



# 2010 Earnings Results

February 24, 2011

# Safe Harbor Statement

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. 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 strategies, plans or intentions. 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, and other regulatory and governmental bodies in the United States and other countries where the company does business; capital market conditions and inflation, interest and exchange rates; 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; 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 reports that Sempra Energy has filed with the Securities and Exchange Commission. These reports are available through the EDGAR system free-of-charge on the SEC’s website, [www.sec.gov](http://www.sec.gov), and on the company’s website at [www.sempra.com](http://www.sempra.com).

## Fourth-Quarter and Year End 2010 Results

<i>(in millions, except EPS)</i>	Three months ended December 31,		Years ended December 31,	
	2010	2009	2010	2009
	(Unaudited)			
Earnings excluding Sempra Commodities *	\$ 287	\$ 219	\$ 894	\$ 781
Earnings (losses) from Sempra Commodities	(7)	69	(155)	338
Earnings	<u>\$ 280</u>	<u>\$ 288</u>	<u>\$ 739</u>	<u>\$ 1,119</u>
Diluted weighted-average shares outstanding	243	249	248	247
EPS - Excluding Sempra Commodities *	\$ 1.18	\$ 0.88	\$ 3.61	\$ 3.16
EPS	\$ 1.15	\$ 1.16	\$ 2.98	\$ 4.52

- Earnings per share excluding Sempra Commodities up 34% in Q4-10 and up 14% in 2010
- 2010 results include \$139 million third-quarter charge for write-down of investment in RBS Sempra Commodities

# Sempra Utilities

<i>(Dollars in millions)</i>	Three months ended December 31,		Years ended December 31,	
	2010	2009	2010	2009
	(Unaudited)			
SDG&E Earnings	\$ 105	\$ 67	\$ 369	\$ 344
SoCalGas Earnings	74	75	286	273
Total	\$ 179	\$ 142	\$ 655	\$ 617

- SDG&E Q4-10 increase due to:
  - \$16 million higher margin
  - \$16 million benefit from partial recovery of increased wildfire insurance premiums
  - \$9 million favorable resolution of prior years' tax matters

# Sempra Generation

<i>(Dollars in millions)</i>	Three months ended		Years ended	
	December 31,		December 31,	
	2010	2009	2010	2009
	(Unaudited)			
Earnings*	\$ 43	\$ 45	\$ 103	\$ 169

- Q4-10 included:
  - \$7 million lower earnings from operations
  - \$6 million loss on the sale of our 50% interest in Elk Hills Power; offset by
  - \$11 million higher renewable energy tax credits
- 2010 results include:
  - \$87 million charge related to an agreement to settle energy crisis litigation
  - \$31 million lower earnings from operations; offset by
  - \$48 million higher renewable energy tax credits

## Sempra Pipelines & Storage

<i>(Dollars in millions)</i>	Three months ended		Years ended	
	December 31,		December 31,	
	2010	2009	2010	2009
	(Unaudited)			
Earnings	\$ 39	\$ 37	\$ 159	\$ 101

- Q4-10 increase due primarily to:
  - \$6 million higher earnings from operations; offset by
  - \$5 million write-down of investment in Argentina, net of related tax benefits
- 2009 results include \$64 million write-off at Liberty Gas Storage and \$13 million favorable resolution of prior years' tax matters

# Sempra LNG

<i>(Dollars in millions)</i>	Three months ended		Years ended	
	December 31,		December 31,	
	2010	2009	2010	2009
	(Unaudited)			
Earnings	\$ 18	\$ 35	\$ 68	\$ 16

- Q4-09 earnings included higher customer payments related to contracted cargoes that were not delivered
- Increase in full year 2010 earnings primarily due to a full year of operations in 2010 as compared to a partial year in 2009

# Financial Summary

- Robust Q4-10 and full year earnings per share growth from core businesses
- Dividend increase announced earlier this week
  - Annualized dividend of \$1.92 per share represents a 23% increase
  - Targeting a 45% to 50% payout ratio
- Share repurchase
  - \$500 million repurchase to conclude by end of Q1-11
  - Expect to decide on any further repurchases later this year



# Utility Operational Update

- General Rate Cases
  - SDG&E and SoCalGas filed General Rate Case applications in December 2010
  - Both utilities requested a rate increase of approximately 6% over present rates and mechanisms to adjust 2013 - 2015 non-commodity revenues by an expected 3% annually
- Sunrise Powerlink
  - Construction progressing as planned; \$1.9 billion project on-track for completion in second-half of 2012
- Smart meter programs
  - Over 2 million gas and electric smart meters installed at SDG&E; installation substantially complete by year-end 2011
  - Installation at SoCalGas on schedule to begin in late-2012

## Sempra Generation

- Copper Mountain Solar (48 MW)
  - Completed construction in December 2010
  - 20-year off-take agreement with PG&E
- Mesquite Solar (150 MW initial phase)
  - Construction to begin mid-2011, completion Q2-13
  - Selected panel manufacturer/EPC contractor
  - 20-year off-take agreement with PG&E awaiting final CPUC approval
- Cedar Creek II (250 MW; 50/50 partnership)
  - Project on schedule for completion in Q2-11
  - 25-year off-take agreement with Public Service Company of Colorado
- Sold our 50% interest in Elk Hills Power for \$175 million, or \$636/kW, in December 2010

# Acquisition of South American Utilities

- On January 19, announced the acquisition of AEI's stake in Chilquinta Energía in Chile and Luz del Sur in Peru
  - Sempra Energy and AEI currently jointly own these assets
- Key attributes of assets
  - Strong operating performance
  - Sound regulatory environment
  - Stable and growing countries
- Transaction overview
  - Purchase price of \$875 million
  - Accretive to earnings per share by \$0.15 in 2011 and \$0.22 in 2012
  - Expected to close in Q2-11, pending regulatory approvals and resolution of tax matters

# Summary

- Q4-10 earnings per share excluding Sempra Commodities increased 34%\*
- 2010 earnings per share excluding Sempra Commodities increased 14%\*
- Met key financial and strategic objectives
  - Reduced risk profile with exit from Sempra Commodities
  - Redeployed cash through dividend increase and share buy-back
  - Focused on utility and contracted energy infrastructure growth
- Analyst conference to be held in New York on March 23