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Chairman & Chief Executive Officer



BUILDING OUR ENERGY FUTURE

2006 Earnings Results
February 22, 2007

Safe Harbor Statement

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

2006 Results

	Three months ended December 31,		Years ended December 31,	
	2006	2005	2006	2005
<i>(Dollars and shares in millions, except EPS - Unaudited)</i>				
Net Income	\$ 125	\$ 355	\$ 1,406	\$ 920
Income from Continuing Operations, excluding gain on sale of Topaz power plants and impairment of Argentine investments *	\$ 350	\$ 357	\$ 1,108	\$ 913
Diluted weighted-average shares outstanding	263	258	261	252
EPS - Net Income	\$ 0.47	\$ 1.38	\$ 5.38	\$ 3.65
EPS - Continuing Operations, excluding gain on sale of Topaz power plants and impairment of Argentine investments *	\$ 1.33	\$ 1.39	\$ 4.24	\$ 3.62

* Reconciliation of "Income from Continuing Operations, excluding gain on sale of Topaz power plants and impairment of Argentine investments" and "EPS – Continuing Operations, excluding gain on sale of Topaz power plants and impairment of Argentine investments" to "Net Income" and "EPS – Net Income," respectively, can be found on slide 16 in the appendix to this presentation.

Comparable Net Income

<i>(Dollars and shares in millions, except EPS - Unaudited)</i>	Three months ended		Years ended	
	December 31,		December 31,	
	2006	2005	2006	2005
GAAP Net Income	\$ 125	\$ 355	\$ 1,406	\$ 920
Unusual Items:				
Discontinued operations:				
Loss (income) from operations	4	(4)	27	(16)
Loss (gain) on disposal	-	6	(342)	9
Gain on sale of Topaz power plants	-	-	(204)	-
Impairment of Argentine investments	221	-	221	-
California energy crisis litigation	3	116	18	311
Resolution of prior years' income tax issues	(2)	(22)	(45)	(156)
Regulatory issues	-	(54)	(25)	(78)
Tax on repatriation	24	-	24	-
Turbine impairments	-	38	-	38
Gain on sale of natural gas storage facilities	-	(3)	-	(41)
Comparable Net Income *	<u>\$ 375</u>	<u>\$ 432</u>	<u>\$ 1,080</u>	<u>\$ 987</u>
Diluted weighted-average shares outstanding	263	258	261	252
Comparable Earnings Per Diluted Share *	\$ 1.42	\$ 1.68	\$ 4.13	\$ 3.92
GAAP Earnings Per Diluted Share	\$ 0.47	\$ 1.38	\$ 5.38	\$ 3.65

* To assist the reader in understanding the trend of earnings, the table summarizes the major unusual factors affecting the company's earnings.

Sempra Utilities

	Three months ended December 31,		Years ended December 31,	
	2006	2005	2006	2005
<i>(Unaudited, dollars in millions)</i>				
Total Utilities GAAP Net Income	<u>\$ 110</u>	<u>\$ 120</u>	<u>\$ 460</u>	<u>\$ 473</u>
SDG&E GAAP Net Income	\$ 55	\$ 72	\$ 237	\$ 262
Unusual Items:				
DSM [*] awards settlement and other regulatory issues	-	(45)	(25)	(69)
Resolution of prior years' income tax issues	1	(5)	2	(60)
California energy crisis litigation	-	2	(1)	29
Comparable Net Income **	<u>\$ 56</u>	<u>\$ 24</u>	<u>\$ 213</u>	<u>\$ 162</u>
SoCalGas GAAP Net Income	\$ 55	\$ 48	\$ 223	\$ 211
Unusual Items:				
California energy crisis litigation	-	4	(3)	57
Resolution of prior years' income tax issues	-	(2)	1	(24)
DSM [*] awards settlement	-	(9)	-	(9)
Comparable Net Income **	<u>\$ 55</u>	<u>\$ 41</u>	<u>\$ 221</u>	<u>\$ 235</u>

* Demand side management (DSM)

** To assist the reader in understanding the trend of earnings, the table summarizes the major unusual factors affecting the company's earnings.

Sempra Commodities

<i>(Unaudited, dollars in millions)</i>	Three months ended December 31,		Years ended December 31,	
	2006	2005	2006	2005
GAAP Net Income	\$ 214	\$ 244	\$ 504	\$ 460
Unusual Items:				
Gain on sale of natural gas storage facilities	-	(3)	-	(41)
Resolution of prior years' income tax issues	-	(10)	(3)	(26)
California energy crisis litigation	-	(5)	3	10
Comparable Net Income *	<u>\$ 214</u>	<u>\$ 226</u>	<u>\$ 504</u>	<u>\$ 403</u>

<i>(Unaudited, dollars in millions)</i>	Three months ended December 31,		Years ended December 31,	
	2006	2005	2006	2005
Mark-to-Market Earnings **	\$ 158	\$ 209	\$ 487	\$ 491
Effect of EITF 02-03 ***	56	35	17	(31)
GAAP Net Income	<u>\$ 214</u>	<u>\$ 244</u>	<u>\$ 504</u>	<u>\$ 460</u>

* To assist the reader in understanding the trend of earnings, the table summarizes the major unusual factors affecting the company's earnings.

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

*** Consists of the income statement effect of not recognizing changes in the fair market value of certain physical inventories, capacity contracts for transportation and storage, and derivative hedging activities related to Section 29 tax credits.

Sempra Generation

<i>(Unaudited, dollars in millions)</i>	Three months ended December 31,		Years ended December 31,	
	2006	2005	2006	2005
GAAP Net Income	\$ 53	\$ 58	\$ 375	\$ 149
Unusual Items:				
Gain on sale of Topaz power plants	-	-	(204)	-
California energy crisis litigation	3	12	18	22
Turbine impairments	-	38	-	38
Comparable Net Income *	<u>\$ 56</u>	<u>\$ 108</u>	<u>\$ 189</u>	<u>\$ 209</u>

- ▶ Q4-05 includes \$47 million in mark-to-market gains
- ▶ FY-05 includes \$30 million in mark-to-market gains

* To assist the reader in understanding the trend of earnings, the table summarizes the major unusual factors affecting the company's earnings.

Sempra Pipelines & Storage

<i>(Unaudited, dollars in millions)</i>	Three months ended		Years ended	
	December 31,		December 31,	
	2006	2005	2006	2005
GAAP Net Income (Loss)	\$ (223)	\$ 16	\$ (165)	\$ 64
Unusual Items:				
Impairment of Argentine investments	221	-	221	-
Tax on repatriation	24	-	24	-
Resolution of prior years' income tax issues	(1)	(4)	(10)	(4)
Comparable Net Income *	<u>\$ 21</u>	<u>\$ 12</u>	<u>\$ 70</u>	<u>\$ 60</u>

- ▶ Comparable net income improved due to lower taxes and improved results from Peru

Net Income by Business Unit

<i>(Dollars in millions)</i>	Three months ended		Years ended	
	December 31,		December 31,	
	2006	2005	2006	2005
	(Unaudited)			
Sempra Utilities:				
San Diego Gas & Electric	\$ 55	\$ 72	\$ 237	\$ 262
Southern California Gas	55	48	223	211
Total Sempra Utilities	<u>110</u>	<u>120</u>	<u>460</u>	<u>473</u>
Sempra Global:				
Sempra Commodities	214	244	504	460
Sempra Generation*	53	58	375	149
Sempra Pipelines & Storage*	(223)	16	(165)	64
Sempra LNG	(7)	(10)	(42)	(25)
Total Sempra Global	<u>37</u>	<u>308</u>	<u>672</u>	<u>648</u>
Parent & Other	<u>(18)</u>	<u>(71)</u>	<u>(41)</u>	<u>(208)</u>
Continuing Operations	129	357	1,091	913
Discontinued Operations, Net of Income Tax	(4)	(2)	315	7
Consolidated Net Income	<u>\$ 125</u>	<u>\$ 355</u>	<u>\$ 1,406</u>	<u>\$ 920</u>

* Excludes amounts now classified as discontinued operations.

Financial Summary

- ▶ Higher earnings despite higher tax rate
 - Effective tax rate 33% in 2006; 4% in 2005
- ▶ Adjusted EBITDA* growth of 11%
- ▶ Balance sheet strength
 - \$920 million in cash
 - \$6.2 billion in available credit lines
 - Debt to capitalization improves to 42% from 48%

Operational Update

- ▶ Sempra Utilities
 - General Rate Case filed in December
 - Sunrise Powerlink decision expected Q1 2008
 - AMI settlement reached – increased to \$500 million capital investment
- ▶ Sempra Pipelines & Storage
 - Rockies Express - 192-mile segment from the Wamsutter Hub to the Cheyenne Hub now in service
 - Liberty Gas Storage – construction scheduled to be complete March 2007
- ▶ Sempra LNG
 - Energía Costa Azul approximately 65% complete
 - Cameron almost 40% complete
- ▶ Sempra Commodities – continued market volatility / opportunities

Summary

- ▶ Continuation of focused strategy
 - Record 2006 earnings
 - Successful asset sales
 - \$11 billion 5-year capital plan
- ▶ Dividend increased to \$1.24 per share annualized
- ▶ 2007 earnings guidance increased to range of \$3.75 to \$3.95 from \$3.50 to \$3.70 per share

Appendix

Impact of Asset Sales in Earnings

<i>(Unaudited, dollars in millions)</i>	Three months ended December 31,		Years ended December 31,	
	2006	2005	2006	2005
Discontinued Operations				
Gain on sale of Twin Oaks	\$ -	\$ -	\$ 227	\$ -
Gain on sale of Energy Services and Facilities Management	-	-	21	-
Gain on sale of oil production company	(1)	-	103	-
Impairment of Bangor and Frontier	(5)	-	(40)	-
Loss on disposal of AEG	-	(6)	-	(9)
Other operating earnings for all discontinued operations	1	4	13	16
Consolidated state tax adjustment on gains	1	-	(9)	-
Discontinued Operations	(4)	(2)	315	7
Equity Earnings				
Gain on sale of Topaz power plants	-	-	204	-
Operating earnings of Topaz power plants	-	4	6	18
Impairment of Argentine investments	(221)	-	(221)	-
Operating earnings of Argentine investments	3	2	6	9
Equity Earnings	(218)	6	(5)	27
Total impact	\$ (222)	\$ 4	\$ 310	\$ 34

Reconciliation of EBITDA to Net Income

<i>(Unaudited, dollars in millions)</i>	Three months ended		Years ended	
	December 31,		December 31,	
	2006	2005	2006	2005
GAAP Net Income	\$ 125	\$ 355	\$ 1,406	\$ 920
After-tax discontinued operations	4	2	(315)	(7)
Depreciation and amortization	166	160	657	626
Interest income	(36)	(22)	(109)	(72)
Interest expense	78	90	351	310
Preferred dividends of subsidiaries	3	3	10	10
Income tax expense	180	56	641	34
EBITDA*	<u>520</u>	<u>644</u>	<u>2,641</u>	<u>1,821</u>
Pretax gain on sale of Topaz power plants	-	-	(344)	-
Pretax gain on sale of natural gas storage facilities	-	(8)	-	(106)
Pretax turbine impairments	-	63	-	63
After-tax impairment of Argentine investments	221	-	221	-
Litigation expense	13	210	56	551
Adjusted EBITDA**	<u>\$ 754</u>	<u>\$ 909</u>	<u>\$ 2,574</u>	<u>\$ 2,329</u>

* Management believes EBITDA (earnings before interest, income taxes, depreciation and amortization) is a useful measurement of our performance because it can be used to evaluate the effectiveness of our operations exclusive of interest, preferred dividends of subsidiaries, income taxes, depreciation and amortization; none of which is directly relevant to the efficiency of those operations. Note that EBITDA includes equity earnings from unconsolidated subsidiaries and excludes discontinued operations.

** For comparability, we have excluded the gain on the sale of our Topaz power plants, the gain on sale of our natural gas storage facilities, turbine impairments, the impairment of our Argentine investments and litigation expense.

Reconciliation of Adjusted Income from Continuing Operations to Net Income

<i>(Dollars and shares in millions, except EPS - Unaudited)</i>	Three months ended December 31,		Years ended December 31,	
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Discontinued Operations, net of income tax	4	2	(315)	(7)
Income from Continuing Operations	129	357	1,091	913
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Impairment of Argentine investments	221	-	221	-
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