



First-Quarter 2011 Earnings Results

May 9, 2011

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First-Quarter 2011 Results

| <i>(Unaudited, dollars [except EPS] and shares in millions)</i> | Three months ended March 31, | |
|---|---------------------------------|---------|
| | 2011 | 2010 |
| Earnings | \$ 258 | \$ 106 |
| Diluted weighted-average shares outstanding | 242 | 250 |
| EPS | \$ 1.07 | \$ 0.42 |

- ▶ Strong performance across all business units in Q1-11
- ▶ Q1-10 earnings included \$96 million charge related to litigation settlement, or \$0.38 per share
 - Excluding the impact of the litigation charge, Q1-11 earnings per share increased 34%

Sempra Utilities

| <i>(Unaudited, dollars in millions)</i> | Three months ended March 31, | |
|---|---------------------------------|--------|
| | 2011 | 2010 |
| SDG&E Earnings | \$ 89 | \$ 83 |
| SoCalGas Earnings | 68 | 65 |
| Total | \$ 157 | \$ 148 |

- ▶ Q1-10 earnings included tax charges related to the passage of the health care bill
 - \$3 million at SDG&E
 - \$13 million at SoCalGas
- ▶ SoCalGas Q1-10 results included a \$7 million regulatory award

Sempra Generation

| <i>(Unaudited, dollars in millions)</i> | Three months ended March 31, | |
|---|---------------------------------|---------|
| | 2011 | 2010* |
| Earnings (loss) | \$ 44 | \$ (51) |

- ▶ Q1-11 increase due to:
 - \$11 million lower operation and maintenance costs principally due to scheduled major maintenance in Q1-10
 - \$84 million expense related to the litigation settlement in Q1-10

* Earnings from Sempra Rockies Marketing have been reclassified in 2010 into Sempra Generation from our former Sempra Commodities segment. Sempra Rockies Marketing contributed \$3 million and \$2 million to earnings in Q1-11 and Q1-10, respectively.

Sempra Pipelines & Storage

| <i>(Unaudited, dollars in millions)</i> | Three months ended March 31, | |
|---|---------------------------------|-------------|
| | <u>2011</u> | <u>2010</u> |
| Earnings | \$ 54 | \$ 38 |

- ▶ Q1-11 increase due to:
 - \$8 million higher earnings related to pipeline assets in Mexico acquired in Q2-10
 - \$6 million higher operating results from the utilities in Chile and Peru

Sempra LNG

| <i>(Unaudited, dollars in millions)</i> | Three months ended March 31, | |
|---|---------------------------------|-------------|
| | <u>2011</u> | <u>2010</u> |
| Earnings | \$ 33 | \$ 32 |

- ▶ Both Q1-11 and Q1-10 include \$11 million in customer payments related to contracted cargoes that were not delivered

Utility Operational Update

- ▶ SDG&E Renewable Energy Portfolio
 - Since start of 2011, SDG&E has signed contracts to increase renewables portfolio capacity by 700 MW
 - On-track to meet new California renewable portfolio standards signed into law last month

- ▶ Sunrise Powerlink
 - All phases of construction well underway
 - Continue to expect in-service date in second half of 2012

- ▶ General Rate Case
 - Rate case plan calls for decision by approximately March 2012

Natural Gas Pipeline Safety Update

- ▶ Approximately 4,000 miles in SoCalGas/SDG&E transmission system – about 1,600 miles in populated areas
- ▶ Pipe installed post-1970: ~500 miles, pressure tested and operating safely
- ▶ Pipe installed pre-1970: ~1,100 miles
 - All operating safely at or below pressures established using extensive records and historical pressures
 - ~700 miles pressure tested
 - Of the remaining ~400 miles, ~170 miles smart-pigged
 - Additional voluntary actions taken
- ▶ Costs
 - #1 priority is safety; significant pipeline integrity spending included in plan
 - Spent about \$1.5 million year-to-date gathering records
 - No anticipated impact to earnings guidance
 - Expect recovery of costs related to any new regulations

Sempra Generation Business Update

| Project | Nameplate Capacity (MW) | Power Purchase Agreement Status | Expected Construction Start Date | Expected Completion Date |
|--|-------------------------|---|----------------------------------|--------------------------|
| Mesquite Solar (1 st Phase) | 150 | 20-year contract signed and approved by CPUC | June 2011 | Early 2013 |
| Energía Sierra Juárez Wind (1 st Phase) | 156 | 20-year contract signed and pending regulatory approval | 2012 | 2013 |
| Auwahi Wind | 21 | 20-year contract signed and pending regulatory approval | Early 2012 | Late 2012 |

South America Update

- ▶ Completed transaction on April 6 for \$875 million
 - Sempra Energy owns 100% of Chilquinta Energía in Chile and 76% of Luz del Sur in Peru, with remaining 24% of Luz del Sur owned by institutional investors and the general public
 - Results for Chilquinta Energía and Luz del Sur will be fully consolidated beginning in Q2-11
- ▶ Groundbreaking for 98-MW hydroelectric plant in Peru took place earlier this month
 - Project expected to be complete in 2014

Summary

- ▶ Strong Q1-11 earnings performance across all businesses validates company's refocus on utilities and contracted energy infrastructure
- ▶ Significant progress on renewables procurement at SDG&E and renewables development at Sempra Generation
- ▶ Closed accretive acquisition of South American utilities