



Sempra Energy's Income From Continuing Operations Rises Sharply In Second Quarter 2007

SAN DIEGO, Aug. 2, 2007 – Sempra Energy (NYSE: SRE) today reported income from continuing operations of \$280 million, or \$1.06 per diluted share, in the second quarter 2007, up 51 percent from \$185 million, or \$0.71 per diluted share, in the year-ago period. Second-quarter 2007 net income was \$277 million, or \$1.05 per diluted share, compared with net income of \$373 million, or \$1.43 per diluted share, in last year's second quarter, which included \$188 million, or \$0.72 per diluted share, of income primarily from asset sales.

For the first six months of 2007, Sempra Energy's income from continuing operations was \$507 million, or \$1.92 per diluted share, an increase of 21 percent over the \$419 million, or \$1.61 per diluted share, earned during the same period last year. Net income for the first half of 2007 was \$505 million, or \$1.91 per diluted share, compared with \$628 million, or \$2.42 per diluted share, in the first six months of 2006.

"I am pleased with our strong operating results through the first half of the year," said Donald E. Felsing, chairman and chief executive officer of Sempra Energy. "All of our businesses are performing well, putting us on target to meet our 2007 financial plans. As anticipated, we are beginning to see the strong year-to-date economic performance of our commodities business in our second-quarter results. Under current accounting rules, our reported results in the first quarter did not reflect this business' mark-to-market profits on transportation and storage services related to natural gas contracts."

Sempra Energy's revenues increased in the second quarter 2007 to \$2.7 billion from \$2.5 billion in the prior-year's quarter, due primarily to higher commodity prices.

On July 9, 2007, Sempra Energy announced a joint venture with The Royal Bank of Scotland to expand Sempra Energy's commodities business globally. The joint venture, called RBS Sempra Commodities LLP, will absorb the operations of Sempra Commodities. RBS will provide the joint venture with all growth capital, credit and liquidity. As a result of this transaction, Sempra Energy expects to receive a majority of the joint venture's profits until the business almost doubles its 2006 record earnings. Upon closing, Sempra Energy will receive net proceeds of \$1 billion to \$1.2 billion in cash and will keep \$1.3 billion invested in the joint venture.

Following the expected close of the transaction in the fourth quarter 2007, Sempra Energy intends to increase its quarterly dividend to \$0.35, or \$1.40 annually, from the current quarterly dividend of \$0.31, or \$1.24 annually, and maintain a targeted dividend payout ratio of 35 percent to 40 percent of net income. Additionally, the company intends to begin purchasing \$1.5 billion to \$2 billion of its common stock.

OPERATING HIGHLIGHTS

Sempra Utilities

Second-quarter net income for Sempra Utilities – San Diego Gas & Electric (SDG&E) and Southern California Gas Co. (SoCalGas) – was \$105 million in 2007, compared with \$123 million in 2006.

SDG&E earned second-quarter 2007 net income of \$51 million, compared with \$65 million in the year-ago period. In the most recent quarter, SDG&E benefited from higher transmission earnings, while, in last year's second quarter, the utility realized a \$16-million benefit from the favorable resolution of certain regulatory and tax issues and a positive litigation-reserve adjustment.

SDG&E recently energized its Otay-Metro Powerloop electric-transmission project, a new 52-mile loop around the center of San Diego County designed to improve electric reliability in the region.

Southern California Gas Co.'s net income in the second quarter 2007 was \$54 million, compared with \$58 million in the same quarter last year.

Sempra Commodities

Sempra Commodities' second-quarter 2007 net income more than doubled to \$155 million from \$69 million in the second quarter 2006, due primarily to improved margins in all its commodity product lines. During the recent quarter, Sempra Commodities benefited from the recognition of a portion of the profits that were earned in the first quarter 2007 from natural

gas storage and transportation contracts, but deferred under current accounting rules.

Sempra Generation

In the second quarter 2007, Sempra Generation's net income was \$10 million, compared with \$16 million in last year's second quarter. The change was due primarily to mark-to-market losses on forward contracts with Sempra Commodities.

During the quarter, Sempra Generation announced its entry into the renewable-energy business with the acquisition of the development assets associated with the proposed 250-megawatt La Rumorosa Wind Power project in Baja California, Mexico.

Sempra Pipelines & Storage

Second-quarter net income for Sempra Pipelines & Storage in 2007 was \$17 million, compared with \$28 million in 2006. Prior-year results were impacted favorably by the resolution of tax issues.

Sempra LNG

Sempra LNG reported a net loss of \$13 million in the second quarter 2007, down from a net loss of \$17 million in the prior-year's quarter.

Internet Broadcast

Sempra Energy will broadcast a live discussion of its earnings results over the Internet today at 1 p.m. EDT with senior management of the company. Access is available by logging onto the Web site at www.sempra.com. For those unable to log onto the live webcast, the teleconference will be available on replay a few hours after its conclusion by dialing (888) 203-1112 and entering the passcode 2402925.

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

Income-statement information by business unit is available on Sempra Energy's Web site at <http://www.sempra.com/downloads/2Q2007.pdf>

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

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

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