



## **Sempra Energy Reports Record Income from Continuing Operations in 2007**

SAN DIEGO, Feb. 26, 2008 - Sempra Energy (NYSE: SRE) today reported 2007 income from continuing operations of \$1.13 billion, or \$4.26 per diluted share, up from \$1.09 billion, or \$4.17 per diluted share, in 2006.

Income from continuing operations in 2006 included a \$204 million gain on asset sales and a fourth-quarter write-down of \$221 million on the company's Argentine utility investments.

Sempra Energy's 2007 net income was \$1.10 billion, or \$4.16 per diluted share, compared with 2006 net income of \$1.41 billion, or \$5.38 per diluted share. The company's 2006 results included \$315 million in after-tax income from discontinued operations primarily related to asset sales.

Fourth-quarter 2007 net income was \$289 million, or \$1.10 per diluted share, compared with \$125 million, or \$0.47 per diluted share, in 2006.

"We are pleased that we achieved record results and exceeded our financial goals in 2007," said Donald E. Felsing, chairman and chief executive officer of Sempra Energy. "In 2008, Sempra Energy will mark its 10th anniversary and we will complete several of our major natural gas infrastructure projects. We also expect to launch our joint venture with The Royal Bank of Scotland. This transaction will significantly expand the global footprint of our commodities business, while, at the same time, enable us to raise our dividend and begin our share-repurchase program."

Revenues for Sempra Energy in 2007 were \$11.4 billion, compared with \$11.8 billion in 2006, due primarily to lower revenues from commodity operations. Fourth-quarter 2007 revenues were \$3.1 billion, compared with \$3.2 billion in the prior year's quarter.

### **SUBSIDIARY OPERATING RESULTS**

#### **Sempra Utilities**

Sempra Utilities - San Diego Gas & Electric (SDG&E) and Southern California Gas Co. (SoCalGas) - had net income of \$513 million in 2007, up 12 percent from \$460 million in 2006. The utilities' fourth-quarter 2007 net income was \$105 million, compared with \$110 million in 2006.

Net income for SDG&E rose to \$283 million in 2007, from \$237 million in 2006, due primarily to the favorable resolution of tax issues, and higher electric transmission and generation earnings. SDG&E's fourth-quarter 2007 net income was \$47 million, compared with \$55 million quarterly net income in 2006, primarily due to lower taxes in 2006.

SoCalGas' 2007 net income increased to \$230 million from \$223 million in 2006, due primarily to higher operating margin. Fourth-quarter net income for SoCalGas was \$58 million in 2007, compared with \$55 million in 2006.

#### **Sempra Commodities**

Sempra Commodities' 2007 net income was \$499 million, compared with the prior-year's net income of \$504 million. Fourth-quarter 2007 net income for Sempra Commodities was \$186 million, compared with \$214 million in the fourth quarter 2006, primarily due to reduced margins in natural gas.

In the third quarter 2007, Sempra Energy and The Royal Bank of Scotland announced their intention to form a global commodities-marketing joint venture, RBS Sempra Commodities, which will absorb the operations of Sempra Commodities. The transaction is expected to be completed in April 2008. RBS will provide the joint venture with all growth capital, credit and liquidity.

#### **Sempra Generation**

Sempra Generation's net income in 2007 was \$162 million, compared with \$375 million in 2006. The company's 2006 net income included \$204 million from the sale of its jointly owned Texas power plants. Fourth-quarter 2007 net income for Sempra Generation was \$40 million, compared with \$53 million in the fourth quarter 2006, due primarily to higher taxes and a three-month outage at the company's El Dorado Energy plant in Nevada.

## Sempra Pipelines & Storage

Sempra Pipelines & Storage earned \$64 million in 2007 net income, compared with a net loss of \$165 million in 2006. In the fourth quarter 2007, Sempra Pipelines & Storage had \$14 million in net income, compared with a net loss of \$223 million in the fourth quarter 2006. Both the quarter and full-year results for Sempra Pipelines & Storage in 2006 were impacted by the company's write-down on its Argentine investments.

REX-West, the western leg of the Rockies Express Pipeline - a joint-venture project of Kinder Morgan Energy Partners, Sempra Pipelines & Storage and ConocoPhillips -- has been put into interim service. Permitting is underway on the eastern leg of the 1,600-mile transcontinental pipeline project. During the quarter, the project partners completed a successful non-binding open-season solicitation that could extend the pipeline from its original eastern terminus in Clarington, Ohio, to Princeton, N.J.

## Sempra LNG

Sempra LNG recorded a net loss of \$46 million in 2007, compared with a net loss of \$42 million in 2006. For the fourth quarter, Sempra LNG's 2007 net loss was \$19 million, compared with \$7 million in 2006, due primarily to a mark-to-market loss on an inter-company marketing agreement.

For its Energía Costa Azul receipt terminal in Baja California, Mexico, Sempra LNG expects to receive start-up liquefied natural gas (LNG) cargoes early in the second quarter 2008, with commercial operations beginning later in the same quarter. Construction on the Cameron LNG receipt terminal in Louisiana is expected to be complete and ready for commercial operations by year-end.

## 2008 Outlook

Sempra Energy today reaffirmed its prior 2008 earnings-per-share guidance of \$3.65 to \$3.85. The 2008 guidance reflects the company's reduced ownership in the commodity-marketing business when the joint venture with RBS commences, partially offset by the anticipated improved performance at other operating units and the positive impact of the share-repurchase program.

As announced previously, following the close of the transaction with RBS, Sempra Energy intends to increase its quarterly dividend to \$0.35, or \$1.40 annually, from the current quarterly dividend of \$0.32, or \$1.28 annually, and maintain a targeted dividend payout ratio of 35 percent to 40 percent of net income. Additionally, in 2008, Sempra Energy intends to repurchase \$1 billion of its common stock, the first phase of its \$1.5 billion to \$2 billion stock-repurchase program.

## Internet Broadcast

Sempra Energy will broadcast a live discussion of its earnings results over the Internet today at 1 p.m. EST with senior management of the company. Access is available by logging onto the Web site at [www.sempra.com](http://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 3144385.

Sempra Energy, based in San Diego, is a Fortune 500 energy services holding company with 2007 revenues of more than \$11 billion. The Sempra Energy companies' 14,000 employees serve more than 29 million consumers worldwide.

*Complete financial tables, including income-statement information by business unit, is available on Sempra Energy's Web site at <http://www.sempra.com/downloads/4Q2007.pdf>.*

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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](http://www.sec.gov) and on the company's Web site, [www.sempra.com](http://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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