



Third Quarter 2008 Earnings Results

November 10, 2008

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Third Quarter 2008 Results

<i>(Dollars and shares in millions, except EPS - Unaudited)</i>	Three months ended September 30,		Nine months ended September 30,	
	2008	2007	2008	2007
Net Income	\$ 308	\$ 305	\$ 794	\$ 810
Diluted weighted-average shares outstanding	248	264	253	264
EPS - Net Income	\$ 1.24	\$ 1.15	\$ 3.13	\$ 3.06

- ▶ Q3-08 EPS increased 8% over Q3-07
- ▶ Strong results from San Diego Gas & Electric, Southern California Gas, Generation, Pipelines & Storage and LNG

San Diego Gas & Electric

<i>(Unaudited, dollars in millions)</i>	Three months ended September 30,		Nine months ended September 30,	
	2008	2007	2008	2007
Net Income	\$ 123	\$ 123	\$ 258	\$ 236

- ▶ Q3-08 performance improved by \$19 million higher authorized margin
- ▶ Q3-08 includes \$28 million net benefit from the following items:
 - \$33 million benefit from retroactive application of GRC decision
 - \$12 million favorable resolution of prior years' income-tax issues
 - \$17 million litigation expense
- ▶ Q3-07 includes \$46 million benefit from the following items:
 - \$26 million benefit from resolution of regulatory matter
 - \$20 million favorable resolution of prior years' income-tax issues

Southern California Gas

<i>(Unaudited, dollars in millions)</i>	Three months ended September 30,		Nine months ended September 30,	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Net Income	\$ 77	\$ 63	\$ 190	\$ 172

▶ Q3-08 increase includes:

- \$7 million benefit from retroactive application of GRC decision
- \$7 million benefit from resolution of regulatory matter

Sempra Commodities

<i>(Unaudited, dollars in millions)</i>	Three months ended September 30,		Nine months ended September 30,	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Net Income	\$ (8)	\$ 87	\$ 181	\$ 313

▶ Q3-08:

- Includes \$3 million loss attributable to RBS Sempra Commodities joint venture
- Impacted by losses in U.S. power marketing due to the combination of declining prices and reduced market liquidity

RBS Sempra Commodities Income Allocation

(Since formation of joint venture on April 1, 2008)

(Unaudited, in millions of U.S. dollars)

	Three months ended September 30, 2008		Six months ended September 30, 2008	
	Joint Venture Total	Sempra Share*	Joint Venture Total	Sempra Share*
Margin	\$ 60		\$ 706	
Operating and other expenses	(93)		(405)	
Joint venture distributable income	<u>\$ (33)</u>		<u>\$ 301</u>	
Preferred return on capital	\$ 131	\$ 60	\$ 279	\$ 120
1 st allocation - 70% Sempra / 30% RBS	(103)	(71)	22	16
2 nd allocation - 30% Sempra / 70% RBS	(61)	(18)	-	-
Distributable income	<u>\$ (33)</u>	<u>\$ (29)</u>	<u>\$ 301</u>	<u>\$ 136</u>

Sempra Earnings from Joint Venture:

Sempra share of distributable income - IFRS basis	\$ (29)	\$ 136
U.S. GAAP conversion impact	25	6
Sempra equity earnings - U.S. GAAP basis	(4)	142
Income tax expense	1	(52)
Sempra Equity Earnings from Joint Venture	<u>\$ (3)</u>	<u>\$ 90</u>



* After a 15% preferred return to Sempra and then a 15% return to RBS, Sempra receives 70% of the next \$500 million and 30% of any remaining income on an annual basis. The preferred returns and the 1st allocation (the \$500 million tranche) are prorated over the year. Negative amounts in the three-month period represent reductions required to reflect the YTD calculations of the 1st and 2nd allocations.

Sempra Generation

<i>(Unaudited, dollars in millions)</i>	Three months ended September 30,		Nine months ended September 30,	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Net Income	\$ 94	\$ 58	\$ 162	\$ 122

▶ Q3-08 increase includes:

- \$25 million higher mark-to-market gains on forward contracts
- \$8 million lower income tax expense due to solar investments

Sempra Pipelines & Storage

<i>(Unaudited, dollars in millions)</i>	Three months ended September 30,		Nine months ended September 30,	
	2008	2007	2008	2007
Net Income	\$ 34	\$ 17	\$ 84	\$ 50

- ▶ Q3-08 includes:
 - \$12 million income from pipeline operations in Mexico
 - \$5 million income from Rockies Express
- ▶ Q3-07 includes:
 - \$4 million income from pipeline operations in Mexico
 - \$2 million loss from Rockies Express
- ▶ YTD 2008 includes \$17 million income from Rockies Express

Net Income by Business Unit

<i>(Unaudited, dollars in millions)</i>	Three months ended		Nine months ended	
	September 30,		September 30,	
	2008	2007	2008	2007
San Diego Gas & Electric	\$ 123	\$ 123	\$ 258	\$ 236
Southern California Gas	77	63	190	172
Sempra Commodities	(8)	87	181	313
Sempra Generation	94	58	162	122
Sempra Pipelines & Storage	34	17	84	50
Sempra LNG	4	(4)	(33)	(27)
Parent & Other	(16)	(14)	(48)	(29)
Continuing Operations	308	330	794	837
Discontinued Operations, Net of Income Tax	-	(25)	-	(27)
Consolidated Net Income	<u>\$ 308</u>	<u>\$ 305</u>	<u>\$ 794</u>	<u>\$ 810</u>

Current Liquidity

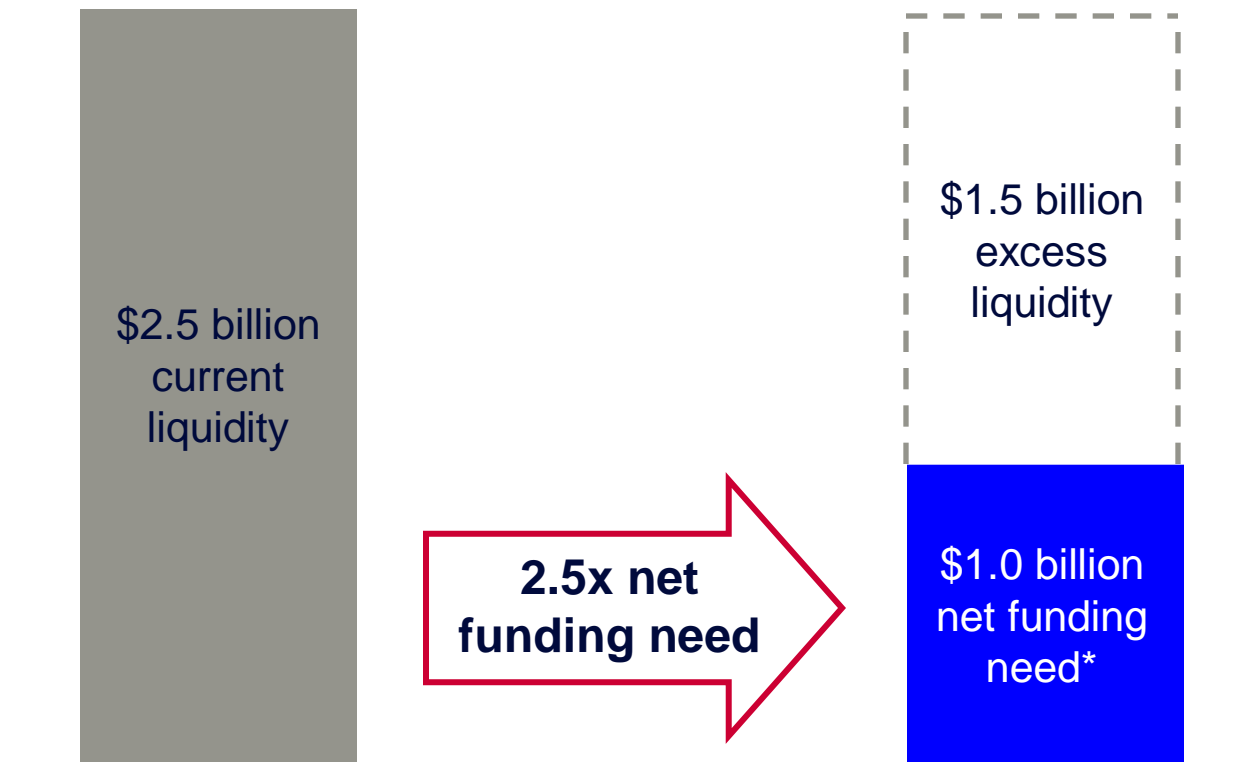
(\$ billions)

Cash and Available Bank Lines	10/31/2008
Cash	\$ 0.1
SDG&E	0.4
SoCalGas	0.4
Sempra Global	3.5
Cash and Committed Bank Lines	4.4
CP, LOC and Put Bonds	(1.9)
Total Cash and Committed Available Bank Lines	\$ 2.5

Liquidity Outlook: Nov 2008 – Dec 2009

<i>(\$ billions)</i>	Outlook
Beginning Cash and Available Credit	\$ 2.5
Sources:	
Cash from Operations	1.7
Utility Debt & Preferred Issuances	0.6
Remarket IDBs	0.4
Total Sources	2.7
Uses:	
Capital Expenditures & Investments	2.7
Refinancing of Debt	0.6
Common Dividend	0.4
Total Uses	3.7
Net Funding Need	\$ 1.0
Ending Cash and Available Credit	\$ 1.5

Liquidity Outlook: Nov 2008 – Dec 2009



Financial Highlights

- ▶ Q3-08 EPS up 8%
 - SDG&E and SoCalGas combined net income up 8%
 - Generation, Pipelines & Storage and LNG combined net income nearly doubles
 - Underperformance in quarter at RBS Sempra Commodities; reaffirm 2008 segment earnings guidance of \$250 million to \$350 million
- ▶ \$2.5 billion cash and available committed bank lines at 10/31/08
- ▶ Completed \$1 billion share buyback with 18.4 million shares repurchased
- ▶ Current economic conditions and potential impact on 2009 earnings

SDG&E and SoCalGas Operational Update

- ▶ Resolved General Rate Cases in Q3-08
 - Q3-08 includes \$40 million benefit from retroactive application of decision for January 1 through June 30
 - Revenue certainty through 2011 and no earnings sharing
- ▶ Smart Meters Update
 - SDG&E: Full-scale deployment to begin Q1-09
 - SoCalGas: Filed for \$1.1 billion meter program (\$900 million capital)
- ▶ SDG&E filed for \$250 million solar program
- ▶ Sunrise Powerlink draft proposed & alternate decisions issued

Natural Gas Infrastructure Project Update

(as of 9/30/08, \$ millions)

Project	Total Investment	Remaining Investment	Targeted Completion
Energía Costa Azul	\$975	-	Complete
Bajanorte Pipeline Expansion	\$210	-	Complete
ECA Nitrogen Facility	\$125	\$65	2010
Cameron LNG	\$800	\$100	2009
Cameron Pipeline	\$195	-	Complete
Liberty Gas Storage ¹	\$375	\$190	2009 - 12
EnergySouth Midstream ²	\$500	\$500	2010 - 15
Rockies Express Pipeline ³	\$750	\$500	2009
Total	\$3,930	\$1,355	



1. Refers to North and South (expansion) phases; represents Sempra's 75% share of project
2. Excludes acquisition costs and represents Sempra's 91% interest in Bay Gas and 60% interest in MS Hub
3. Represents Sempra's estimated 25% equity contribution; total project cost approx. \$6 billion

Summary

- ▶ Strong financial results for the quarter and year-to-date 2008
 - Led by SDG&E, SoCalGas, Generation, Pipelines & Storage and LNG
- ▶ Reaffirm 2008 net income guidance for Commodities of \$250 million to \$350 million
- ▶ Continue to expect quality risk-adjusted returns from:
 - Proactive risk management
 - Continued investment in California regulated assets
 - Certainty of revenues from long-dated contracts and growing midstream business