



2011 Earnings Results

February 28, 2012

Information Regarding Forward-Looking Statements

This presentation contains statements that are not historical fact and constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements can be identified by words like “believes,” “expects,” “anticipates,” “intends,” “plans,” “estimates,” “may,” “will,” “would,” “could,” “should,” “potential,” “target,” “depends,” or similar expressions, or discussions of guidance, strategies, plans or intentions. These forward looking statements represent our estimates and assumptions only as of the date of this presentation. We assume no obligation to update or revise any forward looking statement as a result of new information, future events or other factors. 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, Federal Energy Regulatory Commission, Nuclear Regulatory Commission, California Energy Commission, California Air Resources Board, and other regulatory, governmental and environmental bodies in the United States and other countries where the company does business; capital market conditions, including the availability of credit and the liquidity of our investments; inflation, interest and exchange rates; the impact of benchmark interest rates, generally the U.S. Treasury bond and Moody’s A-rated utility bond yields, on our Sempra Utilities’ cost of capital; energy markets, including the timing and extent of changes and volatility in commodity prices; the availability of electric power, natural gas and liquefied natural gas, including disruptions caused by failures in the North American transmission grid, pipeline explosions and equipment failures; weather conditions, natural disasters, catastrophic accidents, and conservation efforts; risks inherent in nuclear power generation and radioactive materials storage, including catastrophic release of such materials; wars, terrorist attacks and cybersecurity threats; business, regulatory, environmental and legal decisions and requirements; expropriation of assets by foreign governments and title and other property disputes; the status of deregulation of retail natural gas and electricity delivery; the timing and success of business development efforts and construction, maintenance and capital projects; the inability or determination not to enter into long-term supply and sales agreements or long-term capacity agreements; 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 reports that Sempra Energy has filed with the Securities and Exchange Commission (SEC). These reports are available through the EDGAR system free-of-charge on the SEC’s website, www.sec.gov, and on the company’s website at www.sempra.com.

Fourth-Quarter and Year End 2011 Results

| <i>(Dollars, except EPS, and shares in millions)</i> | Three months ended December 31, | | Years ended December 31, | |
|--|------------------------------------|---------------|-----------------------------|---------------|
| | 2011 | 2010 | 2011 | 2010 |
| | <i>(Unaudited)</i> | | | |
| GAAP Earnings | \$ 292 | \$ 280 | \$ 1,357 | \$ 739 |
| Remeasurement Gain on Chile/Peru Acquisition | - | - | (277) | - |
| Write-down of Investment in Commodities JV | - | - | - | 139 |
| Litigation Settlement | - | - | - | 96 |
| Adjusted Earnings* | <u>\$ 292</u> | <u>\$ 280</u> | <u>\$ 1,080</u> | <u>\$ 974</u> |
| Diluted weighted-average shares outstanding | 242 | 243 | 242 | 248 |
| GAAP EPS | \$ 1.21 | \$ 1.15 | \$ 5.62 | \$ 2.98 |
| Adjusted EPS* | \$ 1.21 | \$ 1.15 | \$ 4.47 | \$ 3.93 |

- ▶ Strong fourth quarter and full year earnings performance across all business units
- ▶ Adjusted full year 2011 EPS up 14%* over adjusted 2010 EPS

* See appendix for information regarding non-GAAP financial measures. Full year 2011 earnings per share up 89% on a GAAP basis.

SDG&E and SoCalGas

| <i>(Dollars in millions)</i> | Three months ended December 31, | | Years ended December 31, | |
|------------------------------|------------------------------------|--------|-----------------------------|--------|
| | 2011 | 2010 | 2011 | 2010 |
| | <i>(Unaudited)</i> | | | |
| SDG&E Earnings | \$ 158 | \$ 105 | \$ 431 | \$ 369 |
| SoCalGas Earnings | 79 | 74 | 287 | 286 |
| Total | \$ 237 | \$ 179 | \$ 718 | \$ 655 |

- ▶ SDG&E quarterly earnings included:
 - \$50 million from revenues related to wildfire insurance premiums for an 18-month period, compared to \$16 million in Q4-10 for recovery of premiums for a 12-month period
 - \$13 million of higher equity AFUDC earnings, net of interest expense

Sempra Pipelines & Storage

| <i>(Dollars in millions)</i> | Three months ended December 31, | | Years ended December 31, | |
|--|------------------------------------|-------|-----------------------------|--------|
| | 2011 | 2010 | 2011 | 2010 |
| | <i>(Unaudited)</i> | | | |
| Earnings | \$ 70 | \$ 39 | \$ 527 | \$ 159 |
| Remeasurement Gain on Chile/Peru Acquisition | - | - | (277) | - |
| Adjusted Earnings* | \$ 70 | \$ 39 | \$ 250 | \$ 159 |

- ▶ \$31 million increase in Q4-11 primarily a result of \$24 million higher earnings related to the highly accretive acquisition of controlling interests in our two South American utilities

* See appendix for information regarding non-GAAP financial measures.

Sempra LNG

| <i>(Dollars in millions)</i> | Three months ended December 31, | | Years ended December 31, | |
|------------------------------|------------------------------------|-------|-----------------------------|-------|
| | 2011 | 2010 | 2011 | 2010 |
| | <i>(Unaudited)</i> | | | |
| Earnings | \$ 24 | \$ 18 | \$ 99 | \$ 68 |

- ▶ Full year 2011 earnings benefitted by \$18 million from marketing activities which are not expected to recur
- ▶ Tangguh supply contract amended to provide enhanced value to both parties
- ▶ 2012 LNG earnings expected to be more in-line with prior 2012 guidance of \$50 - \$70 million as benefit from contract is offset by lower gas prices
- ▶ Longer term, expect LNG earnings from our existing assets of roughly \$65 - \$85 million

Sempra Generation

| <i>(Dollars in millions)</i> | Three months ended December 31, | | Years ended December 31, | |
|------------------------------|------------------------------------|-------|-----------------------------|--------|
| | 2011 | 2010 | 2011 | 2010* |
| | <i>(Unaudited)</i> | | | |
| Earnings/(Loss) | \$ (6) | \$ 43 | \$ 137 | \$ 103 |

- ▶ 2011 earnings of \$137 million exceeded prior guidance due largely to increased renewables activity
- ▶ Q4-11 loss due to expiration of CDWR contract on September 30, 2011 and \$9 million of mark-to-market losses

* Includes \$87 million charge related to litigation settlement.

Solar Accounting and 2012 Earnings Outlook

- ▶ Solar Project Accounting
 - Under the new deferral method, we will reduce the book basis of the asset by amount of tax credit, resulting in lower depreciation and higher future earnings compared to current method
 - The deferral method creates a more even earnings profile from our solar investments
 - Accounting methodology has no impact on project economics
- ▶ New 2012 Guidance

| | |
|---|------------------------|
| Current 2012 Plan Diluted EPS Using Flow-through Accounting | \$4.40 - \$4.70 |
| Effect of Change to Deferral Accounting | (\$0.40) |
| Expected 2012 Diluted EPS | \$4.00 - \$4.30 |

Financial Summary

- ▶ Growth across all businesses drove full year earnings performance
- ▶ Sempra's Board of Directors authorized an increase in the annualized dividend to \$2.40 per share
 - Represents an increase of 25% over prior level

SDG&E and SoCalGas Update

- ▶ General Rate Cases
 - Evidentiary hearings concluded last month
 - Opening briefs due in April; closing briefs expected in May
 - Recording revenues based on current levels until decision is reached, but final decision will be retroactive to January 1, 2012
- ▶ Sunrise Powerlink
 - Project is on-budget and currently 70% complete
 - Expect project to be completed by 2nd half of 2012
- ▶ Pipeline Safety Enhancement Plan
 - Proposed schedule calls for hearings this summer with briefs due in October
 - Plan as filed calls for \$3.1 billion of spending at both SDG&E and SoCalGas over the next 10 years

Renewables Update

- ▶ Solar
 - Received CPUC approval of PPA with PG&E for 150-MW Copper Mountain Solar 2
 - Expect to complete first 92-MW phase by end of January 2013
- ▶ Wind
 - Continue to expand strategic relationship with BP Wind
 - Will jointly develop a total of 560-MW of wind energy by end of this year
 - Flat Ridge 2 (Kansas): 419-MW
 - Mehoopany (Pennsylvania): 141-MW
- ▶ Nearly 1,000 MW of renewables projects in operation, under construction or contracted

Summary

- ▶ Full year adjusted earnings per share up 14%* driven by strength across all business units
- ▶ New 2012 EPS guidance of \$4.00 to \$4.30
- ▶ Due to strong business unit growth and performance, continue to expect long-term growth rate of 6% - 8%
- ▶ Provided enhanced return of capital to shareholders with 25% increase to annual dividend
- ▶ Analyst conference on March 29 in San Diego

* See appendix for information regarding non-GAAP financial measures. Full year 2011 earnings per share up 89% on a GAAP basis.

Appendix

Renewables Projects

| Name | Location | MW | PPA Term (yrs) | PPA Regulatory Approval | Full COD |
|--|------------------|------------------------------|----------------|-------------------------|-------------|
| <u>IN OPERATION</u> | | | | | |
| Fowler Ridge 2 Wind ¹ | Indiana | 100 MW (50%) ² | 20 | Yes | 2009 |
| Copper Mountain Solar 1 (and El Dorado Solar) ¹ | Nevada | 58 MW (48+10 MW) | 20 | Yes | 2008 / 2010 |
| Cedar Creek 2 Wind | Colorado | 125 MW (50%) ² | 25 | Yes | 2011 |
| <u>CONTRACTED & UNDER CONSTRUCTION</u> | | | | | |
| Flat Ridge 2 Wind | Kansas | 210 MW (50%) ² | 20 - 25 | Yes | 2012 |
| Mehoopany Wind | Pennsylvania | 70 MW (50%) ² | 20 | Yes | 2012 |
| Mesquite Solar 1 | Arizona | 150 MW ³ | 20 | Yes | 2013 |
| Copper Mountain Solar 2 | Nevada | 92 MW / 58 MW (150 MW total) | 25 | Yes | 2013 / 2015 |
| <u>CONTRACTED</u> | | | | | |
| Auwahi Wind | Hawaii | 11 MW (50%) ² | 20 | Yes | 2012 |
| Energía Sierra Juárez 1 Wind | Baja Cal, Mexico | 78 MW (50%) ² | 20 | Pending | 2014 |

1. Commenced operations prior to January 1, 2011 and were not included in 1,000 MW renewables development plan provided at Analyst Conference in March 2011.
2. Reflects Sempra Generation's expected net ownership interests.
3. 42 MW of 150-MW total were in operation at year end 2011.

Non-GAAP Financial Measures

Sempra Energy Adjusted Earnings and Adjusted Earnings Per Share for the year ended December 31, 2011 excluding a \$277 million gain from the remeasurement of equity method investments in Chilquinta Energía and Luz del Sur in the second quarter of 2011 are non-GAAP financial measures (GAAP represents accounting principles generally accepted in the United States). Adjusted Earnings and Adjusted Earnings Per Share in 2010 exclude a \$139 million write-down of our investment in RBS Sempra Commodities in the third quarter and a \$96 million charge for a litigation settlement in the first quarter. Statistics using these amounts, including percentage changes from period to period, also result in non-GAAP measures. Because of the significance and nature of these items, management believes that these non-GAAP financial measures provide a more meaningful comparison of the performance of Sempra Energy's business operations from 2011 to 2010 and to future periods. Non-GAAP financial measures are supplementary information that should be considered in addition to, but not as a substitute for, the information prepared in accordance with GAAP. Slides 3 and 5 of this presentation and Table A of our financial tables in our year end earnings press release reconcile for historical periods these non-GAAP financial measures to Sempra Energy Earnings and Diluted Earnings Per Common Share, which we consider to be the most directly comparable financial measures calculated in accordance with GAAP. Our year end earnings press release is available in the News section of our website at www.sempra.com.