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Sempra LNG

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Outline

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- Asset overview
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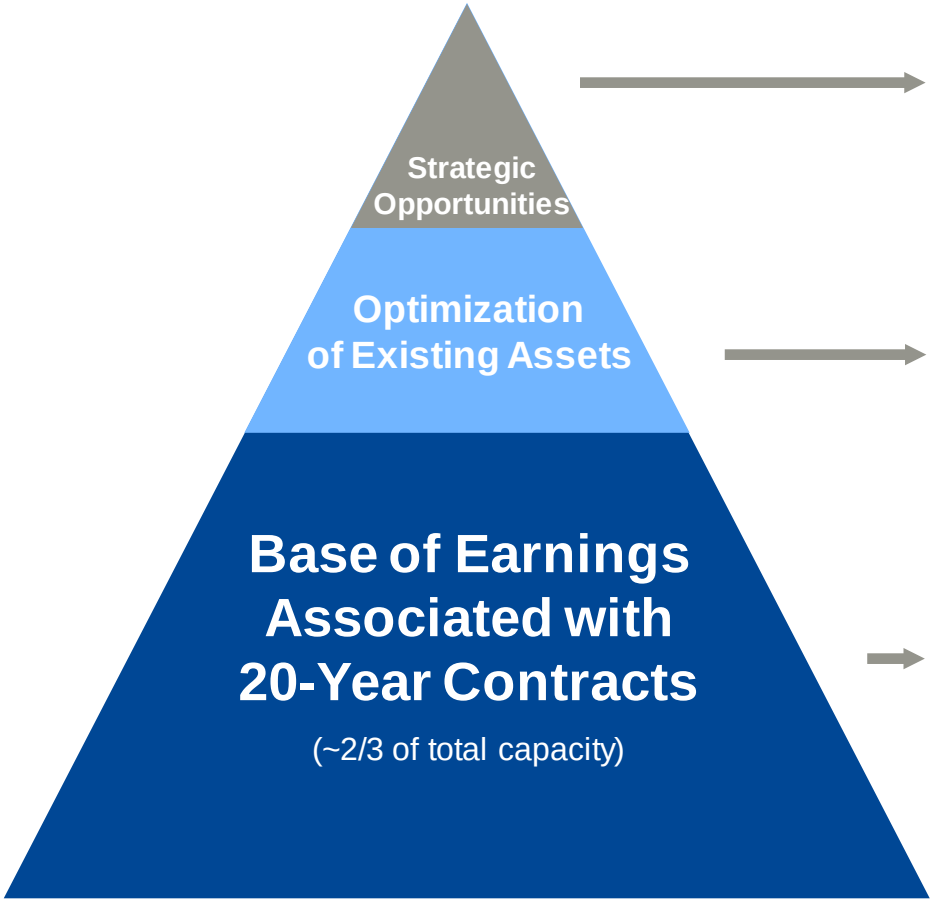
- Market perspective
- Growth opportunities
- Financial outlook
- Summary

Business Overview



LNG Supply & New Projects

- LNG supply from liquefaction
- Arbitrage of markets
- New project developments

Options & Cargoes

- Gazprom cargo sale option
- Cargo purchases & re-exports
- Cargo swaps

Capacity & LNG Supply

- Shell / Gazprom capacity
- ENI capacity
- Tangguh LNG supply

Energía Costa Azul – Baja Calif., Mexico (West Coast)

Overview of Contracts

- Shell / Gazprom: LNG storage, ~500 MMcfd send-out and nitrogen plant capacity payments for 20 years (until 2028)
- Tangguh: ~500 MMcfd LNG supply[(1)] for 20 years at fixed and variable discount to SoCal Border market index (until 2029)

Terminal Capacity

- 1 berth, Q-Max[(2)] sized ships
- 320,000 m^3 LNG storage[(3)]
- 1.0 Bcfd firm gas send-out
- 12 MMcfd nitrogen injection

(1) Diversion of some cargoes is allowed provided Tangguh compensates Sempra LNG. Vaporized LNG is sold by Sempra LNG to Comision Federal de Electricidad (CFE) and JPMorgan.
(2) Q-Max ship is the largest LNG ship in the world at 263,000 m^3 to 266,000 m^3 of LNG.
(3) Equivalent to 6.9 Bcf of natural gas.

Cameron – Hackberry, Louisiana (Gulf Coast)

Overview of Contracts

- ENI: LNG storage and ~600 MMcfd send-out capacity payment for 20 years (until 2029)
- Gazprom: option agreement payment for the right to deliver and sell up to 2 cargoes per month (multi-year agreement started 2010)[1]

Terminal Capacity

- 2 berths, Q-Flex[2] sized ships
- 480,000 m^3 LNG storage[3]
- 1.5 Bcfd firm gas send-out
- Nitrogen injection

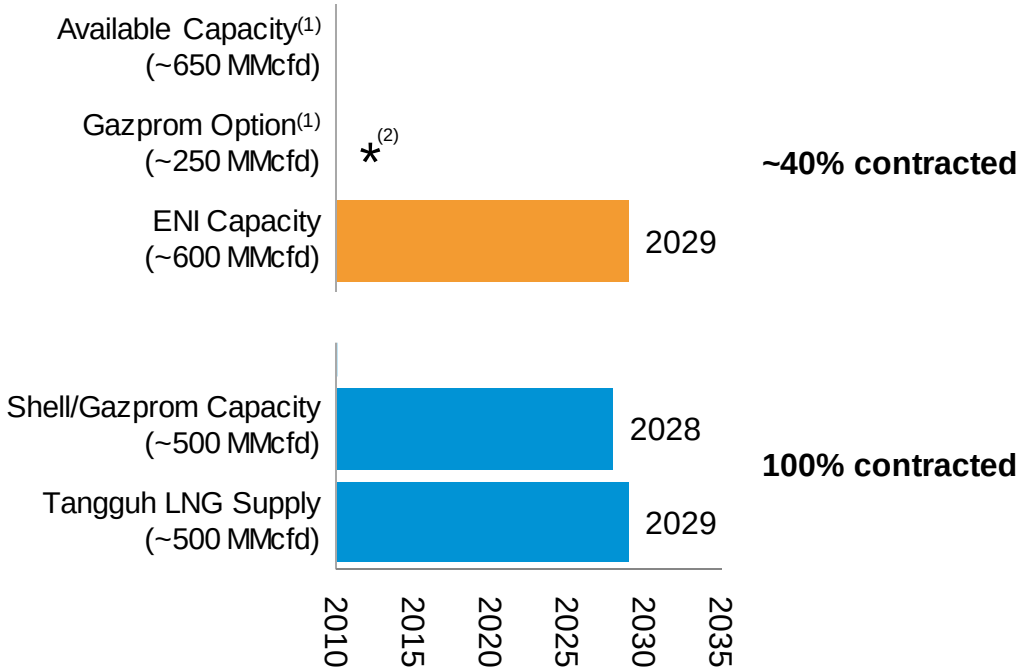
(1) Sempra LNG purchases cargoes at a pricing formula based upon a gas market index.
(2) Q-Flex ship is the second largest LNG ship in the world at 210,000 m^3 to 217,000 m^3 of LNG.
(3) Equivalent to 10.3 Bcf of natural gas.

Long-term, Contracted Energy Infrastructure

- Agreements with large, multi-national, creditworthy companies
- Capacity contracted (~2/3) through 2029
- Upside with higher gas prices related to Tangguh LNG supply and increasing LNG supply with no additional investment

Cameron (1.5 Bcfd)

Energía Costa Azul (1.0 Bcfd)



(1) Capacity contracted by Sempra LNG for use to purchase cargoes, sell cargo delivery/sale options, enter into capacity swaps, re-export cargoes, and sell terminal capacity to third parties.
(2) Term of agreement is confidential.

2010 Accomplishments

- Operated LNG receipt terminals reliably
- Expanded LNG and gas marketing presence

Energía Costa Azul / Pacific Basin

- Full year of terminal operations
- Full year of Tangguh LNG supply
- First LNG cargo re-exported; delivered to Chile[1]
- Full year of gas sales to CFE[2]
- Executed cargo swaps between Pacific and Atlantic Basins to optimize value of cargoes

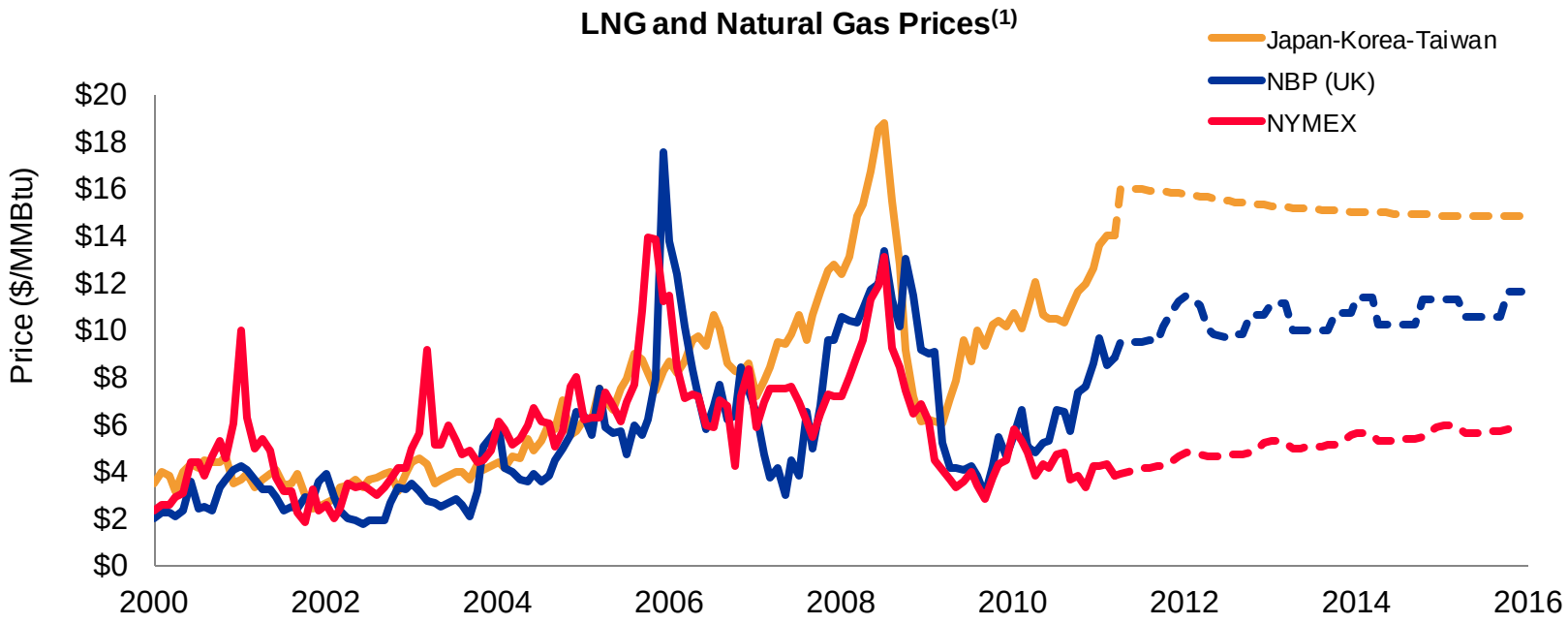
Cameron / Atlantic Basin

- Full year of terminal operations
- RasGas cargoes
- Executed cargo sale option agreement with Gazprom
- Obtained cargo re-export authorization from FERC

(1) First LNG cargo re-exported from any LNG regasification terminal located in Mexico.
(2) Gas sales agreement through 2022 between Sempra LNG and Comisíon Federal de Electricidad (CFE).

Market Perspective

- Asian LNG prices supported by higher, oil-linked prices
- European spot market LNG challenging oil-linked pipeline gas
- North American prices currently below Asian and European prices



(1) Historical and forward prices as of March 9, 2011. Japan-Korea-Taiwan prices are Sempra estimates based on Brent crude oil historical and forward prices. NYMEX and NBP (UK) are natural gas futures contract settlement and forward prices.

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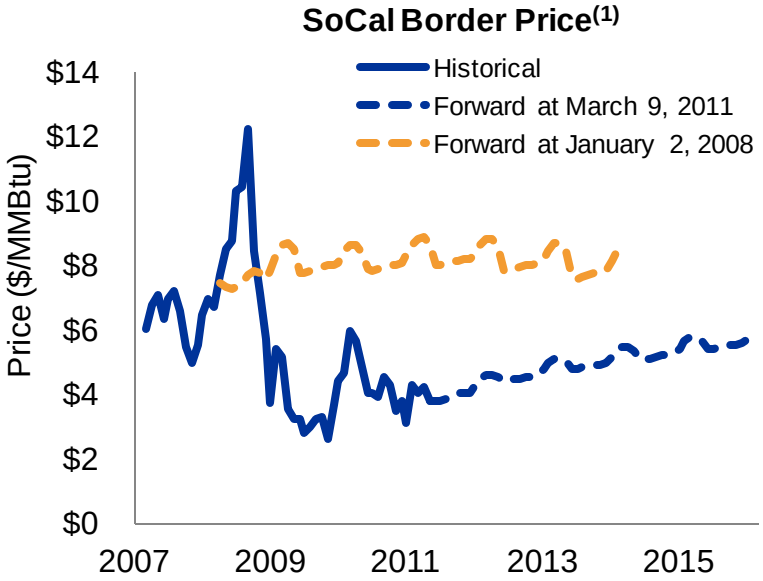
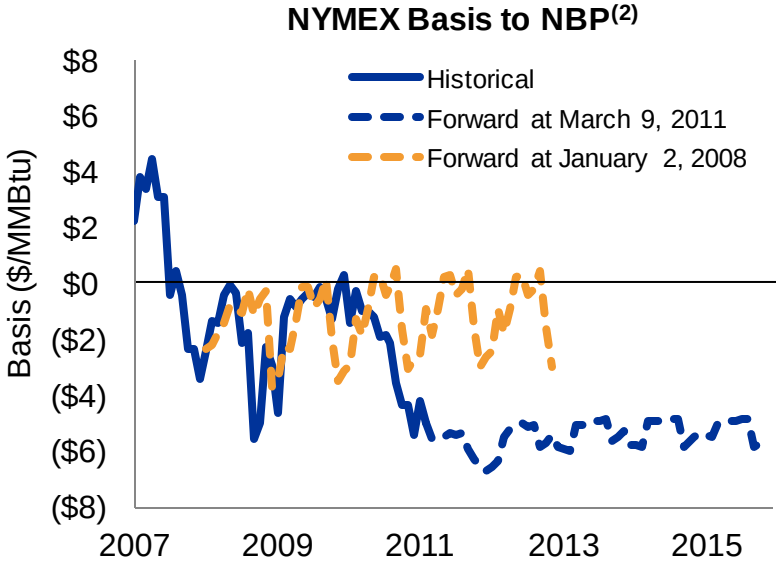
Impact of Gas Market Prices on Earnings

- Tangguh LNG supply at Energía Costa Azul
  - +$11 million per year earnings for +$1.00/MMBtu SoCal Border price
- Spot cargoes at Cameron
  - If NYMEX basis positive, expect additional cargoes at ~$1 million / cargo





(1) SoCal Border historical and forward prices.
(2) NYMEX historical and forward basis to National Balancing Point (NBP) in the UK.

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Growth Opportunities

- Optimize value of existing business with cargo swaps, contango storage, and re-exports to capture disparities in world prices
- Pursue additional LNG supply
- Evaluate new projects, strategic investments, and acquisitions

Energía Costa Azul / Pacific Basin

- Cargo re-exports
- Cargo swaps to optimize value
- Optimize downstream gas marketing and sales
- Low cost expansion[1] to meet increasing Pacific Basin LNG supply

Cameron / Atlantic Basin

- Cargo re-exports
- Swap capacity with Europe to enable arbitrage of markets
- Boil-off gas re-liquefaction project
- Short / long-term capacity sales and option deals

(1) Expansion would be constructed only to the extent it is secured by a long-term contract.

Sempra LNG Outlook ($ millions)

Earnings		
2011	**2012**	**2015**
$50 - $70	$50 - $70	$65 - $85

Capital Expenditures & Investments		
2011	**2012**	**2013 – 2015 Average**
$20	$5 - $15	$5 - $15

Summary

- Terminal investments are fully operational
- Energy infrastructure business secured by 20-year contracts
- Additional value through optimization of existing assets
- Earnings upside with higher natural gas prices and increasing worldwide LNG supply
- Opportunities to expand along the LNG value chain