or Sempra or any of its subsidiaries, including any settlement, by any court, government or governmental, regulatory or administrative authority, agency or tribunal, domestic, foreign or supranational, that, in Sempra's sole judgment, could directly or indirectly:
  - (1) make the acceptance for payment of, or payment for, some or all of the shares illegal or otherwise restrict or prohibit consummation of the offer;
  - (2) delay or restrict the ability of Sempra, or render Sempra unable, to accept for payment or pay for some or all of the shares;
  - (3) materially impair the contemplated benefits of the offer to Sempra; or
  - (4) materially and adversely affect the business, condition (financial or otherwise), income, operations or prospects of Sempra and its subsidiaries, taken as a whole, or otherwise materially impair in any way the contemplated future conduct of the business of Sempra or any of its subsidiaries;
- . there has occurred any of the following:
  - (1) any general suspension of trading in, or limitation on prices for, securities on any United States national securities exchange or in the over-the-counter market;
  - (2) the declaration of a banking moratorium or any suspension of payments in respect of banks in the United States, whether or not mandatory;
  - (3) the commencement of a war, armed hostilities or other international or national calamity directly or indirectly involving the United States;
  - (4) any limitation, whether or not mandatory, by any governmental, regulatory or administrative agency or authority on, or any event that, in Sempra's sole judgment, could materially affect, the extension of credit by banks or other lending institutions in the United States;
  - (5) any significant decrease in the market price of the shares or in the market prices of equity securities generally in the United States, any significant increase in the interest rate, distribution rate or other significant change in the terms for debt or trust preferred securities offerings in the United States, or Sempra concludes in its sole judgment, that it is or will be unable prior to the Expiration Date to obtain approximately \$700 million of long-term financing on terms and conditions satisfactory to Sempra, or any changes in the general political, market, economic or financial conditions in the United States or abroad that could have, in the sole judgment of Sempra, a material adverse effect on the business, condition (financial or otherwise), income, operations or prospects of Sempra and its subsidiaries, taken as a whole, or on the trading in the shares of Sempra common stock, or on the proposed financing of the offer;

(6) in the case of any of the foregoing existing at the time of the commencement of the offer, a material acceleration or worsening thereof; or

(7) any decline in the Dow Jones Industrial Average or the Standard and Poor's 500 Composite Index by an amount in excess of 10% measured from the close of business on January 25, 2000;

. a tender or exchange offer for any or all of the shares (other than this offer), or any merger, acquisition proposal, business combination or other similar transaction with or involving Sempra or any subsidiary, has been proposed, announced or made by any person or has been publicly disclosed;

. Sempra learns that:

(1) any entity, "group" (as that term is used in Section 13(d)(3) of the Exchange Act) or person has acquired or proposes to acquire beneficial ownership of more than 5% of the outstanding shares, whether through the acquisition of stock, the formation of a group, the grant of any option or right, or otherwise (other than as disclosed in a Schedule 13D or Schedule 13G filed with the SEC on or before January 25, 2000); or

(2) any entity, group or person who has filed a Schedule 13D or Schedule 13G with the SEC on or before January 25, 2000 has acquired or proposes to acquire, whether through the acquisition of stock, the formation of a group, the grant of any option or right, or otherwise, beneficial ownership of an additional 2% or more of the outstanding shares;

. any person, entity or group has filed a Notification and Report Form under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, reflecting an intent to acquire Sempra or any of its shares of common stock, or has made a public announcement reflecting an intent to acquire Sempra or any of its subsidiaries or any of their respective assets or securities other than in connection with a transaction authorized by the Board of Directors of Sempra;

. any change or changes have occurred or are threatened in the business, condition (financial or otherwise), assets, income, operations, prospects or stock ownership of Sempra or its subsidiaries that, in Sempra's sole judgment, is or may be material to Sempra or its subsidiaries; or

. Sempra determines that the consummation of the offer and the purchase of the shares may cause its shares of Sempra common stock to be delisted from the NYSE or to be eligible for deregistration under the Exchange Act.

The conditions referred to above are for the sole benefit of Sempra and may be asserted by Sempra regardless of the circumstances (including any action or omission to act by Sempra) giving rise to any condition, and may be waived by Sempra, in whole or in part, at any time and from time to time in its sole discretion. Sempra's failure at any time to exercise any of the foregoing rights will not be deemed a waiver of any right, and each such right will be deemed an ongoing right that may be asserted at any time and from time to time. In certain circumstances, if Sempra waives any of the conditions described above, it may be required to extend the Expiration Date. Any determination by Sempra concerning the events described above will be final and binding on all parties.

#### 8. Price Range of Shares; Dividends.

Sempra's common stock is listed for trading on the New York Stock Exchange under the symbol "SRE." It began trading on June 29, 1998 following the completion of the business combination of Pacific Enterprises and Enova Corporation. The following table sets forth, for the fiscal quarters indicated, the high and low sales prices per share as reported on the NYSE Composite Tape and the cash dividends paid per share in each fiscal quarter:

	High	Low	Dividends
	-----	-----	-----
1998			
Third quarter.....	28.00	23.75	0.39
Fourth quarter.....	29.31	24.56	0.39
1999			
First quarter.....	\$26.00	\$19.13	\$0.39
Second quarter.....	24.88	18.50	0.39
Third quarter.....	23.19	20.00	0.39
Fourth quarter.....	21.33	17.13	0.39
2000			
First quarter (through January 25, 2000).....	\$18.50	\$16.25	\$0.39(a)

(a) On January 26, 2000, Sempra announced that it plans to reduce its quarterly common stock dividend to \$0.25 per share (\$1.00 annualized rate) from \$0.39 per share (\$1.56 annualized rate). Sempra expects the reduced dividend payments will commence with the dividend payable in the second quarter of 2000.

On January 25, 2000, the last full trading day before the announcement of the offer, the last reported sale price of the shares as reported on the NYSE Composite Tape was \$17.25. SEMpra URGES SHAREHOLDERS TO OBTAIN CURRENT MARKET QUOTATIONS FOR THE SHARES.

Rights Plan. On May 26, 1998, the Board of Directors of Sempra adopted a Rights Agreement with First Chicago Trust Company of New York, as rights agent, pursuant to which Sempra declared a dividend of one preferred stock purchase right for each share of its common stock outstanding. One right attaches to each share of Sempra common stock, and, when exercisable, each right will entitle the registered holder to purchase from Sempra one one-hundredth of a share of Series A Junior Participating Preferred Stock, without par value, at a price of \$80.00 per one one-hundredth of a preferred share, subject to adjustment.

In general, the Rights become exercisable or transferable only upon the occurrence of certain events relating to the acquisition by any person or group of beneficial ownership of 15% or more of the aggregate voting power represented by Sempra's outstanding securities or the commencement of a tender offer to acquire such beneficial ownership. The rights will expire on May 31, 2008, subject to Sempra's right to extend the date, unless earlier redeemed or exchanged by Sempra or terminated. The rights may be redeemed in whole, but not in part, at a price of \$.001 per right by the Board of Directors at any time before the time a person crosses the beneficial ownership threshold.

The preferred stock purchase rights are not currently exercisable and trade together with shares of Sempra common stock. Absent circumstances causing the rights to become exercisable or separately tradable prior to the Expiration Date, the tender of any shares pursuant to the offer will include the tender of the associated rights. No separate consideration will be paid for the rights. Upon the purchase of shares by Sempra pursuant to this offer, the sellers of the shares purchased will no longer own the preferred stock purchase rights associated with the purchased shares.

The foregoing description of the preferred stock purchase rights is qualified in its entirety by reference to the Rights Agreement, a copy of which has been filed as an exhibit to a Form 8-A filed by Sempra on June 5, 1998. This exhibit may be obtained from the SEC in the manner provided in Section 10.

## 9. Source and Amount of Funds.

Assuming Sempra purchases 36,000,000 shares pursuant to the offer at the maximum specified purchase price of \$20.00 per share, Sempra expects the maximum aggregate cost, including all fees and expenses applicable to the offer, will be approximately \$734 million. Sempra intends to finance \$700 million of this amount on a long-term basis primarily through a combination of the underwritten public offerings of senior notes and trust preferred securities. Any balance of up to \$34 million will be funded by the issuance of commercial paper.

Sempra intends to finance a portion of the aggregate purchase price for the shares to be purchased in this offer from the net proceeds of the issuance and sale in an underwritten public offering of approximately \$500 million of senior notes. The offer and sale of the senior notes will be made pursuant to Sempra's existing effective shelf registration statement. The specific terms of the senior notes will be described in a prospectus supplement to be filed with the SEC.

The senior notes will be issued under an Indenture between Sempra and U.S. Bank Trust National Association, as Trustee. The senior notes will mature on a date from five years to ten years from their date of issue. The senior notes will be senior unsecured obligations and will rank senior in right of payment to all existing and future indebtedness of Sempra that is subordinated to the senior unsecured notes and will rank pari passu in right of payment with all other existing and future senior indebtedness of Sempra. The senior notes may also be subject to redemption at Sempra's option prior to their stated maturity date. It is expected that interest on the senior notes will be payable semiannually, in arrears and at maturity. The senior notes will bear interest at a rate to be determined prior to the issuance of the senior notes based on the market rates for comparable securities of similar maturities at that time.

Sempra also intends to finance a portion of the aggregate purchase price for the shares to be purchased in this offer from the net proceeds of the issuance and sale of up to approximately \$200 million of trust preferred securities by Sempra Energy Capital Trust I, and guaranteed by Sempra in the manner and to the extent described in a prospectus supplement applicable to the trust preferred securities to be filed with the SEC. The offer and sale of the trust preferred securities will be made pursuant to Sempra's existing effective shelf registration statement. The specific terms of the trust preferred securities will be described in the prospectus supplement to be filed with the SEC.

The trust preferred securities will be issued by Sempra Energy Capital Trust I, a Delaware statutory business trust formed pursuant to a Declaration of Trust which states the terms and conditions of the trust. All of the common securities of the Trust will be owned by Sempra. The trust preferred securities will represent undivided beneficial interests in the assets of the Trust. The proceeds from the sale of the Trust's preferred securities will be used by the Trust to purchase a series of subordinated debt securities of Sempra. Cash payments received by the Trust on the subordinated debt securities will be distributed to the holders of the preferred and common securities of the Trust and will be the sole source of payment on the trust preferred securities. Distributions on the trust preferred securities will accumulate if not distributed currently. Sempra will guarantee the payment of distributions and other amounts payable on the trust preferred securities, but only to the extent that the Trust has funds available to make those payments. The trust preferred securities will remain outstanding until they are redeemed by the Trust or until the Trust distributes the subordinated debt of Sempra in exchange for the trust preferred securities. The Trust may redeem the trust preferred securities only with the

proceeds from the repayment or acceleration of the subordinated debt of Sempra. The subordinated debt of Sempra will have an initial stated maturity of 30 years. However, the stated maturity may be shortened to 15 years or, if certain conditions are satisfied, extended to 50 years. The subordinated debt will also be subject to redemption at Sempra's option prior to stated maturity.

Sempra intends to finance the balance of the aggregate purchase price for the shares to be purchased in this offer from the net proceeds of the issuance and sale by Sempra Energy Holdings of up to \$34 million of unsecured short-term commercial paper notes under its existing commercial paper program. The commercial paper notes will be fixed rate and will have maturities of up to one-year from the date of issuance. The commercial paper notes will also be guaranteed by Sempra.

Sempra has obtained a commitment from Goldman, Sachs & Co. to provide up to \$1 billion of short-term committed financing that can be used as a back-up if the proposed long-term financings are not completed by the expiration of the offer period. While providing financial flexibility, the Goldman Sachs commitment will not satisfy Sempra's long-term financing condition.

#### 10. Certain Information Concerning Sempra.

General. Sempra Energy, based in San Diego, is a Fortune 500 energy services holding company with 12,000 employees and annual revenues of \$5.5 billion.

Through two regulated utility subsidiaries, Southern California Gas Company and San Diego Gas & Electric Company, Sempra Energy serves over 21 million consumers, the largest customer base of any gas, electric or combination gas and electric utility in the United States. Natural gas service is provided throughout Southern California and portions of Central California through over 5.5 million active meters. Electric service is provided throughout San Diego County and portions of Orange County, both in Southern California, through over 1.2 million active meters.

Through other subsidiaries, Sempra Energy also provides other energy-related products and services. These subsidiaries include Sempra Energy Solutions, Sempra Energy Trading, Sempra Energy International and Sempra Energy Resources.

Sempra Energy is headquartered at 101 Ash Street, San Diego, California 92101-3017. Its telephone number is (619) 696-2034.



Recently Announced Results of Operations for Fiscal 1999.

On January 26, 1999, Sempra reported unaudited earnings for the year ended December 31, 1999 of \$394 million, or \$1.66 per diluted share, an increase of 34 percent from \$294 million, or \$1.24 per diluted share, for the year 1998. Unaudited earnings in 1999, excluding nonrecurring items, rose to \$408 million, or \$1.72 per diluted share, an increase of 7.7 percent, from \$379 million, or \$1.60 per diluted share, in 1998.

Sempra reported unaudited fourth-quarter 1999 earnings of \$105 million, or \$0.44 per diluted share, an increase of 24 percent from \$85 million, or \$0.36 per diluted share, for the fourth quarter of 1998 (or, excluding nonrecurring items, an increase of 18 percent from \$89 million, or \$0.38 per diluted share in 1998).

Sempra's revenues increased 8.8 percent to \$5.5 billion for the full-year ended December 31, 1999, compared to \$5.0 billion in 1998.

The weighted average number of common shares outstanding (diluted) in 1999 increased to 237.6 million, compared to 237.1 million in 1998.

The following results from Sempra's business units are exclusive of non-recurring costs:

Southern California Gas Company recorded net income of \$201 million in 1999, up from \$193 million during the previous year, primarily due to increased sales to commercial and industrial customers, lower operating costs and 1998 regulatory contract settlements. Net income for San Diego Gas & Electric in 1999 was \$192 million, down from \$220 million in 1998, primarily due to reductions in its authorized rate of return and generation rate base, as well as to increased interest expense, all related to California's electric industry restructuring.

For the full-year 1999, non-utility and new-business operations, including Sempra Energy Solutions, Sempra Energy Trading, Sempra Energy International, Sempra Energy Resources, Sempra Energy Financial and the parent company, recorded net income of \$15 million, compared to a net loss of \$34 million for 1998. The improvement in results for this group of companies was due primarily to a \$32 million net income increase by Sempra Energy Trading, a \$14 million rise in net income by Sempra Energy International and an additional \$8 million earnings contribution from Sempra Energy Financial. Sempra Energy Trading's profits rose due to a 37 percent increase in physical natural gas trading volumes and a successful entry into European markets. Sempra Energy International's earnings growth was generated primarily by its South American utilities, two of which--Chilquinta Energia and Luz del Sur--were acquired in 1999.

Summary Historical Condensed Consolidated Financial Information. The following table contains summary historical condensed consolidated financial information of Sempra and its subsidiaries. The summary historical condensed consolidated financial information for the years ended December 31, 1998 and 1997 and as of December 31, 1998 and 1997 has been derived from the audited consolidated financial statements of Sempra. The summary historical condensed consolidated financial information for the nine months ended September 30, 1999 and 1998 and as of September 30, 1999 and 1998 has been derived from the unaudited consolidated financial statements of Sempra. In the opinion of management, the interim condensed consolidated financial information reflects all adjustments necessary for a fair presentation. These adjustments are only of a normal recurring nature. The summary historical condensed consolidated financial information should be read in conjunction with and is qualified in its entirety by reference to the audited and unaudited consolidated financial statements and the related notes thereto from which it has been derived. More comprehensive financial information is included in the consolidated financial statements and related notes contained in Sempra's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, which it files with the SEC.

SEMPRA ENERGY AND SUBSIDIARIES  
SUMMARY HISTORICAL CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
STATEMENTS OF INCOME  
(IN MILLIONS, EXCEPT PER SHARE DATA)

	For the years ended December 31,		For the nine months ended September 30,	
	1998	1997	1999	1998
Revenue and other income.....	\$ 5,525	\$ 5,127	\$ 3,962	\$ 3,717
Expenses.....	4,874	4,170	3,348	3,230
Preferred dividends of subsidiaries.....	12	18	9	9
Income before interest and income taxes.....	639	939	605	478
Interest.....	207	206	185	161
Income taxes.....	138	301	131	108
Net Income.....	\$ 294	\$ 432	\$ 289	\$ 209
Average common shares outstanding (thousands):				
Basic.....	236,423	236,662	237,192	236,253
Diluted.....	237,124	237,249	237,556	236,914
Earnings per common share:				
Basic.....	\$ 1.24	\$ 1.83	\$ 1.22	\$ 0.88
Diluted.....	\$ 1.24	\$ 1.82	\$ 1.22	\$ 0.88
Dividends declared per common share.....	\$ 1.56	\$ 1.27	\$ 1.17	\$ 1.17
Book value per common share (1).....	\$ 12.29	\$ 12.56	\$ 12.20	\$ 12.33
Common shares outstanding (thousands).....	236,956	235,389	237,377	236,648
Ratio of earnings to fixed charges (2).....	2.73	3.75	2.85	2.64

(1) Book value per common share is calculated as total shareholders' equity divided by the number of shares outstanding at the end of the period, which excludes shares held by the Employee Stock Ownership Plan.

(2) The ratios of earnings to fixed charges is calculated by dividing the sum of pre-tax income and fixed charges by fixed charges. Fixed charges include all interest expense (before allowances for borrowed funds used during construction), preferred dividends of subsidiaries, one-third of rent expense (which approximates the interest component of such expense) and amortization of debt issuance costs.

SEMPRA ENERGY AND SUBSIDIARIES  
SUMMARY HISTORICAL CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
BALANCE SHEET  
(IN MILLIONS)

	September 30, 1999	December 31, 1998
	-----	-----
<b>ASSETS</b>		
Current assets.....	\$ 2,962	\$ 2,458
Investments and other assets.....	2,794	2,557
Property, plant and equipment.....	5,383	5,441
	-----	-----
Total Assets.....	\$11,139	\$10,456
	=====	=====
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>LIABILITIES</b>		
Current liabilities.....	\$ 3,197	\$ 2,466
Long-term debt.....	2,934	2,795
Deferred credits and other liabilities.....	1,909	2,078
	-----	-----
Total Liabilities.....	8,040	7,339
	-----	-----
Preferred stock of subsidiaries.....	204	204
	-----	-----
<b>SHAREHOLDERS' EQUITY</b>		
Common stock.....	1,885	1,883
Retained earnings.....	1,083	1,075
Other.....	(73)	(45)
	-----	-----
Total shareholders' equity.....	2,895	2,913
	-----	-----
Total liabilities and shareholders' equity.....	\$11,139	\$10,456
	=====	=====

Summary Unaudited Condensed Consolidated Pro Forma Financial Statements. The following summary unaudited condensed consolidated pro forma financial statements give effect to the purchase of shares of Sempra common stock pursuant to this Offer to Purchase, including the related issuance of indebtedness by Sempra and trust preferred securities by a Sempra business trust and the reduction in the dividend on the common shares, based on certain assumptions described below and in the related Notes below.

The Summary Unaudited Condensed Consolidated Pro Forma Balance Sheet as of September 30, 1999 gives effect to the purchase of common stock pursuant to the offer, including the related issuance of indebtedness by Sempra and trust preferred securities by a Sempra business trust and the reduction in the dividend on the common stock, as though such events occurred as of the date of such balance sheet. The Summary Unaudited Condensed Consolidated Pro Forma Statements of Income for the nine months ended September 30, 1999 and for the year ended December 31, 1998 give effect to the purchase of common stock pursuant to the offer, including the related issuance of indebtedness by Sempra and trust preferred securities by a Sempra business trust and the reduction in the dividend on the common stock, as though such events occurred on January 1, 1998.

The summary unaudited condensed consolidated pro forma financial statements should be read in conjunction with the summary historical condensed consolidated financial information included in this Offer to Purchase and the historical consolidated financial information incorporated by reference herein. The summary unaudited condensed consolidated pro forma financial statements are subject to a number of uncertainties and assumptions and do not purport to be indicative of the operating results that would actually have been obtained, or operating results that may be obtained in the future, or the financial position that would have resulted had the purchase of the common stock pursuant to this Offer to Purchase, including the related issuance of indebtedness by Sempra and trust preferred securities by a Sempra business trust and the reduction in the dividend on the common stock, been completed at the dates indicated.

SEMPRA ENERGY AND SUBSIDIARIES  
SUMMARY UNAUDITED CONDENSED CONSOLIDATED PRO FORMA BALANCE SHEET  
AS OF SEPTEMBER 30, 1999  
(IN MILLIONS, EXCEPT SHARE DATA)

	Historical	Pro Forma Adjustments	Pro Forma
	-----	-----	-----
<b>ASSETS</b>			
Current assets.....	\$ 2,962		\$ 2,962
Investments and other assets	2,794	\$ 10 (1a)	2,804
Property, plant and equipment.....	5,383		5,383
	-----	-----	-----
Total Assets.....	\$11,139	\$ 10	\$11,149
	=====	=====	=====
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>LIABILITIES</b>			
Current liabilities.....	\$ 3,197	\$ 34 (1b)	\$ 3,231
Total long-term debt.....	2,934	500 (1c)	3,434
Total deferred credits and other liabilities.....	1,909		1,909
	-----	-----	-----
Total Liabilities.....	8,040	534	8,574
	-----	-----	-----
Preferred stock of subsidiaries.....	204		204
	-----		-----
Mandatorily redeemable trust preferred securities.....		200 (1d)	200
		-----	-----
<b>SHAREHOLDERS' EQUITY</b>			
Common stock.....	1,885	(562)(2)	1,323
Retained earnings.....	1,083	(162)(2)	921
Other .....	(73)		(73)
	-----	-----	-----
Total shareholders' equity.....	2,895	(724)(2)	2,171
	-----	-----	-----
Total liabilities and shareholders' equity.....	\$11,139	\$ 10	\$11,149
	=====	=====	=====

SEMPRA ENERGY AND SUBSIDIARIES  
SUMMARY UNAUDITED CONDENSED CONSOLIDATED  
PRO FORMA STATEMENT OF INCOME  
FOR NINE MONTHS ENDED SEPTEMBER 30, 1999  
(IN MILLIONS, EXCEPT SHARE DATA)

	Historical	Pro Forma Adjustments		Pro Forma
Revenue and other income.....	\$ 3,962			\$ 3,962
Expenses.....	3,348			3,348
Trust preferred distributions by subsidiaries.....		\$ 14 (3)		14
Preferred dividends by subsidiaries.....	9			9
Income before interest and income taxes...	605	(14)		591
Interest.....	185	32 (3)		217
Income taxes.....	131	(18)(4)		113
Net Income.....	\$ 289	\$ (28)		\$ 261
Average common shares outstanding (thousands):				
Basic.....	237,192	(36,000)(5)		201,192
Diluted.....	237,556	(36,000)(5)		201,556
Earnings per common share:				
Basic.....	\$ 1.22			\$ 1.30
Diluted.....	\$ 1.22			\$ 1.29
Dividends declared per common share.....	\$ 1.17	\$ (0.42)(6)		\$ 0.75
Book value per common share.....	\$ 12.20			\$ 10.78
Common shares outstanding (thousands)....	237,377	(36,000)(5)		201,377
Ratio of earnings to fixed charges.....	2.85			2.37

SEMPRA ENERGY AND SUBSIDIARIES  
SUMMARY UNAUDITED CONDENSED CONSOLIDATED  
PRO FORMA STATEMENT OF INCOME  
FOR YEAR ENDED DECEMBER 31, 1998  
(IN MILLIONS, EXCEPT SHARE DATA)

	Historical	Pro Forma Adjustments	Pro Forma
Revenue and other income.....	\$ 5,525	\$ (500)(7)	\$ 5,025
Expenses.....	4,874	(500)(7)	4,374
Trust preferred distributions by subsidiaries.....		18 (3)	18
Preferred dividends by subsidiaries.....	12		12
Income before interest and income taxes....	639	(18)	621
Interest.....	207	43 (3)	250
Income taxes.....	138	(24)(4)	114
Net Income.....	\$ 294	\$ (37)	\$ 257
	=====	=====	=====
Average common shares outstanding (thousands):			
Basic.....	236,423	(36,000)(5)	200,423
Diluted.....	237,124	(36,000)(5)	201,124
Earnings per common share:			
Basic.....	\$ 1.24		\$ 1.28
Diluted.....	\$ 1.24		\$ 1.28
Dividends declared per common share.....	\$ 1.56	\$ (0.56)(6)	\$ 1.00
Book value per common share.....	\$ 12.29		\$ 10.89
Common shares outstanding.....	236,956	(36,000)(5)	200,956
Ratio of earnings to fixed charges.....	2.73		2.19

NOTES TO SUMMARY UNAUDITED  
CONDENSED CONSOLIDATED PRO FORMA FINANCIAL INFORMATION

- (1) Represents the obligations incurred of \$734 million from the issuance of \$500 million in senior notes (due in 10 years) at an assumed interest rate of 8%, \$200 million of trust preferred securities at an assumed distribution rate of 9% and \$34 million of commercial paper at an assumed interest rate of 5.7%.

1(a) Issuance costs (annual amortization of debt issue costs-\$565,000).....	\$ 10
1(b) Issuance of 5.7% commercial paper.....	\$ 34
1(c) Issuance of 10 year 8% senior notes.....	\$500
1(d) Issuance of 9% trust preferred securities.....	\$200

- (2) Represents the reacquisition for cash of 36,000,000 shares of Sempra common stock at the assumed purchase price of \$20 per share, the maximum price in this offer. There can be no assurance that Sempra will repurchase 36,000,000 shares or that the shares will be repurchased at a price of \$20.

36,000,000 shares redeemed at \$20 per share.....	\$720
Represents assumed costs of offer .....	4
	----
Total.....	\$724
	====

The allocation to retained earnings and common stock of the cost for the reacquisition of shares is based on first eliminating the existing retained earnings per share and then allocating the remainder to common stock.

- (3) Represents the pro forma additional interest expense on the senior notes (\$41 million annually) and the commercial paper (\$2 million annually) and the distributions on the trust preferred securities (\$18 million annually). A 1/8 percent change in the applicable rates would impact interest and distributions by \$1 million.
- (4) Represents the tax benefit of the pro forma additional interest and trust preferred distributions expense calculated based on Sempra's statutory income tax rate of 40%.
- (5) Represents the pro forma reduction in weighted average common shares outstanding and in common shares outstanding.
- (6) Represents the pro forma annualized dividend reduction authorized by the Sempra Board of Directors on January 25, 2000. The quarterly dividend rate is assumed to decrease from \$0.39 per share to \$0.25 per share. The annual dividend rate is assumed to decrease from \$1.56 per share to \$1.00 per share.
- (7) Represents the reclassification of PX/ISO power to conform to Sempra's current presentation.

Additional Information. Sempra is subject to the informational filing requirements of the Exchange Act, and, accordingly, is obligated to file reports, statements and other information with the SEC relating to its business, financial condition and other matters. Information, as of particular dates, concerning Sempra's directors and officers, their remuneration, options granted to them, the principal holders of Sempra's securities and any material interest of these persons in transactions with Sempra is required to be disclosed in proxy statements distributed to Sempra's shareholders and filed with the SEC. Sempra also has filed an Issuer Tender Offer Statement on Schedule TO with the SEC which includes certain additional information relating to the offer. These reports, statements and other information can be inspected and copied at the public reference facilities maintained by the SEC at 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549; and at its regional offices located at 500 West Madison Street, Suite 1400, Chicago, Illinois 60661 and 7 World Trade Center, 13th Floor, New York, New York 10048. Copies of this material may also be obtained by mail, upon payment of the SEC's customary charges, from the Public Reference Section of the SEC at Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549. The SEC also maintains a web site on the Internet at <http://www.sec.gov> that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC. These reports, statements and other information concerning Sempra also can be inspected at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York, 10005, on which the shares are listed.



Incorporation by Reference

The rules of the SEC allow us to "incorporate by reference" information into this document, which means that we can disclose important information to you by referring you to another document filed separately with the SEC. This offer incorporates by reference the financial statements and the notes related thereto contained in the documents listed below that have been previously filed with the SEC. These documents contain important information about Sempra Energy.

Sec Filings (File No. 1-14201)	Period
Annual Report on Form 10-K.....	Year ended December 31, 1998
Quarterly Report on Form 10-Q.....	Quarter ended September 30, 1999

11. Interests of Directors and Executive Officers; Transactions and Arrangements Concerning the Shares.

As of January 25, 2000, Sempra had 240,345,446 issued and outstanding shares and 8,647,907 shares reserved for issuance upon exercise of all outstanding stock options. The 36,000,000 shares that Sempra is offering to purchase represent approximately 15% of the shares outstanding on January 25, 2000.

As of January 25, 2000, Sempra's directors and executive officers as a group (28 persons) beneficially owned less than 1% of the outstanding shares on that date. Each of Sempra's executive officers and directors has advised Sempra that he or she does not intend to tender any shares pursuant to the offer. If Sempra purchases 36,000,000 shares pursuant to the offer, and none of the executive officers or directors tender shares pursuant to the offer, then after the purchase of shares pursuant to the offer, Sempra's executive officers and directors as a group would continue to beneficially own less than 1% of the shares outstanding immediately after the offer.

Based on Sempra's records and on information provided to Sempra by its directors, executive officers, affiliates and subsidiaries, neither Sempra nor any of its affiliates or subsidiaries nor, to the best of Sempra's knowledge, any of the directors or executive officers of Sempra or any of its subsidiaries, nor any associates or subsidiaries of any of the foregoing, has effected any transactions involving the shares during the 60 days prior to January 26, 2000, other than purchases of shares through reinvestment of dividends under the Sempra Energy Direct Stock Purchase Plan and purchases for the accounts of executive officers under Sempra's savings plans. Sempra expects that the Sempra Energy Direct Stock Purchase Plan and Sempra's savings plans will, in accordance with the terms of the plans, elections in effect and present patterns of contribution, continue to purchase shares prior to the expiration of the offer.

Except as otherwise described in this Offer to Purchase, neither Sempra nor, to the best of Sempra's knowledge, any of its affiliates, directors or executive officers, is a party to any contract, arrangement, understanding or relationship with any other person relating, directly or indirectly, to the offer or with respect to any securities of Sempra, including, but not limited to, any contract, arrangement, understanding or relationship concerning the transfer or the voting of the securities, joint ventures, loan or option arrangements, puts or calls, guaranties of loans, guaranties against loss or the giving or withholding of proxies, consents or authorizations.

12. Effects of the Offer on the Market for Shares; Registration Under the Exchange Act.

Sempra's purchase of shares pursuant to the offer will reduce the number of shares that might otherwise trade publicly and is likely to reduce the number of shareholders. Nonetheless, Sempra anticipates that there

will be a sufficient number of shares outstanding and publicly traded following consummation of the offer to ensure a continued trading market for the shares. Based upon published guidelines of the NYSE and the Pacific Stock Exchange, Sempra does not believe that its purchase of shares pursuant to the offer will cause Sempra's remaining shares to be delisted from the NYSE or the PSE.

The shares are currently "margin securities" under the rules of the Federal Reserve Board. This has the effect, among other things, of allowing brokers to extend credit to their customers using the shares as collateral. Sempra believes that, following the purchase of shares pursuant to the offer, the shares will continue to be "margin securities" for purposes of the Federal Reserve Board's margin regulations.

The shares are registered under the Exchange Act, which requires, among other things, that Sempra furnish information to its shareholders and to the SEC and comply with the SEC's proxy rules in connection with meetings of Sempra's shareholders. Sempra believes that its purchase of shares pursuant to the offer will not result in the shares becoming eligible for deregistration under the Exchange Act.

#### 13. Certain Legal Matters; Regulatory Approvals.

Sempra is not aware of any license or regulatory permit that appears to be material to Sempra's business that might be adversely affected by Sempra's acquisition of shares as contemplated in this offer or of any approval or other action by any government or governmental, administrative or regulatory authority or agency, domestic, foreign or supranational, that would be required for Sempra's acquisition or ownership of shares as contemplated by this offer. Should any approval or other action be required, Sempra presently contemplates that it will seek that approval or other action. Sempra cannot predict whether it will be required to delay the acceptance for payment of or payment for shares tendered pursuant to the offer pending the outcome of any such matter. There can be no assurance that any approval or other action, if needed, would be obtained or would be obtained without substantial conditions or that the failure to obtain the approval or other action might not result in adverse consequences to Sempra's business. Sempra's obligations under the offer to accept for payment and pay for shares are subject to conditions. See Section 7.

#### 14. Certain United States Federal Income Tax Consequences.

The following summary describes the principal United States federal income tax consequences to United States Holders (as defined below) of an exchange of shares for cash pursuant to the offer. Those shareholders who do not participate in the exchange should not incur any United States federal income tax liability from the exchange. This summary is based upon the Internal Revenue Code of 1986, as amended to the date of this offer (the "Code"), existing and proposed United States Treasury Regulations promulgated under the Code, published rulings, administrative pronouncements and judicial decisions, changes to which could affect the tax consequences described in this offer (possibly on a retroactive basis).

This summary addresses only shares held as capital assets. It does not address all of the tax consequences that may be relevant to particular shareholders because of their personal circumstances, or to other types of shareholders (such as certain financial institutions, dealers or traders in securities or commodities, insurance companies, "S" corporations, expatriates, tax-exempt organizations, Non-United States Holders (as defined below), persons who are subject to alternative minimum tax, or persons who hold shares as a position in a "straddle" or as part of a "hedging" or "conversion" transaction or that have a functional currency other than the United States dollar). This summary may not be applicable with respect to shares acquired as compensation (including shares acquired upon the exercise of stock options or which were or are subject to forfeiture restrictions). This summary also does not address the state, local or foreign tax consequences of participating in the offer.

You should consult your tax advisor as to the particular consequences to you of participation in this offer.

A "United States Holder" is a holder of shares that for United States federal income tax purposes is:

- . a citizen or resident of the United States;
- . a corporation or partnership created or organized in or under the laws of the United States or any State or the District of Columbia;
- . an estate the income of which is subject to United States federal income taxation regardless of its source; or
- . a trust (a) the administration over which a United States court can exercise primary supervision and (b) all of the substantial decisions of which one or more United States persons have the authority to control and certain other trusts considered United States Holders for federal income tax purposes.

A "Non-United States Holder" is a holder of shares other than a United States Holder.

An exchange of shares for cash pursuant to the offer will be a taxable event. A United States Holder participating in the exchange will be treated either as having sold shares or as having received a dividend distribution from Sempra. A United States Holder's exchange of shares for cash pursuant to the offer will be treated as a dividend to the extent of Sempra's current or accumulated earnings and profits as determined under federal income tax principles, unless the exchange:

- . results in a "complete termination" of the holder's stock interest in Sempra under section 302(b)(3) of the Code;
- . is a "substantially disproportionate" redemption with respect to the holder under section 302(b)(2) of the Code; or
- . is "not essentially equivalent to a dividend" with respect to the holder under section 302(b)(1) of the Code.

In determining whether any of these tests have been met, a United States Holder must take into account not only shares it actually owns, but also shares it constructively owns within the meaning of section 318 of the Code.

A distribution to a shareholder is "not essentially equivalent to a dividend" if it results in a "meaningful reduction" in the shareholder's stock interest in Sempra. If, as a result of an exchange of shares for cash pursuant to the offer, a United States Holder of shares whose relative stock interest in Sempra is minimal and who exercises no control over corporate affairs suffers a reduction in its proportionate interest in Sempra (including any ownership of preferred stock and any shares constructively owned), that United States Holder should generally be regarded as having suffered a meaningful reduction in its interest in Sempra. Satisfaction of the "complete termination" and "substantially disproportionate" exceptions is dependent upon compliance with the respective objective tests set forth in section 302(b)(3) and section 302(b)(2) of the Code. A distribution to a shareholder will result in a "complete termination" if either (1) all of the shares actually and constructively owned by the shareholder are exchanged pursuant to the offer or (2) all of the shares actually owned by the shareholder are exchanged pursuant to the offer and the shareholder is eligible to waive, and effectively waives, the attribution of shares constructively owned by the shareholder in accordance with the procedures described in section 302(c)(2) of the Code. A distribution to a shareholder will be "substantially disproportionate" if the percentage of the outstanding shares actually and constructively owned by the shareholder immediately following the exchange of shares pursuant to the offer (treating shares exchanged pursuant to the offer as outstanding) is less than 80% of the percentage of the outstanding shares actually and constructively owned by the shareholder immediately before the exchange (treating shares exchanged pursuant to the offer as outstanding).

If an exchange of shares for cash by a United States Holder pursuant to the offer is not treated as a distribution taxable as a dividend, the holder will recognize capital gain or loss equal to the difference between

the amount of cash received and the holder's adjusted tax basis in the shares and in the associated preferred stock purchase rights, if any, tendered to Sempra, except to the extent that the amount of cash received includes dividends that have been declared by the Board of Directors of Sempra before the exchange. The gain or loss would be long-term capital gain or loss if the holding period for the shares exceeded one year.

If the amount received by a United States Holder in the offer is treated as a distribution that is taxable as a dividend (as opposed to consideration received in a sale or exchange), the amount of the distribution will be the amount of cash received by the holder. The amount will be treated as a dividend, taxable as ordinary income to the United States Holder, to the extent of Sempra's current or accumulated earnings and profits as determined under Federal income tax principles. To the extent that the amount of the distribution exceeds Sempra's current and accumulated earnings and profits, the excess first will be treated as a return of capital that will reduce the holder's tax basis in the shares exchanged in the offer. Any remaining amount after the United States Holder's basis has been reduced to zero will be taxable as capital gain. The United States Holder's adjusted tax basis in its shares exchanged in the offer generally will be transferred to any of its remaining stockholdings in Sempra, subject to, in the case of corporate shareholders, reduction or possible gain recognition under section 1059 of the Code in an amount equal to the non-taxed portion of the dividend. If the United States Holder does not retain any actual stock ownership in Sempra (having a stock interest only constructively), the holder may lose the benefit of the holder's adjusted tax basis in its shares. A dividend received by a corporate United States Holder may be (1) eligible for a dividends-received deduction (subject to applicable exceptions and limitations) and (2) subject to the "extraordinary dividend" provisions of section 1059 of the Code. Corporate shareholders should consult their own tax advisors regarding (1) whether a dividends-received deduction will be available to them, and (2) the possible application of section 1059 to the ownership and disposition of their shares.

See Section 3 with respect to the application of United States federal income tax withholding to payments made to Non-United States Holders and the backup withholding tax requirements.

The trusts under the various savings plans maintained by Sempra and its affiliates are exempt from federal income taxation. Accordingly, such trusts will not be taxable upon the receipt of any cash proceeds pursuant to the offer.

The tax discussion set forth above is included for general information only. You are urged to consult your tax advisor to determine the particular tax consequences to you of the offer, including the applicability and effect of state, local and foreign tax laws.

#### 15. Extension of the Offer; Termination; Amendment.

Sempra expressly reserves the right, in its sole discretion, at any time and from time to time, and regardless of whether or not any of the events set forth in Section 7 have occurred or are deemed by Sempra to have occurred, to extend the period of time the offer is open and delay acceptance for payment of, and payment for, any shares by giving oral or written notice of the extension to the Depositary and making a public announcement of the extension. Sempra also expressly reserves the right, in its sole discretion, to terminate the offer and reject for payment and not pay for any shares not theretofore accepted for payment or paid for or, subject to applicable law, to postpone payment for shares upon the occurrence of any of the conditions specified in Section 7 by giving oral or written notice of the termination or postponement to the Depositary and making a public announcement of the termination or postponement. Sempra's reservation of the right to delay payment for shares which it has accepted for payment is limited by Rule 13e-4(f)(5) under the Exchange Act, which requires that Sempra must pay the consideration offered or return the shares tendered promptly after termination or withdrawal of a tender offer. Subject to compliance with applicable law, Sempra further reserves the right, in its sole discretion, and regardless of whether any of the events set forth in Section 7 have occurred or are deemed by Sempra to have occurred, to amend the offer in any respect (including, without limitation, by decreasing or increasing the consideration offered in the offer to holders of shares or by decreasing or increasing the number of shares being sought in the offer). Amendments to the offer may be made at any time and from time to time by public announcement of the amendment. In the case of an extension, the amendment

must be issued no later than 9:00 a.m., New York City time, on the next business day after the last previously scheduled or announced Expiration Date. Any public announcement made pursuant to the offer will be disseminated promptly to shareholders in a manner reasonably designed to inform shareholders of the change. Without limiting the manner in which Sempra may choose to make a public announcement, except as required by applicable law, Sempra will have no obligation to publish, advertise or otherwise communicate any public announcement other than by issuing a press release to the Dow Jones News Service.

If Sempra materially changes the terms of the offer or the information concerning the offer, or if it waives a material condition of the offer, Sempra will extend the offer to the extent required by Rules 13e-4(d)(2) and 13e-4(e)(2) promulgated under the Exchange Act. These rules provide that the minimum period during which an offer must remain open following material changes in the terms of the offer or information concerning the offer (other than a change in price or a change in percentage of securities sought) will depend on the facts and circumstances, including the relative materiality of the terms or information. If:

- (1) Sempra increases or decreases the price to be paid for shares, materially increases the Dealer Manager fee or increases or decreases the number of shares being sought in the offer and, in the event of an increase in the number of shares being sought, the increase exceeds 2% of the outstanding shares, and
- (2) the offer is scheduled to expire at any time earlier than the expiration of a period ending on the tenth business day from, and including, the date that notice of an increase or decrease is first published, sent or given in the manner specified in this Section 15,

then in each case the offer will be extended until the expiration of the period of ten business days. For purposes of the offer, a "business day" means any day other than a Saturday, Sunday or Federal holiday and consists of the time period from 12:01 am through 12:00 Midnight, New York City time.

#### 16. Fees and Expenses.

Sempra has retained Goldman, Sachs & Co. to act as its financial advisor, as well as the Dealer Manager, in connection with the offer. Goldman Sachs will receive, for its services as Dealer Manager, a fee of \$0.05 per share tendered and purchased in the offer. Sempra also has agreed to reimburse Goldman Sachs for reasonable out-of-pocket expenses incurred in connection with the offer, including reasonable fees and expenses of counsel, and to indemnify Goldman Sachs against liabilities in connection with the offer, including liabilities under the federal securities laws. Goldman Sachs will also act as the lead manager of the proposed underwritten public offerings of senior notes and trust preferred securities, the net proceeds of which will be used to finance the purchase of shares pursuant to this offer, for which Goldman Sachs will receive reasonable and customary compensation.

Sempra has retained D. F. King & Co., Inc., to act as Information Agent and First Chicago Trust Company of New York to act as Depositary in connection with the offer. The Information Agent may contact holders of shares by mail, telephone, telegraph and personal interviews and may request brokers, dealers and other nominee shareholders to forward materials relating to the offer to beneficial owners. The Information Agent and the Depositary will each receive reasonable and customary compensation for their respective services, will be reimbursed by Sempra for reasonable out-of-pocket expenses and will be indemnified against certain liabilities in connection with the offer, including liabilities under the federal securities laws.

First Chicago Trust Company of New York acts as the administrator of the Sempra Energy Direct Stock Purchase Plan. First Chicago Trust Company of New York will receive reasonable and customary compensation for its services as plan administrator in connection with the offer and will be reimbursed for certain out-of-pocket costs.

T. Rowe Price Trust Company acts as directed trustee of Sempra's savings plans and will carry out the instructions of participants in the plans as more fully described in Section 3. T. Rowe Price Trust Company will be reimbursed for certain out-of-pocket costs in connection with the offer.

Sempra will not pay any fees or commissions to brokers, dealers or other persons (other than fees to the Dealer Manager and the Information Agent as described above) for soliciting tenders of shares pursuant to the offer. Shareholders holding shares through brokers or banks are urged to consult the brokers or banks to determine whether transaction costs may apply if shareholders tender shares through the brokers or banks and not directly to the Depository. Sempra will, however, upon request, reimburse brokers, dealers and commercial banks for customary mailing and handling expenses incurred by them in forwarding the offer and related materials to the beneficial owners of shares held by them as a nominee or in a fiduciary capacity. No broker, dealer, commercial bank or trust company has been authorized to act as the agent of Sempra, the Dealer Manager, the Information Agent or the Depository for purposes of the offer. Sempra will pay or cause to be paid all stock transfer taxes, if any, on its purchase of shares except as otherwise provided in Instruction 7 in the Letter of Transmittal.

#### 17. Miscellaneous.

Sempra is not aware of any jurisdiction where the making of the offer is not in compliance with applicable law. If Sempra becomes aware of any jurisdiction where the making of the offer or the acceptance of shares pursuant to the offer is not in compliance with any valid applicable law, Sempra will make a good faith effort to comply with the applicable law. If, after a good faith effort, Sempra cannot comply with the applicable law, the offer will not be made to, nor will tenders be accepted from or on behalf of, the holders of shares residing in that jurisdiction. In any jurisdiction where the securities, blue sky or other laws require the offer to be made by a licensed broker or dealer, the offer will be deemed to be made on Sempra's behalf by the Dealer Manager or one or more registered brokers or dealers licensed under the laws of the jurisdiction.

Pursuant to Rule 13e-4 promulgated under the Exchange Act, Sempra has filed with the SEC an Issuer Tender Offer Statement on Schedule TO, which contains additional information relating to the offer. The Schedule TO, including the exhibits and any amendments thereto, may be examined, and copies may be obtained, at the same places and in the same manner set forth in Section 10 with respect to information concerning Sempra.

You should rely only on the information contained in this document or to which we have referred you. We have not authorized anyone to provide you with information or make any representation on behalf of Sempra in connection with this offer other than those contained in this Offer to Purchase or in the related Letter of Transmittal. If given or made, you should not rely on that information or representation as having been authorized by Sempra.

Sempra Energy

January 26, 2000

Manually signed facsimile copies of the Letter of Transmittal will be accepted. The Letter of Transmittal and certificates for shares and any other required documents should be sent or delivered by each shareholder or the shareholder's broker, dealer, commercial bank, trust company or nominee to the Depository at one of its addresses set forth below. To confirm delivery of shares, shareholders are directed to contact the Depository.

The Depository for the offer is:

First Chicago Trust Company of New York

By Mail:

First Chicago Trust Company  
of New York  
Corporate Actions, Suite  
4660  
P.O. Box 2569  
Jersey City, NJ 07303-2569

By Overnight Delivery:

First Chicago Trust Company  
of New York  
Corporate Actions, Suite  
4660  
525 Washington Blvd., 3rd  
Floor  
Jersey City, NJ 07310

By Hand Delivery:

First Chicago Trust Company  
of New York  
c/o Securities Transfer and  
Reporting Services Inc.  
Attn: Corporate Actions  
100 William Street, Galleria  
New York, NY 10038

Facsimile Transmission:

(201) 324-3402  
or  
(201) 324-3403

Confirm Receipt of Facsimile by Telephone:

(201) 222-4707

You may request additional copies of this offer, the Letter of Transmittal or the Notice of Guaranteed Delivery and direct questions and requests for assistance to the Information Agent at its address and telephone number set forth below.

The Information Agent for the offer is:

D. F. King & Co., Inc.  
77 Water Street  
New York, New York 10005-4495  
Banks and Brokers Call Collect: (212) 269-5550  
All Others Call Toll Free: (800) 431-9645

The Dealer Manager for the offer is:

Goldman, Sachs & Co.  
85 Broad Street  
New York, NY 10004  
(212) 902-1000 (Call Collect)

Letter of Transmittal  
 To Tender Shares of Common Stock  
 (Including the Associated Preferred Stock Purchase Rights)  
 of

Sempra Energy

Pursuant to the Offer to Purchase  
 Dated January 26, 2000

-----  
 The offer, proration period and withdrawal rights will expire at 5:00 p.m.,  
 New York City time, on Friday, February 25, 2000, unless the offer is extended.  
 -----

The Depository for the offer is:  
 First Chicago Trust Company of New York

**By Mail:**  
 First Chicago Trust Company  
 of New York  
 Corporate Actions, Suite 4660  
 P.O. Box 2569  
 Jersey City, NJ 07303-2569

**By Overnight Delivery:**  
 First Chicago Trust Company  
 of New York  
 Corporate Actions, Suite 4660  
 525 Washington Blvd., 3rd Floor  
 Jersey City, NJ 07310

**By Hand Delivery:**  
 First Chicago Trust Company  
 of New York  
 c/o Securities Transfer and  
 Reporting Services Inc.  
 Attn: Corporate Actions  
 100 William Street, Galleria  
 New York, NY 10038

This Letter of Transmittal, including the accompanying instructions, should  
 be read carefully before this Letter of Transmittal is completed.

-----  
 DESCRIPTION OF SHARES TENDERED  
 -----

Name(s) and Address(es) of Registered Holder(s)  
 (Please fill in, if blank, exactly as name(s) appear(s)  
 on Share Certificate(s))

Description of Shares Tendered  
 (Attach Additional Signed)  
 List if Necessary

Share Certificate Number(s)*	Total Number of Shares Evidenced by Share Certificate(s)	Number of Shares Tendered**
------------------------------------	---	-----------------------------------

-----  
 -----  
 -----  
 -----  
 -----  
 -----

Total Shares

-----  
 Indicate in this box the order (by certificate number) in which shares are  
 to be purchased in event of proration.\*\*\* Attach additional signed list if  
 necessary. See Instruction 9.

1st:                      2nd:                      3rd:                      4th:                      5th:

-----  
 \* DOES NOT need to be completed by shareholders tendering shares by book-  
 entry transfer.  
 \*\* Unless otherwise indicated, it will be assumed that all shares  
 evidenced by each certificate delivered to the Depository are being  
 tendered hereby. See Instruction 4.  
 \*\*\* If you do not designate an order, in the event less than all shares  
 tendered are purchased due to proration, shares will be selected for  
 purchase by the Depository.



Delivery of this Letter of Transmittal to an address other than as set forth above will not constitute a valid delivery. Deliveries to Sempra will not be forwarded to the Depository and therefore will not constitute valid delivery. Deliveries to the Book-Entry Transfer Facility will not constitute valid delivery to the Depository.

This Letter of Transmittal is to be completed only if (a) certificates representing shares are to be forwarded herewith, or (b) unless an Agent's Message (as defined in the Offer to Purchase) is utilized, a tender of shares is to be made concurrently by book-entry transfer to the account maintained by the Depository at The Depository Trust Company (the "Book-Entry Transfer Facility") pursuant to Section 3 of the Offer to Purchase. Shareholders who desire to tender shares pursuant to the offer, but whose share certificates are not immediately available or who cannot deliver the certificates and all other documents required by this Letter of Transmittal to the Depository on or before the Expiration Date (as defined in the Offer to Purchase), or who cannot comply with the procedure for book-entry transfer on a timely basis, may nevertheless tender their shares pursuant to the guaranteed delivery procedure set forth in Section 3 of the Offer to Purchase. See Instruction 2.

This Letter of Transmittal may NOT be used for shares held in the Sempra Energy Savings Plan, Sempra Energy Trading Retirement Savings Plan, Southern California Gas Company Retirement Savings Plan, San Diego Gas & Electric Company Savings Plan or the Sempra Energy Services Savings Plan. See Instruction 18. Participants in these plans must follow the instructions in the "Letter to Participants in the Sempra Energy and Subsidiary Savings Plans" and related materials sent to them separately. T. Rowe Price Trust Company, the trustee for Sempra's savings plans, will submit one Letter of Transmittal for each such plan on behalf of all of the tendering participants in each savings plan.

If a participant in Sempra's savings plans owns shares apart from those plans that he or she desires to tender, such holder must both submit this Letter of Transmittal to tender the non-savings plan shares, and follow the instructions described in the "Letter to Participants in the Sempra Energy and Subsidiary Savings Plans" and related materials sent to them separately to tender shares attributable to their savings plan account.

IF YOU ARE A PARTICIPANT IN THE SEMPRA ENERGY DIRECT STOCK PURCHASE PLAN, THE NUMBER OF SHARES ON THE LABEL AFFIXED TO THIS LETTER OF TRANSMITTAL INCLUDES SHARES HELD BY YOU IN THE SEMPRA ENERGY DIRECT STOCK PURCHASE PLAN, IF ANY, AT JANUARY 21, 2000. ADDITIONAL SHARES MAY HAVE BEEN CREDITED AFTER THIS DATE, INCLUDING SHARES PURCHASED WITH THE DIVIDEND PAID ON JANUARY 15, 2000. IN ORDER TO TENDER ALL OR PART OF THE SHARES YOU HOLD IN THE SEMPRA ENERGY DIRECT STOCK PURCHASE PLAN, YOU MUST CHECK ONE OF THE BOXES BELOW.

Sempra Energy Direct Stock Purchase Plan  
(See Instruction 17)

This section is to be completed ONLY by participants in the Sempra Energy Direct Stock Purchase Plan who wish to tender shares held in the plan.

- Check here to instruct the Depository to tender on your behalf ALL of the shares credited to your Sempra Energy Direct Stock Purchase Plan account (including any shares purchased after January 21, 2000 and credited to such account, which are not reflected on the Pre-Addressed Label).
- Check here to instruct the Depository to tender on your behalf the following number of shares credited to your Sempra Energy Direct Stock Purchase Plan account: \_\_\_\_\_ shares.

CHECK ONLY ONE BOX. IF MORE THAN ONE BOX IS CHECKED OR IF NO BOX IS CHECKED, THERE IS NO PROPER TENDER OF SHARES.

Shares Tendered at Price Determined by Shareholder  
(See Instruction 5)

By checking ONE of the following boxes below INSTEAD OF THE BOX UNDER "SHARES TENDERED AT PRICE DETERMINED PURSUANT TO THE OFFER," the undersigned hereby tenders shares at the price checked. This action could result in none of the shares being purchased if the purchase price determined by Sempra for the shares is less than the price checked below. A shareholder who desires to tender shares at more than one price must complete a separate Letter of Transmittal for each price at which shares are tendered. The same shares cannot be tendered at more than one price.

Price (In Dollars) per Share at Which Shares Are Being Tendered

<input type="checkbox"/> \$17.500	<input type="checkbox"/> \$18.375	<input type="checkbox"/> \$19.250
<input type="checkbox"/> \$17.625	<input type="checkbox"/> \$18.500	<input type="checkbox"/> \$19.375
<input type="checkbox"/> \$17.750	<input type="checkbox"/> \$18.625	<input type="checkbox"/> \$19.500
<input type="checkbox"/> \$17.875	<input type="checkbox"/> \$18.750	<input type="checkbox"/> \$19.675
<input type="checkbox"/> \$18.000	<input type="checkbox"/> \$18.875	<input type="checkbox"/> \$19.750
<input type="checkbox"/> \$18.125	<input type="checkbox"/> \$19.000	<input type="checkbox"/> \$19.875
<input type="checkbox"/> \$18.250	<input type="checkbox"/> \$19.125	<input type="checkbox"/> \$20.000

Shares Tendered at Price Determined Pursuant to the Offer  
(See Instruction 5)

The undersigned wants to maximize the chance of having Sempra purchase all of the shares the undersigned is tendering (subject to the possibility of proration). Accordingly, by checking this ONE BOX INSTEAD OF ONE OF THE PRICE BOXES ABOVE, the undersigned hereby tenders shares and is willing to accept the purchase price determined by Sempra in accordance with the terms of the offer. This action could result in receiving a price per share of as low as 17.50.

ODD LOTS  
(See Instruction 8)

To be completed ONLY if shares are being tendered by or on behalf of a person owning, beneficially or of record, an aggregate of fewer than 100 shares (not including any shares held in the Sempra Energy Direct Stock Purchase Plan or in one of Sempra's savings plans). The undersigned either (check one box):

- is the beneficial or record owner of an aggregate of fewer than 100 shares, all of which are being tendered; or
- is a broker, dealer, commercial bank, trust company, or other nominee that (a) is tendering for the beneficial owner(s), shares with respect to which it is the record holder, and (b) believes, based upon representations made to it by the beneficial owner(s), that each such person is the beneficial owner of an aggregate of fewer than 100 shares and is tendering all of the shares.

In addition, the undersigned is tendering shares either (check one box):

- at the purchase price, as the same will be determined by Sempra in accordance with the terms of the offer (persons checking this box need not indicate the price per share above); or
- at the price per share indicated above under "Price (In Dollars) per Share at Which Shares Are Being Tendered."

CONDITIONAL TENDER  
(See Instruction 16)

A tendering shareholder may condition his or her tender of shares upon Sempra purchasing a specified minimum number of the shares tendered, all as described in the Offer to Purchase, particularly in Section 6. Unless at least that minimum number of shares you indicate below is purchased by Sempra pursuant to the terms of the offer, none of the shares tendered will be purchased. It is the tendering shareholder's responsibility to calculate that minimum number of shares that must be purchased if any are purchased, and each shareholder is urged to consult his or her own tax advisor. Unless this box has been checked and a minimum specified, the tender will be deemed unconditional.

Minimum number of shares that must be purchased, if any are purchased: \_\_\_\_\_ shares.

The undersigned recognizes that, under certain circumstances set forth in the Offer to Purchase, Sempra may terminate or amend the offer or may postpone the acceptance for payment of, or the payment for, shares tendered or may accept for payment fewer than all of the shares tendered. In any event, the undersigned understands that certificate(s) for any shares not tendered or not purchased will be returned to the undersigned at the address indicated above, unless otherwise indicated under the box entitled "Special Payment Instructions" or the box entitled "Special Delivery Instructions" below.

The undersigned understands that acceptance of shares by Sempra for payment will constitute a binding agreement between the undersigned and Sempra upon the terms and subject to the conditions of the offer.

The check for the aggregate net purchase price for the shares tendered and purchased will be issued to the order of the undersigned and mailed to the address indicated above, unless otherwise indicated under the box entitled "Special Payment Instructions" or the box entitled "Special Delivery Instructions" below. The undersigned acknowledges that Sempra has no obligation, pursuant to the "Special Payment Instructions," to transfer any shares from the name of its registered holder(s), or to order the registration or transfer of any shares tendered by book-entry transfer, if Sempra does not purchase any of the shares.

SPECIAL PAYMENT INSTRUCTIONS  
(See Instructions 1, 6, 7 and  
10.)

To be completed ONLY if certificate(s) for shares not tendered or not purchased and/or any check for the purchase price are to be issued in the name of someone other than the undersigned, or if shares tendered hereby and delivered by book-entry transfer which are not purchased are to be returned by credit to an account at the Book-Entry Transfer Facility other than that designated above.

Issue:  Check  
 Share Certificate(s) to:

Name: \_\_\_\_\_

-----  
(Please Print)

Address: \_\_\_\_\_

-----  
(Include Zip Code)

-----  
(Tax Identification or Social Security Number)  
(See Substitute Form W-9 on reverse side)

Credit shares delivered by book-entry transfer and not purchased to the account set forth below:

Account Number: \_\_\_\_\_

SPECIAL DELIVERY INSTRUCTIONS  
(See Instructions 1, 6, 7 and  
10.)

To be completed ONLY if certificate(s) for shares not tendered or not purchased and/or any check for the purchase price are to be mailed or sent to someone other than the undersigned, or to the undersigned at an address other than that designated above.

Mail:  Check  
 Share Certificate(s)  
to:

Name: \_\_\_\_\_  
(Please Print)

Address: \_\_\_\_\_

-----  
(Include Zip Code)

[\_] Check here if any certificate representing shares tendered hereby has been lost, stolen, destroyed or mutilated and completely fill in the remainder of this page.

AFFIDAVIT OF LOST OR DESTROYED CERTIFICATE(S)

THIS AFFIDAVIT CAN ONLY BE USED UNTIL MARCH 15, 2000. AFTER MARCH 15, 2000 PLEASE CALL FIRST CHICAGO TRUST COMPANY OF NEW YORK AT (877) 773-6772.

If you have lost certificates valued at \$100,000 or more, or if these certificates are part of an estate or trust, please call First Chicago Trust Company of New York at (877) 773-6772 for additional instructions.

Complete this form only if you cannot locate some or all of your Sempra Energy common stock certificate(s). Please print clearly.

Taxpayer ID: \_\_\_\_\_ Total Shares LOST: \_\_\_\_\_

Name: \_\_\_\_\_

Please Fill in  
Certificate No(s). if  
Known Number of Shares  
of Common Stock

Address: \_\_\_\_\_

City: \_\_\_\_\_

State: \_\_\_\_\_ Zip: \_\_\_\_\_

Attach separate schedule if  
needed

State of \_\_\_\_\_

County of \_\_\_\_\_

SEE BELOW TERMS AND CONDITIONS  
FOR SHAREOWNER LOST CERTIFICATE REPLACEMENTS UNDER \$100,000

X Signed by Affiant (shareholder) on this (date)

(Deponent) (Indemnitor) (Heirs Individually)  
Month/Day/Year

Replacement Insurance Premium Calculation for lost common stock certificates.

X	\$0.35	=
SHARES LOST	INSURANCE PREMIUM PER SHARE	TOTAL PREMIUM DUE

Please make your check payable to General Insurance Company of America and enclose it with this Letter of Transmittal.

TERMS AND CONDITIONS FOR SHAREHOLDER LOST CERTIFICATE REPLACEMENTS UNDER \$100,000

By signing this form above, I certify that I am the lawful owner of the shares described on the front of this form, that these shares have not been pledged or endorsed and that no other person, firm, corporation, agency or government has asserted any right or title, claim equity or interest in this (these) certificate(s). I have made a diligent search for the certificate(s), and I have been unable to find it (them). I hereby agree (for myself, my heirs, assigns and personal representatives), in consideration of the exchange of the shares represented by certificate(s), to completely indemnify, protect and hold harmless General Insurance Company of America, Sempra Energy, First Chicago Trust Company of New York, and their respective affiliates collectively, from and against any and all losses, costs and damages which they may be subject to, or liable for, as a result of the action taken in honoring the affidavit provided. I agree that this form is attached to and made part of Blanket Bond Number 5679830 underwritten by General Insurance Company of America to protect the foregoing, Sempra Energy and First Chicago Trust Company of New York. I agree to surrender the certificate(s) for its

(their) cancellation if I find it (them) at any time.

Check here if tendered shares are being delivered by book-entry transfer to an account maintained by the Depository at the Book-Entry Transfer Facility and complete the following:

Name of Tendering Institution: \_\_\_\_\_

Account No.: \_\_\_\_\_

Transaction Code No.: \_\_\_\_\_

Check here if shares are being tendered pursuant to a notice of guaranteed delivery previously sent to the Depository and complete the following:

Name(s) of Registered Holder(s): \_\_\_\_\_

Date of execution of Notice of Guaranteed Delivery: \_\_\_\_\_

Name of Institution that Guaranteed Delivery: \_\_\_\_\_

Window Ticket Number (if any): \_\_\_\_\_

NOTE: SIGNATURES MUST BE PROVIDED BELOW.  
PLEASE READ THE ACCOMPANYING INSTRUCTIONS CAREFULLY.

To First Chicago Trust Company of New York:

The undersigned hereby tenders to Sempra Energy, a California corporation, the above-described shares of Sempra's common stock, without par value, at the price per share indicated in this Letter of Transmittal, net to the seller in cash, without interest, upon the terms and subject to the conditions set forth in the Offer to Purchase dated January 26, 2000, receipt of which is hereby acknowledged, and in this Letter of Transmittal which, as amended or supplemented from time to time, together constitute the offer. All shares tendered and purchased will include the associated preferred stock purchase rights issued pursuant to a Rights Agreement dated as of May 26, 1998 between Sempra and First Chicago Trust Company of New York, as rights agent, and, unless the context otherwise requires, all references to shares include the associated preferred stock purchase rights.

Subject to, and effective upon, acceptance for payment of the shares tendered in accordance with the terms and subject to the conditions of the offer, including, if the offer is extended or amended, the terms and conditions of the extension or amendment, the undersigned sells, assigns and transfers to, or upon the order of, Sempra all right, title and interest in and to all shares tendered and orders the registration of all shares if tendered by book-entry transfer and irrevocably constitutes and appoints the Depository as the true and lawful agent and attorney-in-fact of the undersigned with respect to the shares with full knowledge that the Depository also acts as the agent of Sempra, with full power of substitution (the power of attorney being deemed to be an irrevocable power coupled with an interest), to:

(a) deliver certificate(s) representing the shares or transfer ownership of the shares on the account books maintained by the Book-Entry Transfer Facility, together, in either case, with all accompanying evidences of transfer and authenticity, to or upon the order of Sempra upon receipt by the Depository, as the undersigned's agent, of the purchase price with respect to the shares;

(b) present certificates for the shares for cancellation and transfer on Sempra's books; and

(c) receive all benefits and otherwise exercise all rights of beneficial ownership of the shares, subject to the next paragraph, all in accordance with the terms and subject to the conditions of the offer.

The undersigned covenants, represents and warrants to Sempra that:

(1) the undersigned has full power and authority to tender, sell, assign and transfer the shares tendered hereby and when and to the extent accepted for payment, Sempra will acquire good, marketable and unencumbered title to the tendered shares, free and clear of all security interests, liens, restrictions, charges, encumbrances, conditional sales agreements or other obligations relating to the sale or transfer of the shares, and not subject to any adverse claims;

(2) the undersigned understands that tenders of shares pursuant to any one of the procedures described in Section 3 of the Offer to Purchase and in the instructions will constitute the undersigned's acceptance of the terms and conditions of the offer, including the undersigned's representation and warranty that (i) the undersigned has a "net long position," within the meaning of Rule 14e-4 promulgated under the Securities Exchange Act of 1934, in the shares or equivalent securities at least equal to the shares being tendered, and (2) the tender of shares complies with Rule 14e-4;

(3) the undersigned will, upon request, execute and deliver any additional documents deemed by the Depositary or Sempra to be necessary or desirable to complete the sale, assignment and transfer of the shares tendered; and

(4) the undersigned has read, understands and agrees to all of the terms of the offer.

The undersigned understands that tenders of shares pursuant to any one of the procedures described in Section 3 of the Offer to Purchase and in the instructions will constitute a binding agreement between the undersigned and Sempra upon the terms and subject to the conditions of the offer. The undersigned acknowledges that under no circumstances will Sempra pay interest on the purchase price, including without limitation, by reason of any delay in making payment.

All authority conferred or agreed to be conferred will survive the death or incapacity of the undersigned, and any obligation of the undersigned will be binding on the heirs, personal representatives, executors, administrators, successors, assigns, trustees in bankruptcy and legal representatives of the undersigned. Except as stated in the Offer to Purchase, this tender is irrevocable.

The name(s) and address(es) of the registered holder(s) should be printed, if they are not already printed above, exactly as they appear on the certificates representing shares tendered. The certificate numbers, the number of shares represented by the certificates and the number of shares that the undersigned wishes to tender, should be set forth in the appropriate boxes above. The price at which the shares are being tendered should be indicated in the box below.

The undersigned understands that Sempra will determine a single per share price, not in excess of \$20.00 nor less than \$17.50, that it will pay for shares properly tendered, taking into account the number of shares tendered and the prices specified by tendering shareholders. All shares acquired in the offer will be acquired at the same purchase price. Sempra will select the lowest purchase price that will allow it to buy 36,000,000 shares or, if a lesser number of shares are properly tendered, all shares that are properly tendered. All shares properly tendered at prices at or below the purchase price and not properly withdrawn will be purchased, subject to the conditions of the offer and the "odd lot" priority, proration and conditional tender provisions described in the Offer to Purchase. Shares tendered at prices in excess of the purchase price that is determined by Sempra and shares not purchased because of proration or conditional tenders will be returned.



IMPORTANT

SHAREHOLDERS SIGN HERE

(Please Complete and Return the Attached Substitute Form W-9.)

(Must be signed by the registered holder(s) exactly as such holder(s) name(s) appear(s) on certificate(s) for shares or on a security position listing or by person(s) authorized to become the registered holder(s) thereof by certificates and documents transmitted with this Letter of Transmittal. If signature is by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or other person acting in a fiduciary or representative capacity, please set forth full title and see Instruction 6.)

Signature(s) of Owner(s): \_\_\_\_\_

Dated: \_\_\_\_\_, 2000

Name(s): \_\_\_\_\_  
(Please Print)

Capacity (full title): \_\_\_\_\_

Address: \_\_\_\_\_  
(Include Zip Code)

Daytime Area Code and Telephone Number: \_\_\_\_\_

Taxpayer Identification or  
Social Security Number: \_\_\_\_\_  
(See Substitute Form W-9)

GUARANTEE OF SIGNATURE(S)  
(See Instructions 1 and 6)

Authorized Signature: \_\_\_\_\_

Name: \_\_\_\_\_  
(Please Print)

Title: \_\_\_\_\_

Name of Firm: \_\_\_\_\_

Address: \_\_\_\_\_  
(Include Zip Code)

Area Code and Telephone Number: \_\_\_\_\_

Dated: \_\_\_\_\_, 2000

PAYER: FIRST CHICAGO TRUST COMPANY OF NEW YORK

Part 1--Taxpayer Identification Number-for -----  
all accounts, enter taxpayer identification number in the box at right and certify by signing and dating below.

SUBSTITUTE Form W-9 Department of the Treasury Internal Revenue Service

Social Security Number OR -----  
Employer Identification Number TIN

Note: If the account is in more than one name, see the chart in the enclosed Guidelines to determine which number to give the payer.

-----  
Part 2--For payees exempt from backup withholding, please write "EXEMPT" here (see the enclosed Guidelines):

Payer's Request for Taxpayer

-----  
Part 3--Certification--UNDER PENALTIES OF PERJURY, I CERTIFY THAT (1) The number shown on this form is my correct Taxpayer Identification Number (or I am waiting for a number to be issued to me), and (2) I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (the "IRS") that I am subject to backup withholding as a result of a failure to report all interest or dividends or (c) the IRS has notified me that I am no longer subject to backup withholding.

Identification Number (TIN)

-----  
Certification Instructions--You must cross out item (2) above if you have been notified by the IRS that you are currently subject to backup withholding because of underreporting interest or dividends on your tax return and you have not been notified by the IRS that you are no longer subject to backup withholding. (Also, see instructions in the enclosed Guidelines.)

Signature \_\_\_\_\_ Date \_\_\_\_\_, 2000

NOTE: Failure to complete and return this form may result in backup withholding of 31% of any payments made to you pursuant to the offer. Please review the enclosed guidelines for certification of taxpayer identification number on Substitute Form W-9 for additional details. You must complete the following certificate if you are awaiting (or will soon apply for) a taxpayer identification number.

CERTIFICATE OF AWAITING TAXPAYER IDENTIFICATION NUMBER

I certify under penalties of perjury that a taxpayer identification number has not been issued to me, and that I mailed or delivered an application to receive a taxpayer identification number to the appropriate Internal Revenue Service Center or Social Security Administration Office (or I intend to mail or deliver an application in the near future). I understand that, notwithstanding the information I provided in Part 3 of the Substitute Form W-9 above (and the fact that I have completed this Certificate of Awaiting Taxpayer Identification Number), if I do not provide a taxpayer identification number to the Depository within sixty (60) days, the Depository is required to withhold 31% of all cash payments made to me thereafter until I provide a number.

Signature \_\_\_\_\_ Date: \_\_\_\_\_, 2000

Name (Please Print) \_\_\_\_\_

Address (Please Print) \_\_\_\_\_

## INSTRUCTIONS

Forming Part of the Terms and Conditions of the Offer.

1. Guarantee of Signatures. No signature guarantee is required if either:

(a) this Letter of Transmittal is signed by the registered holder of the shares (which term, for these purposes, includes any participant in the Book-Entry Transfer Facility whose name appears on a security position listing as the owner of the shares) tendered exactly as the name of the registered holder appears on the certificate(s) for the shares tendered with this Letter of Transmittal and payment and delivery are to be made directly to the owner unless the owner has completed either the box entitled "Special Payment Instructions" or "Special Delivery Instructions" above; or

(b) the shares are tendered for the account of a bank, broker, dealer, credit union, savings association or other entity which is a member in good standing of the Securities Transfer Agents Medallion Program or a bank, broker, dealer, credit union, savings association or other entity which is an "eligible guarantor institution," as that term is defined in Rule 17Ad-15 promulgated under the Securities Exchange Act of 1934, as amended (each of the foregoing constituting an "Eligible Institution").

In all other cases, an Eligible Institution must guarantee all signatures on this Letter of Transmittal. See Instruction 6.

2. Delivery of Letter of Transmittal and Certificates; Guaranteed Delivery Procedures. This Letter of Transmittal is to be completed only if certificates for shares are delivered with it to the Depository (or the certificates will be delivered pursuant to a Notice of Guaranteed Delivery previously sent to the Depository) or if a tender for shares is being made concurrently pursuant to the procedure for tender by book-entry transfer set forth in Section 3 of the Offer to Purchase. Certificates for all physically tendered shares or confirmation of a book-entry transfer into the Depository's account at the Book-Entry Transfer Facility of shares tendered electronically, together in each case with a properly completed and duly executed Letter of Transmittal (or manually signed facsimile of the Letter of Transmittal), or an Agent's Message, and any other documents required by this Letter of Transmittal, should be mailed or delivered to the Depository at the appropriate address set forth in this document and must be delivered to the Depository on or before the Expiration Date. Delivery of documents to the Book-Entry Transfer Facility in accordance with the Book-Entry Transfer Facility's procedures does not constitute delivery to the Depository.

Shareholders whose certificates are not immediately available or who cannot deliver certificates for their shares and all other required documents to the Depository before the Expiration Date, or whose shares cannot be delivered on a timely basis pursuant to the procedures for book-entry transfer, must, in any case, tender their shares by or through any Eligible Institution by properly completing and duly executing and delivering a Notice of Guaranteed Delivery (or facsimile of the Notice of Guaranteed Delivery) and by otherwise complying with the guaranteed delivery procedure set forth in Section 3 of the Offer to Purchase. Pursuant to that procedure, certificates for all physically tendered shares or book-entry confirmations, as the case may be, as well as this properly completed and duly executed Letter of Transmittal (or manually signed facsimile of this Letter of Transmittal), or an Agent's Message, and all other documents required by this Letter of Transmittal, must be received by the Depository within three (3) New York Stock Exchange trading days after receipt by the Depository of the Notice of Guaranteed Delivery, all as provided in Section 3 of the Offer to Purchase.

The Notice of Guaranteed Delivery may be delivered by hand or transmitted by telegram, facsimile transmission or mail to the Depository and must include a signature guarantee by an Eligible Institution in the form set forth therein. For shares to be tendered validly pursuant to the guaranteed delivery procedure, the Depository must receive the Notice of Guaranteed Delivery on or before the Expiration Date.

The method of delivery of all documents, including certificates for shares, is at the option and risk of the tendering shareholder. If delivery is by mail, registered mail with return receipt requested, properly insured, is recommended. In all cases, sufficient time should be allowed to assure delivery.

Except as specifically permitted by Section 6 of the Offer to Purchase, Sempra will not accept any alternative, conditional or contingent tenders, nor will it purchase any fractional shares, except as expressly provided in the Offer to Purchase. All tendering shareholders, by execution of this Letter of Transmittal (or a facsimile of this Letter of Transmittal), waive any right to receive any notice of the acceptance of their tender.

3. Inadequate Space. If the space provided in the box entitled "Description of Shares Tendered" above is inadequate, the certificate numbers and/or the number of shares should be listed on a separate signed schedule and attached to this Letter of Transmittal.

4. Partial Tenders and Unpurchased Shares. (Not applicable to shareholders who tender by book-entry transfer.) If fewer than all of the shares evidenced by any certificate are to be tendered, fill in the number of shares that are to be tendered in the column entitled "Number of Shares Tendered" in the box entitled "Description of Shares Tendered" above. In that case, if any tendered shares are purchased, a new certificate for the remainder of the shares (including any shares not purchased) evidenced by the old certificate(s) will be issued and sent to the registered holder(s), unless otherwise specified in either the box entitled "Special Payment Instructions" or the box entitled "Special Delivery Instructions" in this Letter of Transmittal, as soon as practicable after the Expiration Date. Unless otherwise indicated, all shares represented by the certificate(s) set forth above and delivered to the Depository will be deemed to have been tendered.

5. Indication of Price at Which Shares are Being Tendered. For shares to be properly tendered, the shareholder MUST either (1) check the box next to the section captioned "Shares Tendered at Price Determined Pursuant to the Offer" in this Letter of Transmittal or (2) check one of the boxes in the section captioned "Price (in dollars) per Share at Which Shares Are Being Tendered" in this Letter of Transmittal indicating the price at which the shareholder is tendering shares. Only one box may be checked. If more than one box is checked or if no box is checked, there is no proper tender of shares. A shareholder wishing to tender a portion(s) of the holder's shares at different prices must complete a separate Letter of Transmittal for each price at which the holder wishes to tender each portion of the holder's shares. The same shares cannot be tendered (unless previously properly withdrawn as provided in Section 4 of the Offer to Purchase) at more than one price.

6. Signatures on Letter Of Transmittal; Stock Powers and Endorsements.

(a) If this Letter of Transmittal is signed by the registered holder(s) of the shares tendered, the signature(s) must correspond exactly with the name(s) as written on the face of the certificate(s) without any change whatsoever.

(b) If the shares tendered are registered in the names of two or more joint holders, each holder must sign this Letter of Transmittal.

(c) If any tendered shares are registered in different names on several certificates, it will be necessary to complete, sign and submit as many separate Letters of Transmittal (or facsimile) as there are different registrations of certificates.

(d) When this Letter of Transmittal is signed by the registered holder(s) of the shares tendered, no endorsement(s) of certificate(s) representing the shares or separate stock power(s) are required unless payment is to be made or the certificate(s) for shares not tendered or not purchased are to be issued to a person other than the registered holder(s). Signature(s) on the certificate(s) must be guaranteed by an Eligible Institution. If this Letter of Transmittal is signed by a person other than the registered holder(s) of the certificate(s) listed, or if payment is to be made or certificate(s) for shares not tendered or not purchased are to be issued to a person other than the registered holder(s), the certificate(s) must be endorsed or accompanied by appropriate stock power(s), in either case signed exactly as the name(s) of the registered holder(s) appears on the certificate(s), and the signature(s) on the certificate(s) or stock power(s) must be guaranteed by an Eligible Institution. See Instruction 1.

(e) If this Letter of Transmittal or any certificate(s) or stock power(s) is signed by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or any other person acting in a fiduciary or representative capacity, that person should so indicate when signing this Letter of Transmittal and must submit proper evidence satisfactory to Sempra of his or her authority to so act.

7. Stock Transfer Taxes. Except as provided in this Instruction 7, no stock transfer tax stamps or funds to cover tax stamps need accompany this Letter of Transmittal. Sempra will pay any stock transfer taxes payable on the transfer to it of shares purchased pursuant to the offer. If, however, either (a) payment of the purchase price for shares tendered and accepted for purchase is to be made to any person other than the registered holder(s); or (b) shares not tendered or rejected for purchase are to be registered in the name(s) of any person(s) other than the registered holder(s); or (c) certificate(s) representing tendered shares are registered in the name(s) of any person(s) other than the person(s) signing this Letter of Transmittal, then the Depository will deduct from the purchase price the amount of any stock transfer taxes (whether imposed on the registered holder(s), other person(s) or otherwise) payable on account of the transfer to that person, unless satisfactory evidence of the payment of the taxes or any exemption therefrom is submitted.

8. Odd Lots. As described in Section 1 of the Offer to Purchase, if Sempra is to purchase fewer than all shares tendered before the Expiration Date and not properly withdrawn, the shares purchased first will consist of all shares properly tendered by any shareholder who owned, beneficially or of record, an aggregate of fewer than 100 shares (not including any shares held in the Sempra Energy Direct Stock Purchase Plan or in one of Sempra's savings plans), and who tenders all of the holder's shares at or below the purchase price (an "Odd Lot Holder"). This preference will not be available unless the section captioned "Odd Lots" is completed.

9. Order of Purchase in Event of Proration. As described in Section 1 of the Offer to Purchase, shareholders may designate the order in which their shares are to be purchased in the event of proration. The order of purchase may have an effect on the federal income tax treatment of the purchase price for the shares purchased. See Sections 1 and 14 of the Offer to Purchase.

10. Special Payment and Delivery Instructions. If certificate(s) for shares not tendered or not purchased and/or check(s) are to be issued in the name of a person other than the signer of this Letter of Transmittal or if the certificates and/or checks are to be sent to someone other than the person signing this Letter of Transmittal or to the signer at a different address, the box entitled "Special Payment Instructions" and/or the box entitled "Special Delivery Instructions" on this Letter of Transmittal should be completed as applicable and signatures must be guaranteed as described in Instruction 1.

11. Irregularities. All questions as to the number of shares to be accepted, the price to be paid for the shares and the validity, form, eligibility (including time of receipt) and acceptance for payment of any tender of shares will be determined by Sempra in its sole discretion, which determination will be final and binding on all parties. Sempra reserves the absolute right to reject any or all tenders of shares it determines not to be in proper form or the acceptance of which or payment for which may, in the opinion of Sempra's counsel, be unlawful. Sempra also reserves the absolute right to waive any of the conditions of the offer or any defect or irregularity in any tender with respect to any particular shares or any particular shareholder, and Sempra's interpretation of the terms of the offer (including these Instructions) will be final and binding on all parties. No tender of shares will be deemed to be properly made until all defects and irregularities have been cured by the tendering shareholder or waived by Sempra. Unless waived, any defects or irregularities in connection with tenders must be cured within that time as Sempra will determine. None of Sempra, the Dealer Manager (as defined in the Offer to Purchase), the Depository, the Information Agent (as defined in the Offer to Purchase) or any other person is or will be obligated to give notice of any defects or irregularities in tenders and none of them will incur any liability for failure to give any notice of defect or irregularity.

12. Questions and Requests for Assistance and Additional Copies. You may request additional copies of this Offer to Purchase, the Letter of Transmittal or the Notice of Guaranteed Delivery from the Information Agent at its address and telephone numbers set forth on the back cover of the Offer to Purchase.

13. Tax Identification Number and Backup Withholding. Federal income tax law generally requires that a shareholder whose tendered shares are accepted for purchase, or the shareholder's assignee (in either case, the "Payee"), provide the Depository with the Payee's correct Taxpayer Identification Number ("TIN"), which, in the case of a Payee who is an individual, is the Payee's social security number. If the Depository is not provided with the correct TIN or an adequate basis for an exemption, the Payee may be subject to penalties imposed by the Internal Revenue Service and backup withholding in an amount equal to 31% of the gross proceeds received pursuant to the offer. If withholding results in an overpayment of taxes, a refund may be obtained.

To prevent backup withholding, each Payee must provide the Payee's correct TIN by completing the Substitute Form W-9 set forth in this document, certifying that the TIN provided is correct (or that the Payee is awaiting a TIN) and that (i) the Payee is exempt from backup withholding, (ii) the Payee has not been notified by the Internal Revenue Service that the Payee is subject to backup withholding as a result of a failure to report all interest or dividends, or (iii) the Internal Revenue Service has notified the Payee that the Payee is no longer subject to backup withholding.

If the Payee lacks a TIN, the Payee should (i) consult the enclosed Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9 ("W-9 Guidelines") for instructions on applying for a TIN, (ii) write "Applied For" in the space provided in Part 1 of the Substitute Form W-9, and (iii) sign and date the Substitute Form W-9 and the Certificate of Awaiting Taxpayer Identification Number set forth in this document. If the Payee does not provide the Payee's TIN to the Depository within sixty (60) days, backup withholding will begin and continue until the Payee furnishes the Payee's TIN to the Depository. Note that writing "Applied For" on the Substitute Form W-9 means that the Payee has already applied for a TIN or that the Payee intends to apply for one in the near future.

If shares are held in more than one name or are not in the name of the actual owner, consult the W-9 Guidelines for information on which TIN to report.

Exempt Payees (including, among others, all corporations and certain foreign individuals) are not subject to backup withholding and reporting requirements. To prevent possible erroneous backup withholding, an exempt Payee should write "Exempt" in Part 2 of the Substitute Form W-9. See the enclosed Guidelines for Certification of Taxpayer Identification Number on the Substitute Form W-9 for additional instructions. In order for a nonresident alien or foreign entity to qualify as exempt, that person must submit a completed IRS Form W-8 Certificate of Foreign Status or a Substitute Form W-8, signed under penalty of perjury attesting to the exempt status. This form may be obtained from the Depository.

14. Withholding For Non-United States Shareholders. Even if a Non-United States Shareholder (as defined below) has provided the required certification to avoid backup withholding, the Depository will withhold United States federal income taxes equal to 30% of the gross payments payable to a Non-United States Shareholder or the holder's agent unless the Depository determines that a reduced rate of withholding is available pursuant to a tax treaty or that an exemption from withholding is applicable because the gross proceeds are effectively connected with the conduct of a trade or business within the United States. For this purpose, a "Non-United States Shareholder" is any shareholder that for United States federal income tax purposes is not (i) a citizen or resident of the United States, (ii) a corporation or partnership created or organized in or under the laws of the United States or any State or the District of Columbia, (iii) an estate the income of which is subject to United States federal income taxation regardless of the source of that income, or (iv) a trust (a) the administration over which a United States court can exercise primary supervision and (b) all of the substantial decisions of which one or more United States persons have the authority to control. Notwithstanding the foregoing, to the extent provided in United States Treasury Regulations, certain trusts in existence on August 20, 1996, and treated as United States persons before that date, that elect to continue to be treated as United States persons also will not be Non-United States Shareholders. In order to obtain a reduced rate of withholding pursuant to a tax treaty, a Non-United States Shareholder must deliver to the Depository before the payment a properly completed and executed IRS Form 1001. In order to obtain an exemption from withholding on the grounds that the gross proceeds paid pursuant to the offer are effectively connected with the conduct of a trade or business within the United States, a Non-United States Shareholder must deliver to the Depository a properly completed and executed IRS Form 4224. The Depository will determine a shareholder's status as a Non-United States Shareholder and eligibility for a reduced rate of, or an exemption from, withholding by reference to outstanding certificates or statements concerning eligibility for a reduced rate of, or exemption from, withholding (e.g., IRS Form 1001 or IRS Form 4224) unless facts and circumstances indicate that reliance is not warranted. A Non-United States Shareholder may be eligible to obtain a refund of all or a portion of any tax withheld if the Non-United States Shareholder meets those tests described in Section 14 of the Offer to Purchase that would characterize the exchange as a sale (as opposed to a dividend) or is otherwise able to establish that no tax or a reduced amount of tax is due.

Non-United States Shareholders are urged to consult their own tax advisors regarding the application of United States federal income tax withholding, including eligibility for a withholding tax reduction or exemption, and the refund procedure.

15. Lost, Stolen, Destroyed or Mutilated Certificates. If any certificate(s) representing shares has been lost, stolen, destroyed or mutilated, the shareholder should do the following:

- . Refer to the calculation on the "Affidavit of Lost or Destroyed Certificate(s)" form for certificate replacements under \$100,000.
- . Write a check payable to GENERAL INSURANCE COMPANY OF AMERICA for the amount of the replacement premium.
- . Return the "Affidavit of Lost or Destroyed Certificate(s)," the replacement premium check, a properly completed and executed copy of the Letter of Transmittal and any certificate(s) you may have in your possession to the Depository.

16. Conditional Tenders. As described in Sections 1 and 6 of the Offer to Purchase, shareholders may condition their tenders on all or a minimum number of their tendered shares being purchased. If Sempra is to purchase less than all of the shares tendered before the Expiration Date and not withdrawn, the Depository will perform a preliminary proration, and any shares tendered at or below the purchase price pursuant to a conditional tender for which the condition was not satisfied by the preliminary proration will be deemed withdrawn, subject to reinstatement if such conditional tendered shares are subsequently selected by random lot for purchase subject to Sections 1 and 6 of the Offer to Purchase. Conditional tenders will be selected by lot only from shareholders who tender all of their shares. All tendered shares will be deemed unconditionally tendered unless the "Conditional Tender" box is completed. The conditional tender alternative is made available so that a shareholder may assure that the purchase of shares from the shareholder pursuant to the offer will be treated as a sale of the shares by the shareholder, rather than the payment of a dividend to the shareholder, for federal income tax purposes. Odd Lot Shares, which will not be subject to proration, cannot be conditionally tendered. It is the tendering shareholder's responsibility to calculate the minimum number of shares that must be purchased from the shareholder in order for the shareholder to qualify for sale (rather than dividend) treatment, and each shareholder is urged to consult his or her own tax advisor.

In the event of proration, any shares tendered pursuant to a conditional tender for which the minimum requirements are not satisfied may not be accepted and thereby will be deemed withdrawn.

17. Sempra Energy Direct Stock Purchase Plan. If a shareholder desires to tender shares credited to the shareholder's account under the Sempra Energy Direct Stock Purchase Plan, the information under the caption "Sempra Energy Direct Stock Purchase Plan" should be completed. A participant in the Sempra Energy Direct Stock Purchase Plan may complete the information on only one Letter of Transmittal submitted by the participant. If a participant submits more than one Letter of Transmittal and completes the information on more than one Letter of Transmittal, the participant will be deemed to have elected to tender all shares credited to the shareholder's account under the Sempra Energy Direct Stock Purchase Plan at the lowest price specified in the Letter of Transmittal. If the shareholder is an Odd Lot Holder and desires to have all of the shareholder's shares purchased, the box entitled "Odd Lots" must also be completed. See Instruction 8.

18. Savings Plans. Participants in any of the Sempra Energy Savings Plan, Sempra Energy Trading Retirement Savings Plan, Southern California Gas Company Retirement Savings Plan, San Diego Gas & Electric Company Savings Plan or the Sempra Energy Services Savings Plan may not use this Letter of Transmittal to direct the tender of shares attributable to their individual accounts, but must comply with the instructions found in the "Letter to Participants in the Sempra Energy and Subsidiary Savings Plans" sent separately to them. Participants in these savings plans are urged to carefully read the "Letter to Participants in the Sempra Energy and Subsidiary Savings Plans" and related materials sent to them.

This Letter of Transmittal, properly completed and duly executed, or manually signed facsimile of this Letter of Transmittal, together with certificates representing shares being tendered or confirmation of book-entry transfer and all other required documents, or a notice of guaranteed delivery, must be received before 5:00 p.m., New York City time, on the Expiration Date. Shareholders are encouraged to return a completed Substitute Form W-9 with this Letter of Transmittal.

The Information Agent for the offer is:

D. F. King & Co., Inc.

77 Water Street  
New York, New York 10005-4495  
Banks and Brokers Call Collect: (212) 269-5550  
All Others Call Toll Free: (800) 431-9645

The Dealer Manager for the offer is:

Goldman, Sachs & Co.

85 Broad Street  
New York, NY 10004  
(212) 902-1000 (Call Collect)



Sempra Energy  
Notice of Guaranteed Delivery  
for  
Tender of Shares of Common Stock

This Notice of Guaranteed Delivery, or one substantially in the form hereof, must be used to accept the offer if certificates evidencing shares of common stock, without par value, of Sempra Energy, a California corporation, are not immediately available, or if the procedure for book-entry transfer described in the Offer to Purchase dated January 26, 2000 and the related Letter of Transmittal which, as amended or supplemented from time to time, together constitute the offer, cannot be completed on a timely basis or time will not permit all required documents, including a properly completed and duly executed Letter of Transmittal or a manually signed facsimile of the Letter of Transmittal, to reach the Depository prior to the Expiration Date, as defined in the Offer to Purchase.

This Notice of Guaranteed Delivery, properly completed and duly executed, may be delivered by hand, mail or facsimile transmission to the Depository. See Section 3 of the Offer to Purchase.

The Depository for the offer is:

First Chicago Trust Company of New York

By Mail:	By Overnight Delivery:	By Hand Delivery:
First Chicago Trust Company of New York Corporate Actions, Suite 4660 P.O. Box 2569 Jersey City, NJ 07303-2569	First Chicago Trust Company of New York Corporate Actions, Suite 4660 525 Washington Blvd., 3rd Floor Jersey City, NJ 07310	First Chicago Trust Company of New York c/o Securities Transfer and Reporting Services Inc. Attn: Corporate Actions 100 William Street, Galleria New York, NY 10038

Facsimile Transmission:

(201) 324-3402  
or  
(201) 324-3403

Confirm Receipt of Facsimile by Telephone:

(201) 222-4707

Delivery of this notice of guaranteed delivery to an address other than as set forth above or transmission of instructions via facsimile transmission other than as set forth above will not constitute a valid delivery. Deliveries to Sempra will not be forwarded to the Depository and therefore will not constitute valid delivery. Deliveries to the Book-Entry Transfer Facility will not constitute valid delivery to the Depository.

This Notice of Guaranteed Delivery is not to be used to guarantee signatures. If a signature on the Letter of Transmittal is required to be guaranteed by an Eligible Institution (as defined in the Offer to Purchase) under the instructions to the Letter of Transmittal, the signature guarantee must appear in the applicable space provided in the signature box on the Letter of Transmittal.

Ladies and Gentlemen:

The undersigned tenders to Sempra at the price per share indicated in this Notice of Guaranteed Delivery, upon the terms and subject to the conditions described in the Offer to Purchase and the related Letter of Transmittal, receipt of which is hereby acknowledged, the number of shares specified below pursuant to the guaranteed delivery procedure described in Section 3 of the Offer to Purchase. All shares tendered and purchased will include the associated preferred stock purchase rights issued pursuant to a Rights Agreement dated as of May 26, 1998 between Sempra and First Chicago Trust Company of New York, as rights agent, and, unless the context otherwise requires, all references to shares include the associated preferred stock purchase rights.

Number of shares to be tendered: \_\_\_\_\_ shares.

Odd Lots

To be completed ONLY if shares are being tendered by or on behalf of a person owning beneficially or of record an aggregate of fewer than 100 shares (not including any shares held in the Sempra Energy Direct Stock Purchase Plan or in one of Sempra's savings plans). The undersigned either (check one box):

is the beneficial or record owner of an aggregate of fewer than 100 shares, all of which are being tendered; or

is a broker, dealer, commercial bank, trust company, or other nominee that (a) is tendering for the beneficial owner(s) of shares with respect to which it is the record holder, and (b) believes, based upon representations made to it by the beneficial owner(s), that each person was the beneficial or record owner of an aggregate of fewer than 100 shares and is tendering all of those shares.

In addition, the undersigned is tendering shares either (check one box):

at the purchase price, as the same will be determined by Sempra in accordance with the terms of the offer (persons checking this box need not indicate the price per share below); or

at the price per share indicated below under "Price (In Dollars) per Share at Which Shares Are Being Tendered."

#### Conditional Tender

A tendering shareholder may condition his or her tender of shares upon Sempra purchasing a specified minimum number of the shares tendered, all as described in the Offer to Purchase, particularly in Section 6. Unless at least the minimum number of shares you indicate below is purchased by Sempra pursuant to the terms of the offer, none of the shares tendered by you will be purchased. It is the tendering shareholder's responsibility to calculate the minimum number of shares that must be purchased if any are purchased, and each shareholder is urged to consult his or her own tax advisor. Unless this box has been completed and a minimum specified, the tender will be deemed unconditional.

Minimum number of shares that must be purchased, if any are purchased: \_\_\_\_\_ shares.

Check Only One Box. If More Than One Box Is Checked or If No Box Is Checked, There Is No Proper Tender of Shares.

Shares Tendered at Price Determined by Shareholder  
(See Instruction 5 to the Letter of Transmittal)

By checking ONE of the following boxes below INSTEAD OF THE BOX UNDER "SHARES TENDERED AT PRICE DETERMINED PURSUANT TO THE OFFER," the undersigned hereby tenders shares at the price checked. This action could result in none of the shares being purchased if the purchase price determined by Sempra for the shares is less than the price checked below. A shareholder who desires to tender shares at more than one price must complete a separate Letter of Transmittal for each price at which shares are tendered. The same shares cannot be tendered at more than one price.

Price (In Dollars) per Share at Which Shares Are Being Tendered

<input type="checkbox"/> \$17.500	<input type="checkbox"/> \$18.375	<input type="checkbox"/> \$19.250
<input type="checkbox"/> \$17.625	<input type="checkbox"/> \$18.500	<input type="checkbox"/> \$19.375
<input type="checkbox"/> \$17.750	<input type="checkbox"/> \$18.625	<input type="checkbox"/> \$19.500
<input type="checkbox"/> \$17.875	<input type="checkbox"/> \$18.750	<input type="checkbox"/> \$19.625
<input type="checkbox"/> \$18.000	<input type="checkbox"/> \$18.875	<input type="checkbox"/> \$19.750
<input type="checkbox"/> \$18.125	<input type="checkbox"/> \$19.000	<input type="checkbox"/> \$19.875
<input type="checkbox"/> \$18.250	<input type="checkbox"/> \$19.125	<input type="checkbox"/> \$20.000

Shares Tendered at Price Determined Pursuant to the Offer  
(See Instruction 5 to the Letter of Transmittal)

The undersigned wants to maximize the chance of having Sempra purchase all of the shares the undersigned is tendering (subject to the possibility of proration). Accordingly, by checking THIS ONE BOX INSTEAD OF ONE OF THE PRICE BOXES ABOVE, the undersigned hereby tenders shares and is willing to accept the purchase price determined by Sempra in accordance with the terms of the offer. This action could result in receiving a price per share of as low as \$17.50.

Signature(s): \_\_\_\_\_

Name(s) of Record Holder(s): \_\_\_\_\_  
Please Type or Print

Certificate Nos.: \_\_\_\_\_

Address: \_\_\_\_\_

Zip Code

Daytime Area Code and Telephone No.: \_\_\_\_\_

If shares will be delivered by book-entry transfer, provide the following information:

Account Number: \_\_\_\_\_

Date: \_\_\_\_\_, 2000

Guarantee  
(Not to be used for a signature guarantee.)

The undersigned, a bank, broker, dealer, credit union, savings association or other entity which is a member in good standing of the Securities Transfer Agents Medallion Program or a bank, broker, dealer, credit union, savings association or other entity which is an "eligible guarantor institution," as that term is defined in Rule 17Ad-15 promulgated under the Securities Exchange Act of 1934, as amended (each of the foregoing constituting an "Eligible Institution"), guarantees the delivery to the Depository of the shares tendered, in proper form for transfer, or a confirmation that the shares tendered have been delivered pursuant to the procedure for book-entry transfer described in the Offer to Purchase into the Depository's account at the Book-Entry Transfer Facility, together with a properly completed and duly executed Letter of Transmittal, or a manually signed facsimile of the Letter of Transmittal, or an Agent's Message (as defined in the Offer to Purchase) in the case of a book-entry transfer, and any other required documents, all within three (3) New York Stock Exchange trading days of this date.

The Eligible Institution that completes this form must communicate the guarantee to the Depository and must deliver the Letter of Transmittal and certificates representing shares to the Depository within the time period set forth herein. Failure to do so could result in a financial loss to the Eligible Institution.

Name of Firm: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_ Zip Code

Area Code and Telephone No.: \_\_\_\_\_

Authorized Signature

Name: \_\_\_\_\_

Please Print

Title: \_\_\_\_\_

Date: \_\_\_\_\_, 2000

Note: Do not send share certificates with this form. Certificates for shares should be sent with the Letter of Transmittal.

January 26, 2000

To Our Shareholders:

We invite you to tender your shares of our common stock for purchase by Sempra. We are offering to purchase up to 36,000,000 shares at a price not in excess of \$20.00 nor less than \$17.50 per share, net to the seller in cash, without interest, as specified by shareholders tendering their shares.

We will determine a single per share price that we will pay for shares properly tendered, taking into account the number of shares tendered and the prices specified by tendering shareholders. We will select the lowest purchase price that will allow us to buy 36,000,000 shares or, if a lesser number of shares are properly tendered, all shares that are properly tendered. All shares acquired in the offer will be acquired at the same purchase price.

Our offer is being made upon the terms and subject to the conditions set forth in the enclosed Offer to Purchase and related Letter of Transmittal. I encourage you to read these materials carefully before making any decision with respect to the offer. The offer will expire at 5:00 p.m., New York City time, on Friday, February 25, 2000, unless we extend it.

Any shareholder whose shares are properly tendered directly to First Chicago Trust Company of New York, the Depositary for the offer, and purchased in the offer will not incur the usual transaction costs associated with open market sales. If you own fewer than 100 shares, the offer is an opportunity for you to sell your shares without having to pay odd lot discounts.

If you want to maximize the chances that your shares will be purchased in the offer, you should check the box in the section of the Letter of Transmittal captioned "Shares Tendered at Price Determined Pursuant to the Offer." Note that this election could result in your shares being purchased at the minimum price of \$17.50 per share.

Neither Sempra nor our Board of Directors makes any recommendation to you as to whether to tender or refrain from tendering your shares or as to the purchase price at which you may choose to tender your shares. You must make your own decision as to whether to tender your shares and, if so, how many shares to tender and the price or prices at which you will tender them. In doing so, you should consider our reasons for making this offer, including the recently announced reduction in our quarterly dividend rate, our increased use of financial leverage and our increased business emphasis on providing unregulated integrated energy services. Our directors and executive officers have advised us that they do not intend to tender any shares in the offer.

If you do not wish to participate in this offer, you do not need to take any action. If you do wish to tender your shares, the instructions on how to tender shares are explained in detail in the enclosed materials.

If you have any questions regarding the offer or need assistance in tendering your shares, please contact D. F. King & Co., Inc., the Information Agent for the offer, at (800) 431-9645 (toll-free).

Sincerely,

SEMPRA LOGO

Richard D. Farman  
Chairman and Chief Executive Officer

QUESTIONS AND ANSWERS  
ABOUT THE TENDER OFFER  
FOR THE COMMON STOCK OF SEMPRA ENERGY

WHAT IS THIS OFFER TO PURCHASE?

- . We are inviting you to tender shares of our common stock, without par value, for purchase by Sempra at a price not in excess of \$20.00 nor less than \$17.50 per share upon the terms and conditions described in the enclosed Offer to Purchase and the related Letter of Transmittal.

WHAT WILL BE THE FINAL PURCHASE PRICE?

- . We will determine the lowest single price per share that will allow us to buy 36,000,000 shares properly tendered, taking into account the number of shares tendered and the prices specified by tendering shareholders or, if a lesser number of shares are properly tendered, all shares that are properly tendered.
- . All shares acquired in the offer will be acquired at the same purchase price.
- . If your shares are purchased in the offer, you will receive the purchase price in cash for each of your shares that we purchase, without interest, and will not incur the usual transaction costs associated with open market sales.

WHY IS SEMPRA CONDUCTING THE TENDER OFFER AND REDUCING THE DIVIDEND?

- . As a complement to our business strategy, we have developed financial initiatives that are intended to increase our financial flexibility and further position us for the increasingly competitive utility and energy services markets.
- . We plan to reduce the quarterly dividend payable on shares of our common stock to \$0.25 per share (\$1.00 annualized rate) from its previous level of \$0.39 per share (\$1.56 annualized rate) commencing with the dividend payable in the second quarter of 2000. Reducing the dividend rate improves our financial flexibility going forward. Additionally, it positions our common stock for potential increased growth in market value by retaining a proportionately higher level of earnings for reinvestment in the business.
- . We intend to incur approximately \$700 million in additional long-term obligations in the form of senior notes and trust preferred securities guaranteed by us to repurchase shares in this offer. This is designed to increase the financial leverage employed by us in our capital structure.
- . This offer allows you an opportunity to exit all or part of your investment in our shares on potentially more favorable terms than would otherwise be available. However, if you choose not to tender your shares, you may also benefit from these transactions. Non-tendering shareholders will own a greater interest in us with a potentially stronger earnings per share growth rate.

HOW IS SEMPRA GOING TO REPAY THE OBLIGATIONS INCURRED TO FUND THE TENDER OFFER?

- . We expect to repay the long-term obligations in the form of senior notes and trust preferred securities incurred to finance our purchase of shares in the offer through funds generated by our operations, increased cash flows resulting from the dividend reduction or through refinancing the obligations at a later date.

WHAT IS A MODIFIED "DUTCH AUCTION"?

- . A modified "Dutch Auction" is a process through which we can offer to purchase your shares of our common stock, you can decide whether or not you want to tender, or sell, your shares, and if so, at what prices you would like to tender, or sell, the shares within the price range we have established.

WHAT ARE "ODD LOT HOLDERS"?

- . "Odd Lot Holders" are shareholders who own an aggregate of less than 100 shares, not including shares held in the Sempra Direct Stock Purchase Plan or one of our savings plans.
- . The sale of shares held by Odd Lot Holders will avoid any applicable odd lot fees payable on sales of such odd lots on the securities exchanges.

. If more than 36,000,000 shares, or any increased number of shares that we elect to purchase, are properly tendered and not properly withdrawn in the offer at prices at or below the purchase price, we will first purchase odd lot shares and then the remaining shares on a pro rata basis.

. There will be no proration of shares tendered by any Odd Lot Holder.

#### AT WHAT PRICE MAY I TENDER MY SHARES?

. You may elect to tender your shares at the price determined according to the offer or at a specified price, in increments of \$0.125, starting at \$17.50 per share up to and including \$20.00 per share.

. You must indicate your election as to the number of shares you wish to tender and price at which you want to tender those shares on the enclosed Letter of Transmittal.

#### WHAT IF MY DESIGNATED PRICE IS ABOVE THE COMPANY'S PURCHASE PRICE?

. Shares that are tendered at a designated price that is above the purchase price we determine in the offer will not be purchased and will be returned to you.

#### WHAT IF MORE THAN 36,000,000 SHARES ARE TENDERED AT OR BELOW THE PURCHASE PRICE?

. If more than 36,000,000 shares are properly tendered at or below the purchase price, a pro rata share of each tender will be accepted for purchase subject to priority for odd lots.

. Shares held by "Odd Lot Holders" who tender all of their shares at or below the purchase price and who complete the appropriate section of the Letter of Transmittal will be purchased before proration.

. You may tender shares subject to the condition that a specified minimum number of your shares tendered must be purchased if any shares tendered are purchased.

#### HOW DO I TENDER MY SHARES?

. If your shares are registered in your own name or held in an account in the Sempra Energy Direct Stock Purchase Plan, you must complete and return the enclosed Letter of Transmittal and follow the instructions contained therein.

. If your shares are held through a brokerage firm or bank, you must instruct your broker or bank to complete and return a Letter of Transmittal on your behalf. The Letter of Transmittal cannot be used to tender shares held by a nominee directly, even though one may have been delivered for informational purposes.

. If you hold shares in one of our savings plans, you must instruct the trustee of the plans, to tender the shares attributable to your savings plan account.

#### WHAT FORM DO I NEED TO SIGN AND PROVIDE IF I CAN'T GET MY LETTER OF TRANSMITTAL AND STOCK CERTIFICATES IN ON TIME?

. If you cannot deliver a completed Letter of Transmittal and other required documents before the offer is scheduled to expire, you must have an Eligible Institution complete and execute the Notice of Guaranteed Delivery instead.

#### CAN I TENDER MY SHARES AT DIFFERENT PRICES?

. Yes, you can elect to tender some shares at one price and other shares at a second price.

. But the same shares cannot be tendered at different prices.

. If you wish to tender some shares at one price and other shares at a different price, a separate Letter of Transmittal MUST be completed and returned for each price.

#### CAN I WITHDRAW MY TENDER?

. Tendered shares may be withdrawn at any time until 5:00 P.M., New York City time, on Friday, February 25, 2000, unless we extend the tender offer, or at any time after 12:00 Midnight, New York City time, on Wednesday, March 22, 2000 if we have not by then accepted the tendered shares for payment.

. For a withdrawal to be effective, a written, telegraphic or facsimile transmission form must be timely provided to First Chicago Trust Company of New York, at its address set forth on the back of the Offer to Purchase.

#### CAN SEMPRA WITHDRAW THE TENDER OFFER?

. Under certain circumstances discussed in the Offer to Purchase, we may withdraw the tender offer at any time before it expires.

WHAT IF THE TERMS OF THE TENDER OFFER CHANGE?

- . If we extend the Expiration Date of the tender offer or materially change the terms of the tender offer, we will give notice of the change and, under certain circumstances, must, in connection with that change, extend the expiration date of the offer at least ten business days.
- . During the extension, you will continue to be able to withdraw the tender of your shares.

ARE THERE ANY BROKERAGE COMMISSIONS?

- . There will be no brokerage commissions if shares tendered are registered in a your name and tendered directly to the Depositary.
- . If shares are held through brokers or banks, you should consult your broker or bank to determine whether transaction costs apply to the tender of those shares.
- . No stock transfer tax will apply if payment is made to the registered holder of the shares.

DO I HAVE TO SELL MY SHARES TO SEMPRA?

- . No. No one is required to tender any shares.
- . If you do not tender your shares, you will continue to own the same number of shares without any adjustments.
- . The percentage of the outstanding shares held by non-tendering shareholders will increase since the number of outstanding shares will be reduced upon completion of the tender offer.

IF I HAVE LOST OR MISPLACED MY SHARE CERTIFICATES, HOW DO I PARTICIPATE IN THE OFFER?

- . Contact First Chicago Trust Company of New York at (877) 773-6772 immediately for assistance.

WHAT IF I HAVE QUESTIONS ABOUT THE TENDER OFFER?

- . Contact D.F. King & Co., the Information Agent for the tender offer, at (800) 431-9645 with any questions about the terms and conditions of the tender offer or how to tender your shares.

WHERE DO I OBTAIN ADDITIONAL COPIES OF THE LETTER OF TRANSMITTAL?

- . Additional copies of the Letter of Transmittal and any of the other tender offer documents can be obtained from the Information Agent.



January 26, 2000

To The Participants In Our Saving Plans:

Sempra Energy invites you, as a holder of shares of our common stock through your participation in one of Sempra's savings plans, to tender to us some or all of the shares held in your savings plan account. We are offering to purchase up to 36,000,000 shares at a price not in excess of \$20.00 nor less than \$17.50 per share, net to the seller in cash, without interest, as specified by shareholders tendering their shares.

We will determine a single per share price that we will pay for shares properly tendered, taking into account the number of shares tendered and the prices specified by tendering shareholders. We will select the lowest purchase price that will allow us to buy 36,000,000 shares or, if a lesser number of shares are properly tendered, all shares that are properly tendered. All shares acquired in the offer will be acquired at the same purchase price.

Our offer is being made upon the terms and subject to the conditions set forth in the Offer to Purchase and related Letter of Transmittal. The terms and conditions of the offer are explained in detail in the enclosed Offer to Purchase and the related Letter of Transmittal. I encourage you to read these materials carefully before making any decision with respect to the offer.

The offer will expire at 5:00 p.m., New York City time, on Friday, February 25, 2000, unless we extend it, however, if you wish to properly tender some or all of the shares held in your savings plan account, you must provide your tender instructions to T. Rowe Price Trust Company, through its agent, no later than three business days before the expiration of the offer.

Neither Sempra nor our Board of Directors makes any recommendation to you as to whether to tender or refrain from tendering you shares or as to the purchase price at which you may choose to tender your shares. You must make your own decision as to whether to tender your shares and, if so, how many shares to tender and the price or prices at which you will tender them. In doing so, you should consider our reasons for making this offer, including the recently announced reduction in our quarterly dividend rate, our increased use of financial leverage and our increased business emphasis on providing unregulated integrated energy services. Our directors and executive officers have advised us that they do not intend to tender any shares in the offer.

If you do not wish to participate in this offer, you do not need to take any action. If you do wish to tender some or all of the shares held in your savings plan account, the instructions on how to tender those shares are explained in detail in the accompanying materials. You should read and follow the instructions found in the enclosed "Letter to Participants in Sempra Energy and Subsidiary Savings Plans" carefully.

If you tender shares that were originally purchased with employer contributions to your savings plan account, any proceeds will be reinvested in shares of our common stock at a price that may be higher or lower than the purchase price. If you tender shares that were originally purchased with your contributions to your savings plan account, any proceeds will be initially invested in the T. Rowe Price Summit Cash Reserves money market fund, pending your further investment direction.

If you have any questions regarding the offer or need assistance in tendering your shares, please contact D. F. King & Co., the Information Agent for the offer, at (800) 431-9645 (toll-free).

Sincerely,

[SEMPRA ENERGY LOGO]

Richard D. Farman  
Chairman and Chief Executive  
Officer

QUESTIONS AND ANSWERS  
ABOUT THE TENDER OFFER  
FOR THE COMMON STOCK OF SEMPRA ENERGY

WHAT IS THIS OFFER TO PURCHASE?

. We are inviting you to tender shares of our common stock, without par value, for purchase by us at a price not in excess of \$20.00 nor less than \$17.50 per share, upon the terms and conditions described in the enclosed Offer to Purchase and the related Letter of Transmittal.

WHAT ARE THE SEMPRA SAVINGS PLAN?

. Our Savings Plans include the Sempra Energy Saving Plan, the Sempra Energy Trading Retirement Savings Plan, the Southern California Gas Company Retirement Savings Plan, the San Diego Gas & Electric Company Savings Plan and the Sempra Energy Services Savings Plan.

WHAT WILL BE THE FINAL  
PURCHASE PRICE?

. We will determine the lowest single per share price that will allow us to buy 36,000,000 shares properly tendered, taking into account the number of shares tendered and the prices specified by tendering shareholders or, if a lesser number of shares are properly tendered, all shares properly tendered.

. All shares acquired in the offer will be acquired at the same purchase price.

. If your shares are purchased in the offer, you will receive the purchase price in cash for each of your shares that we purchases, without interest, and will not incur the usual transaction costs associated with open market sales.

WHY IS SEMPRA CONDUCTING THE TENDER OFFER AND REDUCING  
THE DIVIDEND?

.As a complement to our business strategy, we have developed financial initiatives that are intended to increase our financial flexibility and further position us for the increasingly competitive utility and energy services markets.

.We plan to reduce the quarterly dividend payable on shares of our common stock to \$0.25 per share (\$1.00 annualized rate) from its previous level of \$0.39 per share (\$1.56 annualized rate) commencing with the dividend payable in the second quarter of 2000. Reducing the dividend rate improves our financial flexibility going forward. Additionally, it positions our common stock for potential increased growth in market value by retaining a proportionately higher level of earnings for reinvestment in the business.

.We intend to incur approximately \$700 million in additional long-term obligations in the form of senior notes and trust preferred securities guaranteed by us to repurchase shares in this offer. This is designed to increase the financial leverage we employ in our capital structure.

.This offer allows you an opportunity to exit all or part of your investment in our shares on potentially more favorable terms than would otherwise be available. However, if you choose not to tender your shares, you may also benefit from these transactions. Non-tendering shareholders will own a greater interest in us with a potentially stronger earnings per share growth rate.

WHAT IS A MODIFIED "DUTCH AUCTION"?

. A modified "Dutch Auction" is a process through which we can offer to purchase shares of our common stock, and the owners of those shares can decide whether or not they want to tender, or sell, their shares, and if so, at what prices they would like to tender, or sell, their shares within the price range we have established.

AT WHAT PRICE MAY I TENDER  
MY SHARES?

. You may elect to tender your shares at the price determined according to the offer at a specified price, in increments of \$0.125, starting at \$17.50 per share up to and including \$20.00 per share.

. You must indicate your election as to the percentage of savings plan shares you wish to tender and the price at which you want to tender those shares on the enclosed Direction Form.

. Our savings plans are prohibited from selling shares to us for a price that is less than the

prevailing market price. Accordingly, if you elect to tender shares at a price that is lower than the closing market price of our common stock on the New York Stock Exchange at the expiration of the offer, the tender price you elect will be deemed to have been increased to the closest tender price that is not less than the closing price on the New York Stock Exchange at the expiration of the offer.

#### HOW DO I TENDER THE SHARES ATTRIBUTABLE TO MY SEMPRA SAVINGS ACCOUNT?

- . You may instruct the trustee, through its agent, to tender some or all of the shares attributed to your savings plan account by following the instructions in the "Letter to Participants in the Sempra Energy and Subsidiary Savings Plans" furnished separately.
- . The Direction Form provided separately must be completed and sent to the trustee, through its agent, in the envelope provided with these documents.
- . To have shares properly tendered in the offer, the trustee, through its agent, must receive the Direction Form no later than 3 business days before 5:00 p.m. Friday, February 25, 2000, the expiration of the offer period.

#### WHAT IF MY DESIGNATED PRICE IS ABOVE THE COMPANY'S PURCHASE PRICE?

- . Shares that are tendered at a designated price that is above the purchase price determined by Sempra will not be purchased and will be returned to you.

#### WHAT IF MORE THAN 36,000,000 SHARES ARE TENDERED AT OR BELOW THE PURCHASE PRICE?

- . If more than 36,000,000 shares are properly tendered at or below the purchase price, shares tendered at or below the purchase price may be subject to proration, under which we will accept for purchase a pro rata share of each tender.

#### CAN I TENDER PART OF MY STOCK AT DIFFERENT PRICES?

- . Yes, you can elect to tender some shares at one price and other shares at a second price.
- . The same shares cannot be tendered at different prices.

#### CAN SEMPRA WITHDRAW THE TENDER OFFER?

- . Under certain circumstances discussed in the Offer to Purchase, we may withdraw the tender offer until 5:00 P.M., New York City time, on Friday, February 25, 2000.

#### WHAT IF THE TERMS OF THE TENDER OFFER CHANGE?

- . If we extend the Expiration Date of the tender offer or materially change the terms of the tender offer, we will give notice of the change and, under certain circumstances, must, in connection with that change, extend the expiration date of the offer at least ten (10) business days from such notice.
- . During the extension, you will continue to be able to withdraw the tender of their shares.

#### DO I HAVE TO SELL MY STOCK TO SEMPRA?

- . No. No one is required to tender any stock.
- . If you do not tender your shares, you will continue to own the same number of shares without any adjustments.
- . The percentage of the outstanding stock held by non-tendering shareholders will increase since the number of outstanding shares will be reduced upon completion of the tender offer.

#### HOW DO I WITHDRAW THE SHARES ATTRIBUTABLE TO MY SEMPRA SAVINGS ACCOUNT FROM THE TENDER?

- . Shares attributed to one of our savings accounts can be withdrawn from the tender by notifying the trustee, through its agent, at any time before 3 business days prior to the Expiration Date, or at any time after 12:00 Midnight, New York City time, on Wednesday, March 22, 2000 if we have not accepted the tendered shares for payment pursuant to the offer before that date.
- . For a withdrawal to be effective, a written and telegraphic transmission form must be timely provided to the trustee, through its agent, Management Information Services Corporation at its address at 61 Accord Park Drive, Norwell, MA 02061.

WHO IS THE TRUSTEE OF THE  
SEMPRA SAVINGS PLANS?

- . The trustee of our savings plans is T. Rowe Price Trust Company.
- . T. Rowe Price Trust Company has engaged Management Information Services Corporation to act as their agent in processing instructions from plan participants and tendering a Letter of Transmittal on behalf of the savings plans.

WHAT IF I HOLD SHARES OUTSIDE  
THE SEMPRA SAVINGS PLANS?

- . If you hold shares outside the our savings plans, you will receive, under separate cover, tender offer materials which can be used to tender the shares held outside our savings plans.
- . Those tender offer materials MUST NOT be used to instruct T. Rowe Price Associates, Inc. to tender shares attributable to one of our savings account.

HOW WILL THE PROCEEDS OF  
THE TENDER OF MY SAVINGS PLAN  
SHARES BE INVESTED?

- . The investment of proceeds from the tender of shares attributable to a savings account depends upon the source of the shares tendered.
- . The proceeds received by the trustee from shares tendered which were originally purchased with your contributions or earnings on your contributions will be invested following the tender offer initially in T. Rowe Price Summit Cash Reserves, a money market fund, pending your further investment direction.
- . The proceeds received by the trustee from shares tendered which were originally purchased with our matching funds or earnings on our matching funds will be reinvested by the trustee in shares of our common stock following the tender offer.
- . You should be aware that the proceeds reinvested by the trustee in our common stock will be reinvested at the prevailing market price at the time of reinvestment, which may be higher or lower than the purchase price paid by in the tender offer.
- . You may tender shares originally purchased with your contributions, shares originally purchased with our matching contributions, or both.

HOW IS SEMPRA GOING TO REPAY  
THE OBLIGATIONS INCURRED TO FUND THE TENDER OFFER?

- . We expect to repay the long-term obligations in the form of senior notes and trust preferred securities incurred to finance our purchase of shares pursuant to the offer through funds generated by its operations, increased cash flows resulting from the dividend reduction or through refinancing the obligations at a later date.

CAN I TAKE ADVANTAGE OF THE  
"ODD LOT" PRIORITY?

- . No. Shares held in one of our savings plans are not eligible to avoid proration by virtue of the "odd lot" priority.

CAN I MAKE A CONDITIONAL TENDER OF THE SHARES ATTRIBUTABLE TO MY SAVINGS PLAN  
ACCOUNT?

- . No. Shares held in one of our savings plans cannot be conditionally tendered.

WHAT IF I HAVE QUESTIONS ABOUT  
THE TENDER OFFER?

- . Contact D.F. King & Co., the Information Agent for the tender offer, at (800) 431-9645 with any questions about the terms and conditions of the tender offer or how to tender your shares.

WHERE DO I OBTAIN ADDITIONAL COPIES OF THE LETTER TO PARTICIPANTS IN SEMPRA  
SAVINGS PLANS?

- . Additional copies of the Letter to Participants in Sempra Savings Plans and any of the other tender offer documents can be obtained from the Information Agent.

Goldman, Sachs & Co.  
85 Broad Street, New York, NY 10004

Sempra Energy

Offer to Purchase for Cash up to  
36,000,000 Shares of its Common Stock  
(Including the Associated Preferred Stock Purchase Rights)

at a Purchase Price not in Excess of \$20.00  
nor Less Than \$17.50 Per Share

The offer, proration period and withdrawal rights will expire at 5:00  
p.m., New York City time, on Friday, February 25, 2000, unless the offer is  
extended.

January 26, 2000

To Brokers, Dealers, Commercial Banks,  
Trust Companies and Other Nominees:

Sempra Energy, a California corporation, has engaged us to act as Dealer  
Manager in connection with its offer to purchase shares of its Common Stock,  
without par value. Sempra is offering to purchase up to 36,000,000 shares at a  
price not in excess of \$20.00 nor less than \$17.50 per share, net to the seller  
in cash, without interest, as specified by shareholders tendering their shares.

Sempra will determine a single per share price that it will pay for shares  
properly tendered, taking into account the number of shares tendered and the  
prices specified by tendering shareholders. All shares acquired in the offer  
will be acquired at the same purchase price. Sempra will select the lowest  
purchase price that will allow it to buy 36,000,000 shares or, if a lesser  
number of shares are properly tendered, all shares that are properly tendered.

Sempra's offer is being made upon the terms and subject to the conditions  
set forth in the Offer to Purchase and in the related Letter of Transmittal  
which, as amended or supplemented from time to time, together constitute the  
offer. All shares tendered and purchased will include the associated preferred  
stock purchase rights issued pursuant to a Rights Agreement dated as of May 26,  
1998 between Sempra and First Chicago Trust Company of New York, as rights  
agent, and, unless the context otherwise requires, all references to shares  
include the associated preferred stock purchase rights.

Only shares properly tendered at prices at or below the purchase price and  
not properly withdrawn will be purchased. However, because of the "odd lot"  
priority, proration and conditional tender provisions described in the Offer to  
Purchase, all of the shares tendered at or below the purchase price will not be  
purchased if the offer is oversubscribed. Shares tendered at prices in excess  
of the purchase price that is determined by Sempra and shares not purchased  
because of proration or conditional tenders will be returned as promptly as  
practicable following the Expiration Date.

Sempra reserves the right, in its sole discretion, to purchase more than  
36,000,000 shares pursuant to the offer.

The offer is not conditioned on any minimum number of shares being tendered.  
However, the offer is subject to other conditions.

If at the expiration of the offer more than 36,000,000 shares, or any  
greater number of shares as Sempra may elect to purchase, are properly tendered  
at or below the purchase price and not properly withdrawn,

Sempra will buy shares first from any person (an "Odd Lot Holder") who owned beneficially or of record an aggregate of fewer than 100 shares (not including any shares held in the Sempra Energy Direct Stock Purchase Plan or Sempra's savings plans) and so certified in the appropriate place on the Letter of Transmittal and, if applicable, on a notice of guaranteed delivery, who properly tender all their shares at or below the purchase price, and then on a pro rata basis from all other shareholders who properly tender shares at prices at or below the purchase price, subject to the conditional tender provisions.

For your information and for forwarding to those of your clients for whom you hold shares registered in your name or in the name of your nominee, we are enclosing the following documents:

1. The Offer to Purchase dated January 26, 2000;
2. The Letter of Transmittal for your use and for the information of your clients, together with the accompanying Substitute Form W-9. Facsimile copies of the Letter of Transmittal, with manual signatures, may be used to tender shares;
3. A letter to the shareholders of Sempra dated January 26, 2000 from Richard D. Farman, Chairman and Chief Executive Officer of Sempra;
4. The Notice of Guaranteed Delivery to be used to accept the offer and tender shares pursuant to the offer if none of the procedures for tendering shares described in the Offer to Purchase can be completed on a timely basis;
5. A printed form of letter which you may send to your clients for whose accounts you hold shares registered in your name or in the name of your nominee, with an instruction form provided for obtaining the clients' instructions with regard to the offer;
6. Guidelines of the Internal Revenue Service for Certification of Taxpayer Identification Number on Substitute Form W-9; and
7. A return envelope addressed to First Chicago Trust Company of New York, as Depositary for the offer.

Your prompt action is requested. We urge you to contact your clients as promptly as possible. Please note that the offer, proration period and withdrawal rights will expire at 5:00 p.m., New York City time, on Friday, February 25, 2000, unless the offer is extended.

In order to tender shares in the offer, a duly executed and properly completed Letter of Transmittal, or a manually signed facsimile of the Letter of Transmittal, including any required signature guarantees, or an Agent's Message (as defined in the Offer to Purchase) in the case of a book-entry transfer, and any other required documents should be sent to the Depositary together with either certificate(s) representing tendered shares or timely confirmation of their book-entry transfer, in accordance with the instructions described in the Offer to Purchase and the related Letter of Transmittal.

Holders of shares whose certificate(s) for the shares are not immediately available or who cannot deliver the certificate(s) and all other required documents to the Depositary, or complete the procedures for book-entry transfer, before the Expiration Date must tender their shares according to the procedure for guaranteed delivery described in Section 3 of the Offer to Purchase.

Neither Sempra nor any officer, director, shareholder, agent or other representative of Sempra will pay any fees or commissions to any broker, dealer or other person for soliciting tenders of shares pursuant to the offer (other than fees paid to Goldman, Sachs & Co., as Dealer Manager, as described in the Offer to Purchase). Sempra will, however, upon request, reimburse you for customary mailing and handling expenses incurred by you in forwarding any of the enclosed materials to your clients whose shares are held by you as a nominee or in a fiduciary capacity. Sempra will pay or cause to be paid any stock transfer taxes applicable to its purchase of shares, except as otherwise provided in the Letter of Transmittal.

Requests for additional copies of the enclosed materials and any inquiries you may have with respect to the offer should be addressed to D. F. King & Co., Inc., as Information Agent, 77 Water Street, New York, New York 10005-4495, (212) 269-5550 (call collect) or (800) 431-9645 (toll free).

Very truly yours,

Goldman, Sachs & Co.

Nothing contained in this document or in the enclosed documents will make you or any other person an agent of Sempra, the Dealer Manager, the Information Agent or the Depositary or any affiliate of any of the foregoing, or authorize you or any other person to use any document or make any statement on behalf of any of them in connection with the offer other than the documents enclosed and the statements contained in those documents.

Sempra Energy

Offer to Purchase for Cash up to  
36,000,000 Shares of its Common Stock  
(Including the Associated Preferred Stock Purchase Rights)

at a Purchase Price not in Excess of \$20.00  
nor Less Than \$17.50 Per Share

The offer, proration period and withdrawal rights will expire at 5:00 P.M.,  
New York City time, on Friday, February 25, 2000, unless the offer is  
extended.

To the Participants in the  
Sempra Energy and Subsidiary Savings Plans:

Enclosed for your consideration are the Offer to Purchase dated January 26,  
2000 and the related Letter of Transmittal in connection with the offer by  
Sempra Energy, a California corporation, to purchase shares of its common  
stock, without par value. Sempra is offering to purchase up to 36,000,000  
shares at a price not in excess of \$20.00 nor less than \$17.50 per share, net  
to the seller in cash, without interest, as specified by shareholders tendering  
their shares. As a participant in the Sempra Energy and Subsidiary Savings  
Plans (the "Savings Plans"), you may tender shares that you hold in the Savings  
Plans. If you wish to do so, you must direct the plan trustee to do so on your  
behalf by following the instructions in this letter.

Sempra will determine a single per share price that it will pay for shares  
properly tendered, taking into account the number of shares tendered and the  
prices specified by tendering shareholders. Sempra will pay the same price for  
all shares purchased in the offer. Sempra will select the lowest purchase price  
that will allow it to buy 36,000,000 shares or, if a lesser number of shares  
are properly tendered, all shares that are properly tendered. All shares  
properly tendered at prices at or below the purchase price and not properly  
withdrawn will be purchased, subject to the conditions of the offer and the  
"odd lot" priority, proration and conditional tender provisions described in  
the Offer to Purchase. Shares tendered at prices in excess of the purchase  
price that is determined by Sempra and shares not purchased because of  
proration or conditional tenders will be returned.

If you do not wish to direct the sale of any portion of the shares in your  
Savings Plan account, you do not need to take any action.

If you would like to direct the sale of some or all of the shares held in  
your Savings Plan account in response to this offer, detailed instructions on  
how to tender those shares are included in the enclosed materials.

Sempra's offer is being made upon the terms and subject to the conditions  
set forth in the Offer to Purchase and in the related Letter of Transmittal  
which, as amended or supplemented from time to time, together constitute the  
offer. All shares tendered and purchased will include the associated preferred  
stock purchase rights issued pursuant to a Rights Agreement dated as of May 26,  
1998 between Sempra and First Chicago Trust Company of New York, as rights  
agent, and, unless the context otherwise requires, all references to shares  
include the associated preferred stock purchase rights.

Only shares properly tendered at prices at or below the purchase price and  
not properly withdrawn will be purchased. Sempra will not purchase all of the  
shares tendered at or below the purchase price if the offer is oversubscribed.  
The number of shares Sempra actually acquires will be determined by taking into  
consideration the "odd lot" priority, proration and conditional tender  
provisions described in the Offer to Purchase. Shares tendered at prices in  
excess of the purchase price and shares not purchased because of proration or  
conditional tenders will be returned as promptly as practicable following the  
expiration of the offer.



Semptra reserves the right, in its sole discretion, to purchase more than 36,000,000 shares pursuant to the offer.

You must carefully follow the instructions below if you want to direct the trustee to tender some or all of the shares in your Savings Plan account. Failure to follow the instructions below properly may make you ineligible to direct the trustee to tender the shares held in your Savings Plan account in the offer. T. Rowe Price Trust Company, as trustee of the Savings Plans, is the holder of record of the shares held in your Savings Plan account. Pursuant to your instructions, T. Rowe Price Trust Company will, through its agent, complete a Letter of Transmittal with respect to the shares held in your Savings Plan account. A tender of the shares held in your Savings Plan account can be made only by T. Rowe Price Trust Company, as the trustee of the Savings Plans and the registered holder of the shares.

Under the terms of the Savings Plans, "employer matching funds" that Semptra or its subsidiaries have contributed and earnings on employer matching funds must be invested in Semptra Energy common stock. Thus, the proceeds received by the trustee from shares of Semptra Energy common stock you tender will be treated differently under the terms of the Savings Plans, depending upon whether the tendered shares were originally purchased with your contributions or with earnings on your contributions ("Employee Contribution Shares"), or with employer matching funds contributed by Semptra or its subsidiaries or earnings on those matching funds ("Employer Contribution Shares"). The proceeds received by the trustee from any Employee Contribution Shares will be invested following the tender offer initially in T. Rowe Price Summit Cash Reserves, a money market fund, pending further investment direction from the tendering participant. On the other hand, the proceeds received by the trustee from any Employer Contribution Shares will be reinvested under the terms of the plan in shares of Semptra common stock following the tender offer. After any successfully tendered shares are processed and the proceeds are credited to your Savings Plan account, you may contact T. Rowe Price by your normal manner of communication (e.g. participant service center, voice response or on-line access(R)) to exchange any proceeds held in the T. Rowe Price Summit Cash Reserves money market fund to any other investment option available under the terms of the Savings Plans. You should be aware that the proceeds of Employer Contribution Shares will be reinvested under the terms of the plans in Semptra common stock at the prevailing market price at the time of reinvestment, which price may be higher or lower than the purchase price paid by Semptra for shares in the tender offer.

Because the terms and conditions of the Letter of Transmittal will govern the tender of the shares held in the Savings Plans, you should read the Letter of Transmittal carefully. The Letter of Transmittal, however, is furnished to you for your information only and cannot be used by you to tender shares that are held in your Savings Plan account. You should also read the Offer to Purchase carefully before making any decision regarding the Offer.

To instruct the trustee as to whether you want it to tender any or all of the shares held in your Savings Plan account, you should complete the enclosed Direction Form and return it to the trustee's agent in the enclosed envelope.

Please note the following:

1. Shares held in your Savings Plan accounts may be tendered at prices not in excess of \$20.00 nor less than \$17.50 per share, as indicated in the attached Instruction Form.
2. The offer is not conditioned on any minimum number of shares being tendered. However, the offer is subject to other conditions described in the Offer to Purchase.
3. If the trustee's agent has not received your instructions at least three business days before the expiration of the offer, the trustee will not tender any shares held on your behalf in the plan. The offer is scheduled to expire at 5:00 p.m., New York City time, on Friday, February 25, 2000, unless the offer is extended.
4. The offer, proration period and withdrawal rights will also expire at 5:00 P.M., New York City time, on Friday, February 25, 2000, unless the offer is extended.

5. The offer is for up to 36,000,000 shares, constituting approximately 15% of the shares outstanding as of January 25, 2000.
6. Sempra's Board of Directors has authorized the making of the offer. However, neither Sempra nor Sempra's Board of Directors makes any recommendation to you as to whether to tender or refrain from tendering your shares or as to the purchase price at which you may choose to tender your shares. You must make your own decision as to whether to tender your shares and, if so, how many shares to tender and the price or prices at which you will tender them.
7. Tendering shareholders will not be obligated to pay any brokerage fees or commissions or solicitation fees to the Dealer Manager, Depository, Information Agent or Sempra or, except as described in the Letter of Transmittal, stock transfer taxes on the transfer of shares pursuant to the offer.

If you wish to direct the tender of any or all of the shares held in your Savings Plan account, you should instruct the trustee, through its agent, of your intentions in ample time to permit them to submit a tender on your behalf before the expiration of the offer period.

If you want to withdraw a tender of shares held in your Savings Plan account, you may direct the trustee to withdraw those shares so long as the offer remains open or at any time after 12:00 Midnight, New York City time, on Wednesday, March 22, 2000, if they have not already been accepted for payment. Withdrawal instructions must be received by the trustee at least three business days before the expiration of the offer. The offer is scheduled to expire at 5:00 p.m., New York City time, on Friday, February 25, 2000, unless the offer is extended.

The offer is being made solely pursuant to the Offer to Purchase and the related Letter of Transmittal and is being made to all record holders of shares of common stock of Sempra. The offer is not being made to, nor will tenders be accepted from or on behalf of, holders of shares of common stock of Sempra residing in any jurisdiction in which the making of the offer or acceptance thereof would not be in compliance with the securities laws of that jurisdiction.

The Savings Plans are prohibited from selling shares to Sempra for a price that is less than the prevailing market price. Accordingly, if you elect to tender shares at a price that is lower than the prevailing price of Sempra's common stock on the New York Stock Exchange at the expiration of the offer, the tender price you elect will be deemed to have been increased to the closest tender price that is not less than that closing price.

In order to direct the trustee to tender shares held in your Savings Plan account, you must complete, execute and return the enclosed Direction Form to the trustee, through its agent, in ample time to permit the trustee to submit a tender on your behalf before the expiration of the offer. If the trustee has not received your instructions at least three business days before the expiration of the offer, unless the offer is extended, the trustee will not tender any shares held on your behalf in the plan. The offer is scheduled to expire at 5:00 p.m., New York City time, on Friday, February 25, 2000, unless the offer is extended.

Unless you direct the trustee, through its agent, on the enclosed Direction Form to tender the shares held in your Savings Plan account, no shares will be tendered.

As more fully described in the Offer to Purchase, tenders will be deemed irrevocable unless withdrawn by the dates specified therein. If you instruct the trustee, through its agent, to tender the shares held in your Savings Plan account, and you subsequently decide to change your instructions, you may do so by submitting a written notice of change of instruction to the trustee, through its agent. The notice of change of instruction will be effective only if it is received by the trustee, through its agent, AT OR BEFORE THREE BUSINESS DAYS BEFORE THE EXPIRATION OF THE OFFER. THE OFFER IS SCHEDULED TO EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON FRIDAY, FEBRUARY 25, 2000. Upon receipt of a timely notice of change of instruction to the trustee, through its agent, previous instructions to tender the shares will be deemed canceled. If you later wish to re-tender shares, you may call the trustee, through its agent, and submit a new Instruction Form. If you have any questions about the offer or any of the other matters discussed above, please call D. F. King & Co., Inc., the Information Agent, at (800) 431-9645.

Sempra Energy

Offer to Purchase for Cash up to  
36,000,000 Shares of its Common Stock  
(Including the Associated Preferred Stock Purchase Rights)

at a Purchase Price not in Excess of \$20.00  
nor Less Than \$17.50 Per Share

The offer, proration period and withdrawal rights will expire at 5:00 P.M., New York City time, on Friday, February 25, 2000, unless the offer is extended.

January 26, 2000

To Our Clients:

Enclosed for your consideration are the Offer to Purchase dated January 26, 2000 and the related Letter of Transmittal in connection with the offer by Sempra Energy, a California corporation, to purchase shares of its common stock, without par value. Sempra is offering to purchase up to 36,000,000 shares at a price not in excess of \$20.00 nor less than \$17.50 per share, net to the seller in cash, without interest, as specified by shareholders tendering their shares.

Sempra will determine a single per share price that it will pay for shares properly tendered, taking into account the number of shares tendered and the prices specified by tendering shareholders. All shares acquired in the offer will be acquired at the same purchase price. Sempra will select the lowest purchase price that will allow it to buy 36,000,000 shares or, if a lesser number of shares are properly tendered, all shares that are properly tendered.

Sempra's offer is being made upon the terms and subject to the conditions set forth in the Offer to Purchase and in the related Letter of Transmittal which, as amended or supplemented from time to time, together constitute the offer. All shares tendered and purchased will include the associated preferred stock purchase rights issued pursuant to a Rights Agreement dated as of May 26, 1998 between Sempra and First Chicago Trust Company of New York, as rights agent, and, unless the context otherwise requires, all references to shares include the associated preferred stock purchase rights.

Only shares properly tendered at prices at or below the purchase price and not properly withdrawn will be purchased. However, because of the "odd lot" priority, proration and conditional tender provisions described in the Offer to Purchase, all of the shares tendered at or below the purchase price will not be purchased if the offer is oversubscribed. Shares tendered at prices in excess of the purchase price that is determined by Sempra and shares not purchased because of proration or conditional tenders will be returned as promptly as practicable following the Expiration Date.

Sempra reserves the right, in its sole discretion, to purchase more than 36,000,000 shares pursuant to the offer.

If at the expiration of the offer more than 36,000,000 shares, or any greater number of shares as Sempra may elect to purchase, are properly tendered at or below the purchase price and not properly withdrawn before the Expiration Date, Sempra will purchase shares first from any person (an "Odd Lot Holder") who owned beneficially or of record an aggregate of fewer than 100 shares (not including any shares held in the Sempra Energy Direct Stock Purchase Plan or in one of Sempra's savings plans) and so certified in the appropriate place on the Letter of Transmittal and, if applicable, on a notice of guaranteed delivery, and properly tendered all those shares at or below the purchase price and then, subject to the conditional tender provisions, on a pro rata basis from all other shareholders who properly tender shares at prices at or below the purchase price.

A tender of your shares can be made only by us as the holder of record and pursuant to your instructions. The Letter of Transmittal is furnished to you for your information only and cannot be used by you to tender your shares held by us for your account.

Accordingly, we request instructions as to whether you wish to tender any or all of the shares held by us for your account, upon the terms and subject to the conditions of the offer.

Please note the following:

1. Shares may be tendered at prices not in excess of \$20.00 nor less than \$17.50 per share, as indicated in the attached Instruction Form, net to the seller in cash, without interest.
2. The priority in which certificates will be purchased in the event of proration may be designated.
3. The offer is not conditioned on any minimum number of shares being tendered. However, the offer is subject to other conditions described in the Offer to Purchase.
4. The offer, proration period and withdrawal rights will expire at 5:00 P.M., New York City time, on Friday, February 25, 2000, unless the offer is extended.
5. The offer is for 36,000,000 shares, constituting approximately 15% of the shares outstanding as of January 25, 2000.
6. Sempra's Board of Directors has authorized the making of the offer. However, neither Sempra nor its Board of Directors makes any recommendation to you as to whether to tender or refrain from tendering your shares or as to the purchase price at which you may choose to tender your shares. You must make the decision whether to tender your shares and, if so, how many shares to tender and the price or prices at which you will tender them.
7. Tendering shareholders who hold shares registered in their own name and who tender their shares directly to the Depository will not be obligated to pay brokerage commissions, solicitation fees or, subject to Instruction 7 of the Letter of Transmittal, stock transfer taxes on the purchase of shares by Sempra in the offer.

Sempra will, upon the terms and subject to the conditions of the offer, accept all your shares for purchase if:

- . you owned beneficially or of record an aggregate of fewer than 100 shares (not including any shares held in the Sempra Energy Direct Stock Purchase Plan or in one of Sempra's savings plans);
- . you instruct us to tender on your behalf all your shares at or below the purchase price before the Expiration Date; and
- . you complete the section entitled "Odd Lots" in the attached Instruction Form.

If you wish to tender portions of your shares at different prices, you must complete a separate Instruction Form for each price at which you wish to tender each portion of your shares. We must submit separate Letters of Transmittal on your behalf for each price you will accept for each portion tendered.

If you wish to have us tender any or all of your shares, please instruct us by completing, executing, detaching and returning the attached Instruction Form. An envelope to return your Instruction Form to us is enclosed. If you authorize us to tender your shares, all your shares will be tendered unless otherwise indicated on the attached Instruction Form.

Please forward your Instruction Form to us as soon as possible to allow us ample time to tender your shares on your behalf prior to the expiration of the offer.

As described in the Offer to Purchase, if more than 36,000,000 shares, or any greater number of shares as Semptra may elect to purchase, have been properly tendered at or below the purchase price and not properly withdrawn before the Expiration Date, Semptra will purchase tendered shares on the basis described below:

1. first, all shares tendered and not withdrawn before the Expiration Date by any Odd Lot Holder who:
  - (a) tenders all shares owned beneficially or of record by the Odd Lot Holder at a price at or below the purchase price (tenders of less than all shares owned by the Odd Lot Holder will not qualify for this preference); and
  - (b) completes the section captioned "Odd Lots" on the Letter of Transmittal and, if applicable, on the Notice of Guaranteed Delivery; and
2. second, after purchase of all of the foregoing shares, subject to the conditional tender provisions described in Section 6 of the Offer to Purchase, all other shares properly tendered at prices at or below the purchase price and not properly withdrawn before the Expiration Date, on a pro rata basis (with appropriate adjustments to avoid purchases of fractional shares) as described in the Offer to Purchase.

The offer is being made solely pursuant to the Offer to Purchase and the related Letter of Transmittal and is being made to all record holders of shares of common stock of Semptra. The offer is not being made to, nor will tenders be accepted from or on behalf of, holders of shares of common stock of Semptra residing in any jurisdiction in which the making of the offer or acceptance thereof would not be in compliance with the securities laws of that jurisdiction.

Instruction Form

Instructions For Tender of Shares of Sempra Energy

The undersigned acknowledge(s) receipt of your letter and the enclosed Offer to Purchase dated January 26, 2000 and the related Letter of Transmittal in connection with the offer by Sempra Energy, a California corporation, to purchase shares of its Common Stock, without par value. Sempra is offering to purchase up to 36,000,000 shares at a price not in excess of \$20.00 nor less than \$17.50 per share, net to the seller in cash, without interest, as specified by shareholders tendering their shares. Sempra's offer is being made upon the terms and subject to the conditions set forth in the Offer to Purchase and in the related Letter of Transmittal which, as amended or supplemented from time to time, together constitute the offer. All shares tendered and purchased will include the associated preferred stock purchase rights issued pursuant to a Rights Agreement dated as of May 26, 1998 between Sempra and First Chicago Trust Company of New York, as rights agent, and, unless the context otherwise requires, all references to shares include the associated preferred stock purchase rights.

This will instruct you to tender to Sempra, on (our) (my) behalf, the number of shares indicated below (or if no number is indicated below, all shares) which are beneficially owned by (us) (me) and registered in your name, upon the terms and subject to the conditions of offer.

Number of shares to be tendered: \_\_\_\_\_ shares.\*

ODD LOTS

By checking this box, the undersigned represents that the undersigned owns, beneficially or of record, an aggregate of fewer than 100 shares and is tendering all of those shares.

In addition, the undersigned is tendering shares either (check one box):

at the purchase price, as it will be determined by Sempra in accordance with the terms of the offer (persons checking this box need not indicate the price per share below); or

at the price per share indicated below under "Price (In Dollars) per Share at Which Shares Are Being Tendered."

CONDITIONAL TENDER

A tendering shareholder may condition his or her tender of shares upon Sempra purchasing a specified minimum number of the shares tendered, all as described in Section 6 of the Offer to Purchase. Unless at least the minimum number of shares you indicate below is purchased by Sempra pursuant to the terms of the offer, none of the shares tendered by you will be purchased. It is the tendering shareholder's responsibility to calculate the minimum number of shares that must be purchased if any are purchased, and each shareholder is urged to consult his or her own tax advisor. Unless this box has been completed and a minimum specified, the tender will be deemed unconditional.

Minimum number of shares that must be purchased, if any are purchased: \_\_\_\_\_ shares.

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\* Unless otherwise indicated, it will be assumed that all shares held by us for your account are to be tendered.

CHECK ONLY ONE BOX. IF MORE THAN ONE BOX IS CHECKED OR IF NO BOX IS CHECKED, THERE IS NO PROPER TENDER OF SHARES.

Shares Tendered at Price Determined by Shareholder  
(See Instruction 5)

By checking ONE of the following boxes below INSTEAD OF THE BOX UNDER "SHARES TENDERED AT PRICE DETERMINED PURSUANT TO THE OFFER," the undersigned hereby tenders shares at the price checked. This action could result in none of the shares being purchased if the purchase price determined by Sempra for the shares is less than the price checked below. A shareholder who desires to tender shares at more than one price must complete a separate Instruction Form for each price at which shares are tendered. The same shares cannot be tendered at more than one price.

Price (In Dollars) per Share at Which Shares Are Being Tendered

<input type="checkbox"/> \$17.500	<input type="checkbox"/> \$18.375	<input type="checkbox"/> \$19.250
<input type="checkbox"/> \$17.625	<input type="checkbox"/> \$18.500	<input type="checkbox"/> \$19.375
<input type="checkbox"/> \$17.750	<input type="checkbox"/> \$18.625	<input type="checkbox"/> \$19.500
<input type="checkbox"/> \$17.875	<input type="checkbox"/> \$18.750	<input type="checkbox"/> \$19.625
<input type="checkbox"/> \$18.000	<input type="checkbox"/> \$18.875	<input type="checkbox"/> \$19.750
<input type="checkbox"/> \$18.125	<input type="checkbox"/> \$19.000	<input type="checkbox"/> \$19.875
<input type="checkbox"/> \$18.250	<input type="checkbox"/> \$19.125	<input type="checkbox"/> \$20.000

Shares Tendered at Price Determined Pursuant to the Offer  
(See Instruction 5)

The undersigned wants to maximize the chance of having Sempra purchase all of the shares the undersigned is tendering (subject to the possibility of proration). Accordingly, by checking THIS ONE BOX INSTEAD OF ONE OF THE PRICE BOXES ABOVE, the undersigned hereby tenders shares and is willing to accept the purchase price determined by Sempra in accordance with the terms of the offer. This action could result in receiving a price per share of as low as \$17.50.

The method of delivery of this document is at the option and risk of the tendering shareholder. If delivery is by mail, registered mail with return receipt requested, properly insured, is recommended. In all cases, sufficient time should be allowed to assure delivery.

SIGN HERE:

Signature(s): \_\_\_\_\_

Print Name(s): \_\_\_\_\_

Address(es): \_\_\_\_\_

Area Code and Telephone Number: \_\_\_\_\_

Taxpayer Identification or Social Security Number: \_\_\_\_\_

Date: \_\_\_\_\_, 2000



GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION  
NUMBER ON SUBSTITUTE FORM W-9

Guidelines for Determining the Proper Identification Number to Give the Payer.

Social security numbers have nine digits separated by two hyphens: i.e., 000-00-0000. Employer identification numbers have nine digits separated by only one hyphen: i.e., 00-0000000. The table below will help determine the number to give the payer.

For this type of account:	Give the SOCIAL SECURITY number of:	For this type of account:	Give the EMPLOYER IDENTIFICATION number of:
1. An individual's account	The individual	9. A valid trust, estate, or pension trust	The legal entity (Do not furnish the identification number of the personal representative or trustee unless the legal entity itself is not designated in the account title)(5)
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, any one of other individuals(1)	10. Corporate account	The organization
3. Husband and wife (joint account)	The actual owner of the account or, if joint funds, either person(1)	11. Religious, charitable, or educational organization account	The corporation
4. Custodian account of a minor (Uniform Gift to Minors Act)	The minor(2)	12. Partnership account	The partnership
5. Adult and minor (joint account)	The adult or, if the minor is the only contributor, the minor(1)	13. Association, club or other tax-exempt organization	The organization
6. Account in the name of guardian or committee for a designated ward, minor, or incompetent person	The ward, minor, or incompetent person(3)	14. A broker or registered nominee	The broker or nominee
7.a. The usual revocable savings trust account (grantor is also trustee)	The grantor- trustee(1)	15. Account with the Department of Agriculture in the name of a public entity (such as a State or local government, school district, or prison) that receives agricultural program payments	The public entity
b. So-called trust account that is not a legal or valid trust under State law	The actual owner(1)		
8. Sole proprietorship account	The owner(4)		

(1) List first and circle the name of the person whose number you furnish.

(2) Circle the minor's name and furnish the minor's social security number.

(3) Circle the ward's, minor's or incompetent person's name and furnish such person's social security number.

(4) Show the name of the owner.

(5) List first and circle the name of the legal trust, estate, or pension trust.

Note: If no name is circled when there is more than one name, the number will be considered to be that of the first name listed.

GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION  
NUMBER OF SUBSTITUTE FORM W-9  
Page 2

Obtaining a Number

If you don't have a taxpayer identification number ("TIN") or you don't know your number, obtain Form SS-5, Application for a Social Security Number Card, or Form SS-4, Application for Employer Identification Number, at the local office of the Social Security Administration or the Internal Revenue Service and apply for a number. As soon as you receive your TIN, complete another W-9, include your TIN, sign and date the form, and send it to the Depository.

Payees Exempt from Backup Withholding

Payees specifically exempted from backup withholding on ALL payments including the following:

- . A corporation.
- . A financial institution.
- . An organization exempt from tax under section 501(a) of the Internal Revenue Code of 1986, as amended (the "Code"), or an individual retirement plan.
- . The United States or any agency or instrumentality thereof.
- . A State, the District of Columbia, a possession of the United States, or any subdivision or instrumentality thereof.
- . A foreign government, a political subdivision of a foreign government, or any agency or instrumentality thereof.
- . An international organization or any agency, or instrumentality thereof.
- . A registered dealer in securities or commodities registered in the U.S. or a possession of the U.S.
- . A real estate investment trust. A common trust fund operated by a bank under section 584(a) of the Code.
- . An exempt charitable remainder trust, or a non-exempt trust described in section 4947(a)(1) of the Code.
- . An entity registered at all times under the Investment Company Act of 1940.
- . A foreign central bank of issue.

Payments of dividends and patronage dividends not generally subject to backup withholding include the following:

- . Payments to nonresident aliens subject to withholding under section 1441 of the Code.
- . Payments to partnerships not engaged in a trade or business in the United States and which have at least one nonresident partner.
- . Payments of patronage dividends where the amount renewed is not paid in money.
- . Payments made by certain foreign organizations.
- . Payments made to a nominee.

Payments of interest not generally subject to backup withholding include the following:

- . Payments of interest on obligations issued by individuals. Note: You may be subject to backup withholding if this interest is \$600 or more and is paid in the course of the payer's trade or business and you have not provided your correct taxpayer identification number to the payer.
- . Payments of tax-exempt interest (including exempt-interest dividends under section 852) of the Code.
- . Payments described in section 6049(b)(5) of the Code to nonresident aliens.
- . Payments on tax-free covenant bonds under section 1451 of the Code.
- . Payments made by certain foreign organizations.
- . Payments made to a nominee.

EXEMPT PAYEES DESCRIBED ABOVE MUST STILL COMPLETE THE SUBSTITUTE FORM W-9 ENCLOSED HERewith TO AVOID POSSIBLE ERRONEOUS BACKUP WITHHOLDING. FILE SUBSTITUTE FORM W-9 WITH THE PAYER, REMEMBERING TO CERTIFY YOUR TAXPAYER IDENTIFICATION NUMBER ON PART III OF THE FORM, WRITE "EXEMPT" ON THE FACE OF THE FORM AND SIGN AND DATE THE FORM AND RETURN IT TO THE PAYER.

Payments that are not subject to information reporting are also not subject to backup withholding. For details, see sections 6041, 6041A(a), 6042, 6044, 6045, 6049, 6050A, and 6050N of the Code and their regulations.

Privacy Act Notice

Section 6109 requires most recipients of dividends, interest, or other payments to give taxpayer identification numbers to payers who must report the payments to IRS. The IRS uses the numbers for identification purposes and to help verify the accuracy of your tax return. Payers must be given the numbers whether or not recipients are required to file a tax return. Payers must generally withhold 31% of taxable interest, dividends, and certain other payments to a payee who does not furnish a taxpayer identification number to a payer. Certain penalties may also apply.

Penalties

- (1) Penalty for Failure to Furnish Taxpayer Identification Number. If you fail to furnish your taxpayer identification number to a payer, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.
- (2) Civil Penalty for False Information With Respect to Withholding. If you make a false statement with no reasonable basis which results in no imposition of backup withholding, you are subject to a penalty of \$500.
- (3) Criminal Penalty for Falsifying Information. Falsifying certifications or affirmations may subject you to criminal penalties including fines and/or

imprisonment.

FOR ADDITIONAL INFORMATION CONTACT YOUR TAX CONSULTANT OR THE INTERNAL REVENUE SERVICE.

This announcement is neither an offer to purchase nor a solicitation of an offer to sell shares. The offer is made solely by the Offer to Purchase dated January 26, 2000 and the related Letter of Transmittal, and any amendments or supplements to the Offer to Purchase or Letter of Transmittal, which are being mailed to all holders of shares. Sempra is not aware of any jurisdiction where the making of the offer is not in compliance with applicable law. If Sempra becomes aware of any jurisdiction where the making of the offer or the acceptance of shares in the offer is not in compliance with applicable law, Sempra will make a good faith effort to comply with the applicable law. If, after a good faith effort, Sempra cannot comply, the offer will not be made to (nor will tenders be accepted from or on behalf of) the holders of shares in that jurisdiction. In any jurisdiction where the securities, blue sky or other laws require the offer to be made by a licensed broker or dealer, the offer will be deemed to be made on behalf of Sempra by Goldman, Sachs & Co., the Dealer Manager of this offer, or one or more registered brokers or dealers licensed under the laws of that jurisdiction.

Notice Of Offer To Purchase For Cash

By

Sempra Energy

up to 36,000,000 Shares of its Common Stock  
(Including the Associated Preferred Stock Purchase Rights)

at a Purchase Price  
not in Excess of \$20.00 Nor  
Less Than \$17.50 Per Share in Cash

Sempra Energy, a California corporation, invites its shareholders to tender shares of its common stock, for purchase by Sempra. Sempra is offering to purchase up to 36,000,000 shares at a price not in excess of \$20.00 nor less than \$17.50 per share, net to the seller in cash, without interest, as specified by shareholders tendering their shares.

Sempra will determine a single per share price that it will pay for all shares that it purchases in the offer, taking into account the number of shares tendered and the prices specified by tendering shareholders. Sempra will select the lowest purchase price that will allow it to purchase 36,000,000 shares or, if a lesser number of shares are properly tendered, all shares that are properly tendered. Only shares properly tendered at prices at or below the purchase price and not properly withdrawn will be purchased. However, because of the "odd lot" priority, proration and conditional tender provisions described in the Offer to Purchase, all of the shares tendered at or below the purchase price will not be purchased if the offer is oversubscribed. Under no circumstances will Sempra pay interest on the purchase price, including but not limited to, by reason of any delay in making payment.

Sempra's offer is being made upon the terms and subject to the conditions described in the Offer to Purchase dated January 26, 2000 and in the related Letter of Transmittal which, as amended or supplemented from time to time, together constitute the offer. All shares tendered and purchased will include the associated preferred stock purchase rights issued pursuant to a Rights Agreement dated as of May 26, 1998 between Sempra and First Chicago Trust Company of New York, as rights agent, and, unless the context otherwise requires, all references to shares include the associated preferred stock purchase rights.

THE OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON FRIDAY, FEBRUARY 25, 2000, UNLESS THE OFFER IS EXTENDED.

Sempra reserves the right, in its sole discretion, to purchase more than 36,000,000 shares pursuant to the offer.

The offer is not conditioned on any minimum number of shares being tendered. However, the offer is subject to other conditions described in the Offer to Purchase.

Sempra's Board of Directors has authorized the offer. However, neither Sempra nor Sempra's Board of Directors makes any recommendation to shareholders as to whether to tender or refrain from tendering shares or as to the purchase price at which shareholders may choose to tender their shares. Shareholders must make their own decision as to whether to tender their shares and, if so, how many shares to tender and the price or prices at which they will tender them. In doing so, shareholders should consider Sempra's reasons for making the offer, including the recently announced reduction in Sempra's quarterly dividend level, Sempra's increased use of financial leverage and Sempra's increased business emphasis on providing unregulated integrated energy services. Sempra's directors and executive officers have advised Sempra that they do not intend to tender any shares in the offer.

The term "Expiration Date" means 5:00 p.m., New York City time, on Friday, February 25, 2000. Sempra may, in its sole discretion, extend the period of time during which the offer will remain open. In the event of an extension, the term "Expiration Date" will mean the latest time and date at which the offer, as extended by Sempra, will expire. For purposes of the offer, Sempra will be deemed to have accepted for payment, and therefore purchased, subject to the "odd lot" priority, proration and conditional tender provisions of the offer, shares properly tendered at or below the selected purchase price and not properly withdrawn only when, as and if Sempra gives oral or written notice to First Chicago Trust Company of New York, the Depositary for the offer, of its acceptance of the shares for payment pursuant to the offer. Payment for shares tendered and accepted for payment pursuant to the offer will be made only after timely receipt by the Depositary of certificates for the shares, or a timely confirmation of a book-entry transfer of the shares into the Depositary's account at the Book-Entry Transfer Facility (as defined in the Offer to Purchase), a properly completed and duly executed Letter of Transmittal, or a manually signed facsimile of the Letter of Transmittal, or an Agent's Message (as defined in the Offer to Purchase) in the case of a book-entry transfer, and any other documents required by the Letter of Transmittal.

If at the expiration of the offer more than 36,000,000 shares, or a greater number of shares as Sempra may elect to purchase, are properly tendered at prices at or below the purchase price and not properly withdrawn, Sempra will purchase properly tendered shares on the following basis:

- (a) first, Sempra will purchase all shares tendered by any Odd Lot Holder (as defined in the Offer to Purchase) who:
  - (1) tenders all shares owned beneficially or of record by the Odd Lot Holder at a price at or below the purchase price (tenders of less than all of the shares owned by the Odd Lot Holder will not qualify for this preference); and
  - (2) completes the sections entitled "Odd Lots" in the Letter of Transmittal and, if applicable, in the Notice of Guaranteed Delivery; and
- (b) second, after the purchase of all of the shares properly tendered by Odd Lot Holders, subject to the conditional tender provisions described in Section 6 of the Offer to Purchase, Sempra will purchase all other shares properly tendered at prices at or below the purchase price, on a pro rata basis, with appropriate adjustments to avoid purchases of fractional shares.

Sempra expressly reserves the right, in its sole discretion, at any time and from time to time, and regardless of whether or not any of the events described in Section 7 of the Offer to Purchase have occurred or are deemed by Sempra to have occurred, to extend the period of time during which the offer is open and delay acceptance for payment of, and payment for, any shares by giving oral or written notice of the extension to the Depositary and making a public announcement of the extension. During any extension, all shares previously tendered and not properly withdrawn will remain subject to the offer and to the rights of a tendering shareholder to withdraw the shareholder's shares.

Tenders of shares may be withdrawn at any time before the Expiration Date and, unless previously accepted for payment by Sempra pursuant to the offer, may also be withdrawn at any time after 12:00 Midnight, New York City time, on Thursday, March 23, 2000. For the withdrawal to be effective, a

written, telegraphic or facsimile transmission notice of withdrawal must be received in a timely manner by the Depositary at one of its addresses described on the back cover of the Offer to Purchase. Any notice of withdrawal must specify the name of the tendering shareholder, the number of shares to be withdrawn and the name of the registered holder of the shares. If the certificates for shares to be withdrawn have been delivered or otherwise identified to the Depositary, then, before the release of the certificates, the serial numbers shown on the certificates must be submitted to the Depositary and the signature(s) on the notice of withdrawal must be guaranteed by an Eligible Institution (as defined in the Offer to Purchase), unless the shares have been tendered for the account of an Eligible Institution. If shares have been tendered pursuant to the procedure for book-entry transfer described in the Offer to Purchase, any notice of withdrawal also must specify the name and the number of the account at the Book-Entry Transfer Facility to be credited with the withdrawn shares and must otherwise comply with the Book-Entry Transfer Facility's procedures. All questions as to the form and validity, including the time of receipt, of any notice of withdrawal will be determined by Sempra, in its sole discretion, which determination will be final and binding on all parties. None of Sempra, the Depositary, the Information Agent, the Dealer Manager or any other person will be under any duty to give notice of any defects or irregularities in any tender or notice of withdrawal, nor will any of them incur liability for failure to give any notice.

The information required to be disclosed by Rule 13e-4(d)(1) promulgated under the Securities Exchange Act of 1934, as amended, is contained in the Offer to Purchase and is incorporated herein by reference.

The Offer to Purchase and the related Letter of Transmittal are being mailed to record holders of shares whose names appear on Sempra's shareholder list and will be furnished to brokers, dealers, commercial banks, trust companies and similar persons whose names, or the names of whose nominees, appear on the shareholder list or, if applicable, who are listed as participants in a clearing agency's security position listing for subsequent transmittal to beneficial owners of shares.

The Offer to Purchase and the related Letter of Transmittal contain important information. Shareholders should read them carefully before making any decision regarding the offer.

Shareholders may request additional copies of the Offer to Purchase, the Letter of Transmittal or the Notice of Guaranteed Delivery from the Information Agent at its address and telephone number below.

The Information Agent for the offer is:

D. F. KING & CO., INC.  
77 Water Street  
New York, NY 10005-4495  
Banks and Brokers Call Collect (212) 269-5550  
All Others Call Toll Free (800) 431-9645

The Dealer Manager for the offer is:

GOLDMAN, SACHS & CO.  
85 Broad Street  
New York, NY 10004  
Call Collect: (212) 902-1000

January 26, 2000

FOR IMMEDIATE RELEASE

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                  877-736-7727

SEMPRA ENERGY ANNOUNCES INCREASED 1999 EARNINGS,  
SELF-TENDER OFFER, DIVIDEND REDUCTION

FINANCIAL INITIATIVES TO ENHANCE FINANCIAL FLEXIBILITY, EPS GROWTH RATE

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SAN DIEGO, Jan. 26, 2000 - Sempra Energy (NYSE: SRE) today simultaneously reported increased 1999 earnings and announced a tender offer and dividend reduction designed to further accelerate earnings growth and enhance the company's competitive position.

Sempra Energy reported unaudited 1999 earnings of \$394 million, or \$1.66 per diluted share, up 34 percent from \$294 million, or \$1.24 per diluted share, for the year 1998. Unaudited earnings, excluding nonrecurring items, in 1999 rose to \$408 million, or \$1.72 per diluted share, up nearly 8 percent, from \$379 million, or \$1.60 per diluted share, in 1998.

Sempra Energy has commenced a "Dutch Auction" self-tender offer to purchase up to 36 million shares, or approximately 15 percent, of outstanding common shares at a premium to the closing price of Sempra Energy's common stock on Tuesday, Jan. 25, 2000. The company intends to finance substantially all of the repurchase by issuing a combination of senior notes and trust preferred securities.

Sempra Energy also plans to reduce the quarterly dividend payable on shares of its common stock to \$0.25 per share (\$1.00 annualized rate) from its previous level of \$0.39 per share (\$1.56 annualized rate).

- more -

"These financial initiatives give us increased financial flexibility to invest in our growing domestic and international businesses, bring our dividend payout ratio in line with our industry peers and help us achieve our goal of increasing our compound average growth rate in earnings per share to 8 percent to 10 percent over the next three years," said Richard D. Farman, chairman and chief executive officer of Sempra Energy. "These initiatives are consistent with our strategies and our objective of being a focused, flexible and competitive energy services company.

"Today's actions return capital to shareholders while maintaining a solid balance sheet, excellent cash flow and strong investment-grade credit ratings," Farman added.

"We've successfully delivered on our primary performance objectives since Sempra Energy's creation 18 months ago," said Stephen L. Baum, vice chairman, chief operating officer and president of Sempra Energy. "We exceeded our earnings goal in 1999 and achieved profitability in our unregulated businesses one year ahead of target. We're on track to meet our objective to generate one-third of our earnings from these units by the end of 2003. We're particularly pleased with the progress of our energy trading and our international businesses. We've also produced returns from our California regulated utility operations that exceed their authorized rates of return on equity.

"Going forward, we will intensify development of our growth businesses, including retail energy services, international utilities, trading and technology ventures," Baum said. "At the same time, we'll continue to enhance the competitive position and returns from our regulated delivery services in California and to add generation capacity in selected markets to support our retail businesses."

#### DIVIDEND REDUCTION

The company plans to reduce the quarterly dividend payable on shares of its common stock to \$0.25 per share (\$1.00 annualized rate) from its previous \$0.39 per share (\$1.56 annualized rate) commencing with the dividend payable in the second quarter of 2000. Reducing the dividend rate improves the company's financial flexibility, increases cash flow available for investment in higher-growth businesses, and brings the company's dividend payout ratio in line with industry peers. This move positions Sempra Energy's common stock for increased growth in earnings per share and market value.

- more -



1999 Earnings

Sempra Energy reported unaudited fourth-quarter 1999 earnings of \$105 million, or \$0.44 per diluted share, up 24 percent from \$85 million, or \$0.36 per diluted share, for the fourth quarter of 1998 (or, excluding nonrecurring items, up 18 percent from \$89 million, or \$0.38 per diluted share, in 1998).

Revenues for Sempra Energy increased 8.8 percent to \$5.5 billion in the full-year 1999, compared to \$5.0 billion in 1998.

The weighted average number of common shares outstanding (diluted) in 1999 increased to 237.6 million, versus 237.1 million in 1998.

The following results from Sempra Energy's business units are exclusive of non-recurring costs:

Southern California Gas Company recorded net income of \$201 million in 1999, up from \$193 million during the previous year, primarily due to increased sales to commercial and industrial customers, lower operating costs and 1998 regulatory contract settlements. Net income for San Diego Gas & Electric in 1999 was \$192 million, down from \$220 million in 1998, primarily due to reductions in its authorized rate of return and generation rate base, as well as to increased interest expense, all related to California's electric industry restructuring.

For the full-year 1999, non-utility and new-business operations, including Sempra Energy Solutions, Sempra Energy Trading, Sempra Energy International, Sempra Energy Resources, Sempra Energy Financial and the parent company, recorded net income of \$15 million, compared to a net loss of \$34 million last year. The improvement in results for this group of companies was due primarily to a \$32 million net income increase by Sempra Energy Trading, a \$14 million rise in net income by Sempra Energy International and an additional \$8 million earnings contribution from Sempra Energy Financial. Sempra Energy Trading's profits rose due to a 37-percent increase in physical natural gas trading volumes and a successful entry into European markets. Sempra Energy International's earnings growth was generated primarily by its South American utilities, two of which - Chilquinta Energia and Luz del Sur - were acquired in 1999.

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STOCK REPURCHASE PLAN

Sempra Energy plans to repurchase up to 36 million shares of its common stock at a single, per-share price within a price range of \$17.50 to \$20.00 per share. Under the company's Dutch Auction tender offer, shareholders will have the opportunity to tender all -- or a portion of -- their shares at a price within this specified price range. The closing price of Sempra Energy's common stock on Tuesday, Jan. 25, 2000, was \$17.25 per share. Based on the number of shares tendered and the prices specified by the tendering shareholders, the company will determine the single, per-share price within the range that will allow it to buy 36 million shares (or the lesser number of shares that are properly tendered at a price within the range). Shareholders whose shares are purchased in the offer will be paid the set purchase price net in cash, without interest, after expiration of the offer period.

Neither Sempra Energy nor its board of directors makes any recommendation to shareholders as to whether to tender or refrain from tendering their shares. Shareholders must decide how many shares they will tender, if any, and the price within the stated range at which they will offer their shares for purchase.

The tender offer will expire Feb. 25, 2000, at 5 p.m., EST, unless the company elects to extend the offer. The offer is subject to various conditions, including the company's obtaining long-term financing on satisfactory terms and conditions.

Shareholders shortly will receive more detailed information about the repurchase plan through the tender offer mailing. The dealer manager for the offer is Goldman, Sachs & Co. The information agent is D.F. King & Co., Inc. Copies of the Offer to Purchase and related materials, dated Jan. 26, 2000, will be mailed to all shareholders. The terms of the offer and procedures for tendering are explained in detail in these materials. Shareholders are urged to carefully read these materials prior to making any decision with respect to the offer. Additional information or assistance may be obtained from the information agent by calling (800) 431-9645 (toll free) or (212) 269-5550 (call collect).

Sempra Energy, based in San Diego, is a Fortune 500 energy services holding company with 12,000 employees and annual revenues of \$5.5 billion. Through its seven principal subsidiaries - Southern California Gas Company, San Diego Gas & Electric, Sempra Energy Solutions, Sempra Energy Trading, Sempra Energy International, Sempra Energy Resources and Sempra Energy Financial - Sempra Energy serves 9 million customers in the United States, Europe, Canada, Mexico, and South America.

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This press release contains statements that are not historical fact and constitute "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). It has not been judicially determined that the safe harbor provided by Section 21E of the Exchange Act applies to forward-looking statements in a press release by an issuer regarding the issuer's business which also contains information relating to a tender offer. Some sentences may receive the benefit of the safe harbor, while others may not. When we use words like "believes," "expects," "anticipates," "intends," "plans," "estimates," "may," "should" or similar expressions, or when we discuss our strategy or plans, we are making forward-looking statements. Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions that could cause the Company's future results to differ materially from those expressed in these forward-looking statements. Many of the factors that will determine these results are beyond the Company's ability to control or predict. These statements are necessarily based upon various assumptions involving judgments with respect to the future. These risks and uncertainties, include, among others: national, international, regional and local economic, competitive and regulatory conditions and developments; 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; technological developments; 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 Annual Report on Form 10-K for the fiscal year ended December 31, 1998.

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SEMPRA ENERGY -- ANALYST TELECONFERENCE

WEDNESDAY, JANUARY 26, 2000

9:00 AM EST

OPERATOR:

Good morning everyone, and welcome to the Sempra Energy analyst conference call. With us today are Mr. Richard Farman, chairman and chief executive officer of Sempra, Mr. Steve Baum, vice chairman, president and chief operating officer, Mr. Neal Schmale, executive vice president and chief financial officer, Mr. Frank Ault, vice president and controller, and Mr. Clem Teng, director of investor relations. After the opening remarks, we will be taking questions. To ask a question, please [INSTRUCTIONS].

The prepared remarks will be recorded and are copyrighted material. Therefore, please note that they can not be recorded, transcribed, or rebroadcast without Sempra Energy's permission. Your participation implies consent to our recording this call. If you do not agree to these terms, simply drop off the line. Now I would like to turn the call over to Mr. Clem Teng. Please go ahead, sir.

CLEM TENG:

Good morning, everyone. Thank you for joining us today.

Before we begin, I want to remind you that this call may contain statements that are not historical fact and constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions that could cause our future results to differ materially from those expressed in the forward-looking statements. These risks, uncertainties and assumptions are described at the bottom of today's press release and are further discussed in the company's Annual Report on Form 10-K for the fiscal year ended December 31, 1998, filed with the SEC.

Now, I'd like to introduce my colleagues who are with me on the call this morning. First Dick Farman, our chairman and CEO will lay out the strategic rationale and significance of today's announcement, and then Steve Baum, Semptra's vice chairman, president and COO, will discuss the financial initiatives in more detail. Frank Ault, our vice president and controller, will be talking about our earnings later in the call.

I'll turn over the call to Dick.

RICHARD FARMAN:

Thanks, Clem.

First, I want to underscore how pleased we are today to report increased fourth quarter and annual earnings. Second, as you see from the press release issued today, we will purchase up to 36 million or about 15 percent

of Sempra Energy outstanding shares through a "Dutch Auction" self-tender, and third, we will reduce our annual dividend to \$1.00 from \$1.56. We intend to finance the tender with a combination of senior notes and trust preferred securities.

Before we discuss the details of each of these announcements, let me outline the broader significance of the two financial initiatives.

These two financial steps will help Sempra Energy generate stronger growth and returns for investors and advance the company's evolution into a more focused, flexible, competitive energy services company.

The dividend reduction and stock repurchase plan will help Sempra Energy generate stronger growth and returns for investors and advance the company's evolution into a more focused, flexible, competitive energy services company.

These initiatives will help us achieve our new goal of increasing our EPS growth rate to a 3-year average compound annual rate of 8 percent to 10 percent. They provide us with increased financial flexibility to invest in our growing business lines, to become a leader in increasingly customer-driven multi-regional energy marketplace. They also bring our dividend payout ratio in line with our current business mix, our long-term business strategy, and our industry peers. Finally, they support our commitment to sustain a strong balance sheet with strong investment-grade credit ratings - and to continue to enhance the efficiency and focus of our core utility operations.

As we told you eighteen months ago when we outlined the strategies for our new company, we've been focusing on key opportunities for growth

in these principal business lines: in faster growing international markets, in energy trading and in the retail energy markets. We have also begun to take promising steps in the development of our capabilities in the emerging technology services arena. Since Sempra Energy's formation, we've delivered what we said we would:

- o We exceeded our EPS growth objective of 5 to 6 percent in 1999;
- o We achieved profitability for our new unregulated business lines one year ahead of schedule;
- o We've achieved growth in those new business lines that puts us on track to generate one-third of our consolidated earnings from these units by the end of 2003;
- o We've maintained strong investment-grade credit ratings; and
- o We've generated returns from our core utility operations that exceed our authorized return on equity.

Having developed a growing presence in emerging, unregulated markets, today's financial initiatives should accelerate our evolution into a stronger growth company.

Now, Steve is going to describe the self-tender offer and the dividend reduction in a bit more detail. He'll also give you a more detailed update on the prospects we see for our primary areas of focus.

STEVE BAUM:

Thanks, Dick. As Dick has explained, both moves are intended to generate stronger growth and returns for investors. Let's look at how the share buy-back plan will work.

We plan to repurchase up to 36 million shares or up to 15 percent of our common stock at a single, per-share price within a price range of \$17.50 to \$20.00 per share through a Dutch Auction. Under the Dutch Auction tender offer, shareholders will have the opportunity to tender all -- or a portion of -- their shares at a price within this specified price range. Yesterday's closing price was \$17 1/4 per share.

This offer will expire Feb. 25, 2000 at 5 p.m., EST, unless we choose to extend the offer. The press release and the offer documents describe this in great detail. We're happy to answer any questions you may have at the end of the call. Let me turn now to the dividend reduction.

The second financial initiative is a reduction in our annual dividend from \$1.56 per share to \$1.00 per share. This dividend is consistent with our mix of delivery and growth businesses, improves our financial flexibility, and aligns our payout with our peers.



What's the result? These initiatives, after returning capital to shareholders, free up financial resources for investment in our growth businesses or repayment of debt. This in turn positions Sempra for potential increased growth in earnings per share, and we expect, enhanced performance from our common stock. In addition, we're pleased that Duff & Phelps, Moody's, and S & P each has confirmed our 'A' credit ratings.

Let's look at the elements of our strategy that these initiatives allow us to accelerate.

In our traditional core business with a customer base of six million -- San Diego Gas & Electric and Southern California Gas -- our goal is to sustain both utilities' tradition for excellence, to improve efficiencies and to realize the benefits of those efficiencies in returns that exceed our authorized ROE. We will also promote competitive markets in California and elsewhere.

We're very excited about the opportunities presented by the relatively high rates of growth in our international utilities' customer growth and energy demand. We already have built an international customer base that is more than 2 million strong and growing. Our international business was boosted in the past year through the acquisition of Chilquinta Energia in Chile and Luz del Sur in Peru. In the fourth quarter, we won the bid for developing a \$700 million gas distribution system in Nova Scotia - a major project that has an excellent regulatory framework.

Our trading business is going well in a rapidly expanding market in North America and Europe. In Europe, we have successfully opened offices in London, Oslo and Dusseldorf and have become one of the largest traders of Brent crude in Europe.

We're pleased with the growth of our trading business, and the \$19 million in earnings recorded this year. We plan to continue our disciplined approach to the growth of this business. Further, we're confident this company's expertise will be an integral factor in the success of our retail businesses.

Our Energy America subsidiary serves some 400,000 customers and is targeting a large national market. Today, 23 states have either deregulated or will soon deregulate, opening important new markets for this business, which we believe can be profitably grown at a very strong pace. We will also seek to add new customers through e-commerce connections.

In the Commercial and Industrial retail sector, we see excellent opportunities. We are well underway in complementing our existing business with skills to capture a major segment of this large, emerging market. With some prominent commercial customers, including Lockheed Martin and Union Bank of California already signed up, we intend to aggressively pursue clients for both outsourced energy solutions and as a consultant on enhanced control over their use of energy resources.

Sempra plans on a selective basis to develop a further presence in generation primarily to provide the power plants certain customers require.

It's an arena we know well: consider our recently completed El Dorado generation facility in Nevada, and plans for an additional California facility near Bakersfield, which are well underway.

Finally, let me mention our technology ventures. We have formed Sempra Communications to develop fiber networks and to explore other communications opportunities. We're in the early stages of the development of technology applications for energy services. For example, Soliance Networks is designed to capture a growing share of the information systems market for customer care.

In addition to discussing our announcement this morning, we are also pleased to report strong earnings for the quarter and the year.

I'd like to turn the call over to Frank Ault who will provide a summary of our results.

FRANK AULT:

Thank you, Steve, and good morning to everyone.

As Dick reported earlier, Sempra Energy's 1999 earnings exceeded our annual earnings per share growth objective of 5 percent to 6 percent.

Excluding business-combination costs, Sempra Energy's earnings per diluted share were \$1.72 in 1999, or 7.5 percent higher than the \$1.60 per diluted share for 1998.

As shown on slide 1, Sempra reported unaudited 1999 consolidated net income of \$394 million, \$1.66 per diluted share of common stock, for 1999. This compares to consolidated net income of \$294 million, or \$1.24 per diluted share in 1998.

Slide 2 shows results by lines of business:

- o SoCalGas reported net income of \$201 million, or 85 cents per share for 1999, versus \$193 million, or 81 cents in 1998.
- o SoCalGas' income increased from last year primarily due to increased sales to commercial and industrial customers, lower operating costs and 1998 non-recurring costs associated with contract settlements.
- o San Diego Gas & Electric reported net income of \$192 million, or 81 cents per share for 1999, down from \$220 million, or 93 cents per share in 1998.
- o SDG&E results were impacted primarily by reductions in its generation rate base as well as the utility's authorized return on equity and higher interest costs all resulting from California's electric industry restructuring.
- o Sempra Energy's parent and non-utility operations include Sempra Energy International, Sempra Energy Solutions, Sempra Energy Trading, Sempra Energy Resources, and Sempra Energy Financial

- o Collectively, these business lines contributed \$15 million, or 6 cents per share to earnings for 1999 compared to a \$34 million loss or 14 cents per share in 1998.
- o The improvement in results for this group of companies was due primarily to:
  - o A \$32 million net income improvement by Sempra Energy Trading;
  - o A \$14 million increase in net income by Sempra Energy International; and
  - o An \$8 million improvement in earnings contribution from Sempra Energy Financial.

Sempra Energy Trading reported earnings of \$19 million, or 8 cents per share in 1999 compared to a net loss of \$13 million, or 5 cents per share for 1998. Increased volumes and the new European operations provided the significant increase in earnings.

Sempra Energy Trading's profit improvement benefited from a 37-percent rise in physical natural gas trading volumes to 5.8 billion cubic feet per day (bcf/d) from 4.2 bcf/d in 1998.

Sempra Energy International reported earnings of \$10 million, or 4 cents per share compared to a loss of \$4 million, or 2 cents per share in 1998. The earnings improvement was generated primarily by its South American utilities which Steve discussed earlier.

Our operations in Argentina remained profitable, benefiting from colder weather and lower operating costs.

Our four projects in Mexico -- Mexicali, Chihuahua, LaLaguna-Durango, and the pipeline to the Rosarito power plant -- continue to be collectively profitable.

Sempra Energy Financial, our affordable housing subsidiary, contributed \$28 million, or 12 cents per share in 1999, compared to \$20 million, or 8 cents per share in 1998.

The rest of the unregulated businesses - several of which are still in the start-up phase - incurred losses resulting from their start-up operations.

I'd like to return the discussion to Dick Farman, who will wrap up.

DICK FARMAN:

Thanks, Frank. Let me summarize the significance of today's announcement before taking your questions.

Today's initiatives are about growth, flexibility, and delivering value to shareholders. They enhance the flexibility of our financial resources in ways that complement our strategic focus. They help us maintain a solid balance sheet and strong investment grade credit ratings. They help us accelerate EPS growth and the evolution of our strategy. They also return capital to shareholders.

As Steve said, we accomplished much over the past 18 months, meeting or exceeding our financial and operating objectives. But we recognize it's not enough. We have more work to do, and we look forward to discussing our progress as the year 2000 unfolds. I believe the long-term result of these steps -- and those to come -- will be superior performance, differentiation from our peers and enhanced total value for all our shareholders.

We would now be happy to answer any questions you may have.

[END]

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Sempra Energy  
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#### Safe Harbor Statement

This teleconference script presentation contains statements that are not historical fact and constitute "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). It has not been judicially determined that the safe harbor provided by Section 21E of the Exchange Act applies to forward-looking statements in a presentation by an issuer regarding the issuer's business which also contains information relating to a tender offer. Some sentences may receive the benefit of the safe harbor, while others may not. When we use words like "believes," "expects," "anticipates," "intends," "plans," "estimates," "may," "should" or similar expressions, or when we discuss our strategy or plans, we are making forward-looking statements. Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions that could cause the Company's future results to differ materially from those expressed in these forward-looking statements. Many of the factors that will determine these results are beyond the Company's ability to control or predict. These statements are necessarily based upon various assumptions involving judgments with respect to the future. These risks and uncertainties, include among others: national, international, regional and local economic, competitive and regulatory conditions and developments; 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; technological developments; 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 Annual Report on Form 10-K for the fiscal year ended December 31, 1998.

Sempra Energy

## Reported Earnings Per Share (diluted)

Fourth Quarter		Full Year	
1999	1998	1999	1998
\$0.45	\$0.36	\$1.66	\$1.24

## Reported Net Income (\$millions)

1999	1998	1999	1998
\$105	\$85	\$394	\$294

## EPS by Line of Business

	Fourth Quarter		Full Year	
	1999	1998	1999	1998
SoCal Gas	\$0.25	\$0.18	\$0.85	\$0.81
SDG&E	0.14	0.21	0.81	0.93
Total Utilities	0.39	0.39	1.66	1.74
Sempra Energy Trading	0.04	(0.01)	0.08	(0.05)
Sempra Energy International	0.02	0.00	0.04	(0.02)
Sempra Energy Financial	0.03	0.02	0.12	0.08
Other Non-Utility and Parent	(0.04)	(0.02)	(0.18)	(0.15)
Normalized EPS	0.44	0.38	1.72	1.60
Business Combination Costs	0.00	(0.02)	(0.06)	(0.36)
Reported EPS (diluted)	\$0.44	\$0.36	\$1.66	\$1.24



[LOGO] Sempra Energy

[LOGO] Sempra Energy(SM)

Dick Farman  
Chairman and CEO

Steve Baum  
Vice Chairman, President and COO

January 26, 2000

Safe Harbor Statement

This teleconference script contains statements that are not historical fact and constitute "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). It has not been judicially determined that the safe harbor provided by Section 21E of the Exchange Act applies to forward-looking statements in a presentation by an issuer regarding the issuer's business which also contains information relating to a tender offer. Some sentences may receive the benefit of the safe harbor, while others may not. When we use words like "believes," "expects," "anticipates," "intends," "plans," "estimates," "may," "should" or similar expressions, or when we discuss our strategy or plans, we are making forward-looking statements. Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions that could cause the Company's future results to differ materially from those expressed in these forward-looking statements. Many of the factors that will determine these results are beyond the Company's ability to control or predict. These statements are necessarily based upon various assumptions involving judgments with respect to the future. These risks and uncertainties, include among others: national, international, regional and local economic, competitive and regulatory conditions and developments; 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; technological developments; 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 Annual Report on Form 10-K for the fiscal year ended December 31, 1998.

Sempra Energy

Summary of Today's Transaction

- . Repurchase of up to 15% of shares outstanding in a Dutch Auction Tender at a premium to yesterday's close
- . The tender will be financed with a combination of senior debt and trust preferred securities
- . Reduction of annual dividend rate from \$1.56/share to \$1.00/share, or 36%

Summary of Today's Transaction

- . Transaction offers return of capital to shareholders
- . 'A' credit rating confirmed
- . Dividend reduction provides additional financial flexibility and brings payout ratio in line with peers

Current Financial Objectives

Objectives -----		Status (Pre-transaction) -----
. Grow earnings per share by 5%-6% per year	(right arrow)	Achieved in 1999
. New business lines collectively profitable during 2000	(right arrow)	Achieved one year early during 1999
. 1/3 of consolidated earnings from unregulated lines of business by the end of 2003	(right arrow)	On target to achieve
. Maintain strong credit ratings	(right arrow)	A (S&P, D&P) A2 (Moody's)

Enhanced Strategic and  
Financial Objectives

- . Focus strategies to create stronger growth and returns
- . Accelerated our evolution into a more flexible, competitive energy services company
- . Provide financial flexibility to invest in higher growth energy businesses
- . Provide dividend payout consistent with mix of delivery and growth businesses and with peers

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Enhanced Strategic and  
Financial Objectives

- . Grow earnings per share an average of 8%-10% over the next three years
- . Provide one-third of consolidated earnings from unregulated businesses by the end of 2003
- . Maximize use of our current strong balance sheet while maintaining strong investment grade credit ratings



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Business Descriptions  
and Strategies

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Sempra Energy  
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Sempra's Businesses

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Retail  
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Trading  
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Delivery  
Services  
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[LOGO] Sempra Energy/SM/

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International  
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Technology  
Ventures  
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Generation  
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Delivery Services

- . Continue California utilities as the foundation
- . Focus on superior delivery services
- . Aggressively pursue cost reduction initiatives
- . Promote competitive markets in California and elsewhere

International

- . Integrate energy service offerings in Mexico
- . Build on delivery businesses in South America
- . Develop gas distribution in Nova Scotia

Energy Trading

- . Continue to build our energy trading and marketing capabilities throughout North America and Europe
- . Continue disciplined approach
- . Integrate trading and marketing skills into other core strategies

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Retail

- . Integrate and expand existing commercial and industrial products and services
- . Build on Energy America business and brand for the mass market

Generation

- . Build or acquire generation to support retail business
- . Focus in select regions

Technology Ventures

- . Develop technology-based ventures to enhance our retail strategy
  - o Soliance Networks
  - o Convergence of communications and energy businesses - Semptra Communications
  - o Web technology



Summary

- . Up to 15% of common shares repurchased
- . Dividend payout aligned with strategy and consistent with peers
- . A new earnings per share growth rate objective of 8%-10%
- . Strong cash flow generation
- . Focus on increasing shareholder value

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## EXHIBIT D

## SEMPRA ENERGY

## EARNINGS PER SHARE (Unaudited)

	Three Months Ended December 31			Twelve Months Ended December 31		
	1999	1998	Change	1999	1998	Change
Utility Operations						
SoCalGas	\$ 0.25	\$ 0.18	\$ 0.07	\$ 0.85	\$ 0.81	\$ 0.04
SDG&E	0.14	0.21	(0.07)	0.81	0.93	(0.12)
Parent & Non-Utility Operations	0.05	(0.01)	0.06	0.06	(0.14)	0.20
Earnings Per Share						
Before Business-Combination Costs	0.44	0.38	0.06	1.72	1.60	0.12
Business-Combination Costs	-	(0.02)	0.02	(0.06)	(0.36)	0.30
Reported Earnings Per Share, (Diluted)	\$ 0.44	\$ 0.36	\$ 0.08	\$ 1.66	\$ 1.24	\$ 0.42

## FINANCIAL HIGHLIGHTS (Unaudited)

	Three Months Ended December 31		Twelve Months Ended December 31	
	1999	1998	1999	1998
Capital Expenditures (in millions)				
SoCalGas	\$ 40	\$ 51	\$ 146	\$ 135
SDG&E	\$ 80	\$ 67	\$ 245	\$ 227
Weighted Average Rate Base (in millions)				
SoCalGas	-	-	\$ 2,466	\$ 2,604
SDG&E	-	-	\$ 2,333	\$ 2,623
Authorized Return on Rate Base				
SoCalGas	-	-	9.49%	9.49%
SDG&E	-	-	9.05%	9.35%
Authorized Return on Common Equity				
SoCalGas	-	-	11.60%	11.60%
SDG&E	-	-	11.10%	11.60%
Achieved Return on Common Equity (annualized)*				
SoCalGas	-	-	15.21%	14.14%
SDG&E	-	-	15.70%	17.51%

\*Excluding business-combination costs