

**SEMPRA ENERGY**

# First Quarter 2017 Earnings Results

May 9, 2017



# Information Regarding Forward-Looking Statements

*We make statements in this presentation that are not historical fact and constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based upon assumptions with respect to the future, involve risks and uncertainties, and are not guarantees of performance. These forward-looking statements represent our estimates and assumptions only as of the filing date of this report. We assume no obligation to update or revise any forward-looking statement as a result of new information, future events or other factors. In this report, when we use words such as “believes,” “expects,” “anticipates,” “plans,” “estimates,” “projects,” “forecasts,” “contemplates,” “assumes,” “depends,” “should,” “could,” “would,” “will,” “confident,” “may,” “can,” “potential,” “possible,” “proposed,” “target,” “pursue,” “outlook,” “maintain,” or similar expressions, or when we discuss our guidance, strategy, plans, goals, opportunities, projections, initiatives, objectives or intentions, we are making forward-looking statements.*

*Factors, among others, that could cause our actual results and future actions to differ materially from those described in forward-looking statements include actions and the timing of actions, including decisions, new regulations, and issuances of permits and other authorizations by the California Public Utilities Commission, U.S. Department of Energy, California Division of Oil, Gas, and Geothermal Resources, Federal Energy Regulatory Commission, U.S. Environmental Protection Agency, Pipeline and Hazardous Materials Safety Administration, Los Angeles County Department of Public Health, states, cities and counties, and other regulatory and governmental bodies in the United States and other countries in which we operate; the timing and success of business development efforts and construction projects, including risks in obtaining or maintaining permits and other authorizations on a timely basis, risks in completing construction projects on schedule and on budget, and risks in obtaining the consent and participation of partners; the resolution of civil and criminal litigation and regulatory investigations; deviations from regulatory precedent or practice that result in a reallocation of benefits or burdens among shareholders and ratepayers; modifications of settlements; delays in, or disallowance or denial of, regulatory agency authorizations to recover costs in rates from customers (including with respect to regulatory assets associated with the San Onofre Nuclear Generating Station facility and 2007 wildfires) or regulatory agency approval for projects required to enhance safety and reliability; the availability of electric power, natural gas and liquefied natural gas, and natural gas pipeline and storage capacity, including disruptions caused by failures in the transmission grid, moratoriums on the withdrawal or injection of natural gas from or into storage facilities, and equipment failures; changes in energy markets; volatility in commodity prices; moves to reduce or eliminate reliance on natural gas; the impact on the value of our investment in natural gas storage and related assets from low natural gas prices, low volatility of natural gas prices and the inability to procure favorable long-term contracts for storage services; risks posed by actions of third parties who control the operations of our investments, and risks that our partners or counterparties will be unable or unwilling to fulfill their contractual commitments; weather conditions, natural disasters, accidents, equipment failures, computer system outages, explosions, terrorist attacks and other events that disrupt our operations, damage our facilities and systems, cause the release of greenhouse gases, radioactive materials and harmful emissions, cause wildfires and subject us to third-party liability for property damage or personal injuries, fines and penalties, some of which may not be covered by insurance (including costs in excess of applicable policy limits) or may be disputed by insurers; cybersecurity threats to the energy grid, storage and pipeline infrastructure, the information and systems used to operate our businesses and the confidentiality of our proprietary information and the personal information of our customers and employees; capital markets and economic conditions, including the availability of credit and the liquidity of our investments; and fluctuations in inflation, interest and currency exchange rates and our ability to effectively hedge the risk of such fluctuations; changes in the tax code as a result of potential federal tax reform, such as the elimination of the deduction for interest and non-deductibility of all, or a portion of, the cost of imported materials, equipment and commodities; changes in foreign and domestic trade policies and laws, including border tariffs, revisions to favorable international trade agreements, and changes that make our exports less competitive or otherwise restrict our ability to export; the ability to win competitively bid infrastructure projects against a number of strong and aggressive competitors; expropriation of assets by foreign governments and title and other property disputes; the impact on reliability of San Diego Gas & Electric Company’s (SDG&E) electric transmission and distribution system due to increased amount and variability of power supply from renewable energy sources; the impact on competitive customer rates due to the growth in distributed and local power generation and the corresponding decrease in demand for power delivered through SDG&E’s electric transmission and distribution system and from possible departing retail load resulting from customers transferring to Direct Access and Community Choice Aggregation; and other uncertainties, some of which may be difficult to predict and are beyond our control.*

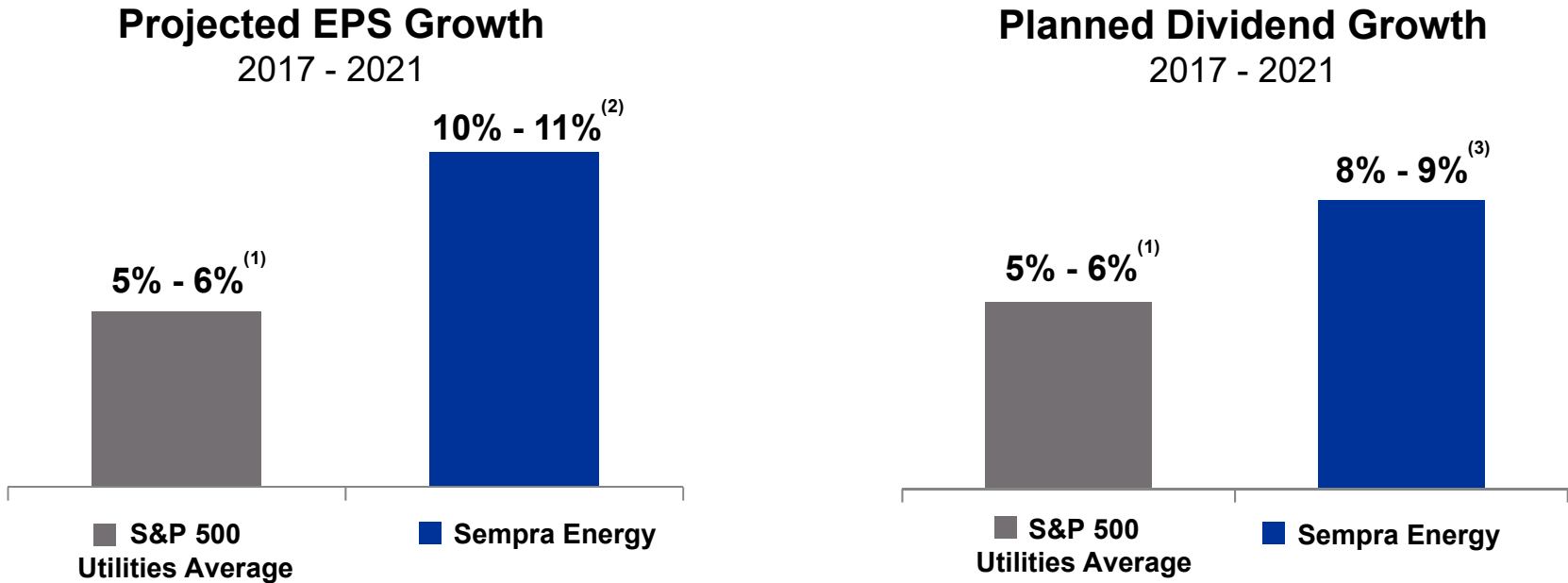
*These forward-looking statements speak only as of May 9, 2017, and the company undertakes no obligation to update or revise these forward-looking statements, whether as a result of new information, future events or otherwise. These risks and uncertainties are further discussed in the reports that Sempra 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).*

# Table of Contents

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- Value Drivers for Strong Long-Term Results
- Focus on Execution
- First Quarter 2017 Financial Results
- First Quarter 2017 Key Drivers
- Appendices

# Value Drivers for Strong Long-Term Results



- Leading EPS Growth: 10% - 11% projected compound annual growth rate<sup>(2)</sup>
- Superior Dividend-Per-Share (DPS) Growth: planned 8% - 9% annual dividend growth<sup>(3)</sup>
- Balance Sheet Strength: \$2.5B - \$4.5B in projected incremental debt capacity<sup>(4)</sup>
- Capturing Opportunities: adds to or extends strong earnings growth



1) S&P 500 Utilities Average represents estimated average long-term EPS and DPS CAGRs of the companies in the S&P 500 Utilities Index, excluding Sempra Energy, and is from Bloomberg and company disclosures. Growth rate period may vary for each company.  
 2) Projected EPS CAGR is calculated from the 2017 guidance range through 2021. Growth rates for each individual year may vary. Leading EPS Growth is based on the growth rates estimates set forth by Bloomberg, typically for the 3 - 5 year timeframe, for the companies comprising the S&P 500 Utilities Index.  
 3) 8% - 9% growth rate assumed as a planning convention from 2017 - 2021. The amount and timing of dividends payable and the dividend policy are at the sole discretion of the Sempra Energy Board of Directors and, if declared and paid, dividends may be in amounts that are less than projected.  
 4) Projected incremental debt capacity is based on Projected Adj. Funds from Operations/Debt, which is a non-GAAP financial measure. See appendix for further details about assumptions and non-GAAP financial measures.

# Focus on Execution

- **Reaffirm 2017 earnings guidance of \$4.85 to \$5.25 per share**
- Obtain favorable regulatory outcomes
  - CA utilities Cost of Capital settlement is in the best interest of all parties involved<sup>(1)</sup>
- Execute capital projects
  - SDG&E signed contracts for 83.5 MW of battery storage; 70 MW would be SDG&E owned
  - SDG&E's 30 MW lithium-ion battery storage site, one of the largest in the world, was placed into service in Q1-2017, for a total of 37.5 MW
  - IEnova plans to place three natural gas pipelines in-service by Q2-2017; capex of ~\$900M
- Capture Opportunities
  - IEnova signed first bilateral renewables contract in Mexico under new renewables market; 110 MW Pima Solar has 20-year PPA with a large industrial customer; estimated capex of \$115M; expected in-service Q4-2018
  - Filed CPUC applications for additional utility projects:
    - CA utilities Mobile Home Park Master Meter expansion; additional capex of \$200M - \$300M<sup>(2)</sup>
    - SDG&E's Customer Information System replacement; requested capex of ~\$250M

# First Quarter 2017 Financial Results

	Three months ended March 31,			
	2017	2016		
		As Originally Reported	Adjustment for Share-Based Comp. <sup>(1)</sup>	As Recast
<i>(Unaudited; Dollars, except EPS, and shares, in millions)</i>				
GAAP Earnings	\$ 441	\$ 319	\$ 34	\$ 353
(Adjustment) Loss Related to TdM Held For Sale	(3)	24	-	24
Loss Related to REX	-	27	-	27
Adjusted Earnings <sup>(2)</sup>	<u>\$ 438</u>	<u>\$ 370</u>	<u>\$ 34</u>	<u>\$ 404</u>
Diluted weighted-average shares outstanding	252	251	251	251
GAAP EPS	\$ 1.75	\$ 1.27	\$ 0.13	\$ 1.40
Adjusted EPS <sup>(2)</sup>	\$ 1.74	\$ 1.47	\$ 0.13	\$ 1.60



- 1) Reflects the adoption of Accounting Standards Update (ASU) 2016-09 as of January 1, 2016. For more information, refer to our Form 10-Q.
- 2) Sempra Energy Adjusted Earnings and Adjusted EPS are non-GAAP financial measures. See appendix for information regarding non-GAAP financial measures and descriptions of adjustments above.

# First Quarter 2017 Key Drivers

(Unaudited, Dollars in millions)

Q1-2016 Adjusted Earnings, Recast <sup>(1)(2)</sup>	\$ 404
Variances from 2016 to 2017:	
Higher earnings at CA utilities in Q1-2017 due to the delay in final GRC decision in 2016	21
Higher AFUDC earnings at Sempra Mexico <sup>(3)</sup>	17
Higher tax benefits, including lower repatriation tax, and lower net interest expense at Parent	14
Incremental earnings from GdC and Ventika acquisitions at Sempra Mexico, net of interest expense <sup>(3)</sup>	12
Higher CPUC base margin, net of operating expenses, and AFUDC equity at SDG&E	10
Higher operational earnings at Sempra South America <sup>(3)</sup>	8
Unfavorable impact from foreign currency and inflation effects, net of hedge impact, at Sempra Mexico; given current rates, current quarter losses expected to largely reverse by year end <sup>(3)(4)</sup>	(25)
Share-based compensation tax benefits in 2016 compared to tax expense in 2017	(37)
Other	14
Net Variance	34
Q1-2017 Adjusted Earnings <sup>(1)</sup>	\$ 438



- 1) Sempra Energy Adjusted Earnings is a non-GAAP financial measure. Q1-2017 GAAP Earnings and Q1-2016 Recast GAAP Earnings were \$441M and \$353M, respectively. See appendix for information regarding non-GAAP financial measures and descriptions of adjustments.
- 2) 2016 earnings recast to include \$34M for the adoption of ASU 2016-09 as of January 1, 2016. For more information, refer to our Form 10-Q.
- 3) Amount is shown after noncontrolling interests.
- 4) Assuming rates stay similar to rates as of 3/31/17. See Appendix for further details on foreign currency impacts.

## APPENDIX

# Business Unit Earnings



# SDG&E

<i>(Unaudited, Dollars in millions)</i>	Three months ended March 31,	
	2017	2016
SDG&E GAAP Earnings, 2016 Recast <sup>(1)</sup>	\$ 155	\$ 136

- Q1-2017 earnings higher primarily due to:
  - \$10M higher CPUC base margin, net of operating expenses, and AFUDC equity,
  - \$9M higher earnings in Q1-2017 due to the delay in final GRC decision in 2016, and
  - \$6M lower operating costs associated with a refund of legal costs from SONGS MHI settlement, partially offset by
  - \$8M lower tax benefits related to share-based compensation

# SoCalGas

<i>(Unaudited, Dollars in millions)</i>	Three months ended March 31,	
	2017	2016
SoCalGas GAAP Earnings, 2016 Recast <sup>(1)</sup>	\$ 203	\$ 199

- Q1-2017 earnings in line with last year including:
  - \$12M higher earnings in Q1-2017 due to the delay in final GRC decision in 2016, partially offset by
  - \$7M tax expense in 2017 related to the income tax tracking mechanism per the final 2016 GRC decision

# Sempra South American Utilities<sup>(1)</sup>

<i>(Unaudited, Dollars in millions)</i>	Three months ended March 31,	
	2017	2016
Sempra South American Utilities GAAP Earnings	\$ 47	\$ 38

- Q1-2017 earnings higher primarily due to \$8M higher operational earnings in Peru

# Sempra Mexico<sup>(1)</sup>

<i>(Unaudited, Dollars in millions)</i>	Three months ended March 31,	
	2017	2016
Sempra Mexico GAAP Earnings, 2016 Recast <sup>(2)</sup>	\$ 48	\$ 18
(Adjustment) Loss Related to TdM Held For Sale	(3)	24
Sempra Mexico Adjusted Earnings, 2016 Recast <sup>(2)(3)</sup>	\$ 45	\$ 42

- Q1-2017 adjusted earnings in line with last year including:
  - \$17M higher earnings from AFUDC equity, primarily related to AFUDC for the Ojinaga and San Isidro pipeline projects, and
  - \$12M incremental earnings from GdC and Ventika acquisitions, net of higher interest expense, partially offset by
  - \$25M lower earnings from foreign currency and inflation effects, net of hedge impacts; given current rates, current quarter losses expected to largely reverse by year end<sup>(4)</sup>

# Sempra LNG & Midstream

<i>(Unaudited, Dollars in millions)</i>	Three months ended March 31,	
	2017	2016
Sempra LNG & Midstream GAAP Earnings (Losses), 2016 Recast <sup>(1)</sup>	\$ 1	\$ (32)
Loss Related to REX	-	27
Sempra LNG & Midstream Adjusted Earnings (Losses), 2016 Recast <sup>(1)(2)</sup>	\$ 1	\$ (5)

- Q1-2017 adjusted earnings higher primarily due to:
  - \$26M higher earnings from natural gas marketing activities and impact of changes in natural gas prices, partially offset by
  - \$10M lower equity earnings due to sale of interest in REX, and
  - \$7M lower earnings from the sale of southeast utilities

# Sempra Renewables

<i>(Unaudited, Dollars in millions)</i>	Three months ended March 31,	
	2017	2016
Sempra Renewables GAAP Earnings, 2016 Recast <sup>(1)</sup>	\$ 11	\$ 14

- Q1-2017 earnings in line with last year

## APPENDIX

### Rules of Thumb

# 2017 Rules of Thumb

Key Commodity and Market Forecasts	Guidance Assumption	Change in Assumption	Approximate 2017 Forecasted Earnings Sensitivity
Natural Gas Prices <sup>(1)</sup> (\$/MMBtu)	\$3.22	\$1.00 increase / decrease	\$15M / \$(15)M in Sempra LNG & Midstream
Foreign Currency Exchange Rates <sup>(2)</sup>	21.8 MXN/USD 680 CLP/USD 3.46 PEN/USD	5% appreciation / depreciation 5% appreciation / depreciation 5% appreciation / depreciation	\$(5)M-\$(10)M / \$25M-\$30M in Mexico \$3M / \$(3)M in Chile \$6M / \$(6)M in Peru



1) Annual average SoCal Border price.

2) Source: Bloomberg forward curve at year-end for Mexico and average forecasted exchange rates from LatinFocus (December 2016) for South America. For Mexico, the earnings sensitivity excludes any offset related to inflation and is asymmetrical due to the hedge program put in place this year. For South America, earnings sensitivities reflect the translation impact on earnings and exclude foreign exchange rate impacts on tariff adjustments. In all cases, we engage in hedging activity from time to time that may limit earnings sensitivity for larger changes in currency rates than those reflected above. The rules of thumbs are applicable on a full-year basis.



# Foreign Currency Exposure

Country	Exposure	Current Cash Flow Exposure?	Hedged?	Local currency appreciates +5% against US\$?	Comments
Mexico	<b>US\$ debt positions</b> translated to local currency for Mexico tax purposes	Yes, increases or decreases tax payments	Yes	Immaterial downside earnings impact for full year due to hedge	<ul style="list-style-type: none"> <li>▪ Largest potential exposure when unhedged</li> <li>▪ Hedge protects downside risk; <b>upside</b> if peso depreciates against US\$ from plan</li> <li>▪ Debt position versus hedge impacts may cause inter-quarter volatility</li> </ul>
Mexico	<b>Deferred tax balances</b> translated to US\$ <sup>(1)</sup>	No	No	<b>Lower earnings of ~\$5-\$10M<sup>(1)</sup></b>	<ul style="list-style-type: none"> <li>▪ Second largest exposure</li> <li>▪ Not hedged, generally, since exposure doesn't lead to current cash flow exposure</li> </ul>
Chile & Peru	<b>Earnings</b> translated from local currency to US\$	No	No	<b>Higher earnings of ~\$9M</b>	<ul style="list-style-type: none"> <li>▪ Impact generally occurs throughout year as earnings realized</li> </ul>

## APPENDIX

# Non-GAAP Financial Measures



## Adjusted Earnings (Losses) and Adjusted Earnings Per Share (1 of 3)

Adjusted Earnings (Losses) for Sempra Energy, Sempra Mexico and Sempra LNG & Midstream and Sempra Energy Adjusted Earnings Per Share exclude items after the effects of taxes, and, if applicable, noncontrolling interests, in 2017 and 2016 as described below.

### **Sempra Energy Adjusted Earnings and Adjusted Earnings-Per-Share (Unaudited) Exclude:**

In the three months ended March 31, 2017:

- \$3 million deferred income tax benefit on Sempra Mexico's Termoeléctrica de Mexicali (TdM) held for sale

In the three months ended March 31, 2016:

- \$(24) million deferred income tax expense related to our decision to hold TdM for sale
- \$(27) million impairment charge related to Sempra LNG & Midstream's investment in Rockies Express Pipeline LLC (Rockies Express)

Sempra Energy Adjusted Earnings and Adjusted Earnings Per Share are non-GAAP financial measures (GAAP represents accounting principles generally accepted in the United States of America). Because of the significance and nature of the excluded items, management believes that these non-GAAP financial measures provide a meaningful comparison of the performance of Sempra Energy's business operations from 2017 to 2016 and to future periods. Non-GAAP financial measures are supplementary information that should be considered in addition to, but not as a substitute for, the information prepared in accordance with GAAP. The table below reconciles for historical periods these non-GAAP financial measures to Sempra Energy Earnings and Diluted Earnings Per Common Share, which we consider to be the most directly comparable financial measures calculated in accordance with GAAP.

	Pretax amount	Income tax (benefit) expense(1)	Non-controlling interests	Earnings	Diluted EPS
<i>(Dollars in millions, except per share amounts)</i>					
Three months ended March 31, 2017					
<b>Sempra Energy GAAP Earnings</b>				\$ 441	\$ 1.75
Excluded item:					
Deferred income tax benefit associated with TdM	\$ -	\$ (5)	\$ 2	(3)	(0.01)
<b>Sempra Energy Adjusted Earnings</b>				<u>\$ 438</u>	<u>\$ 1.74</u>
Weighted-average number of shares outstanding, diluted (thousands)					252,246
Three months ended March 31, 2016					
<b>Sempra Energy GAAP Earnings(2)</b>				\$ 353	\$ 1.40
Excluded items:					
Impairment of investment in Rockies Express	\$ 44	\$ (17)	\$ -	27	0.11
Deferred income tax expense associated with TdM	-	29	(5)	24	0.09
<b>Sempra Energy Adjusted Earnings</b>				<u>\$ 404</u>	<u>\$ 1.60</u>
Weighted-average number of shares outstanding, diluted (thousands)					251,487



- 1) Income taxes were calculated based on applicable statutory tax rates, except for adjustments that are solely income tax. Income taxes associated with TdM were calculated based on the applicable statutory tax rate, including translation from historic to current exchange rates.
- 2) Recast to reflect the adoption of ASU 2016-09 as of January 1, 2016.

## Adjusted Earnings (Losses) and Adjusted Earnings Per Share (2 of 3)

### Sempra Mexico Adjusted Earnings (Unaudited) Exclude:

In the three months ended March 31, 2017:

- \$3 million deferred income tax benefit on TdM held for sale

In the three months ended March 31, 2016:

- \$(24) million deferred income tax expense related to our decision to hold TdM for sale

Sempra Mexico Adjusted Earnings is a non-GAAP financial measure. Because of the significance and nature of the excluded items, management believes that these non-GAAP financial measures provide a meaningful comparison of the performance of Sempra Mexico's business operations from 2017 to 2016 and to future periods. Non-GAAP financial measures are supplementary information that should be considered in addition to, but not as a substitute for, the information prepared in accordance with GAAP. The table below reconciles these non-GAAP financial measures to Sempra Mexico Earnings, which we consider to be the most directly comparable financial measures calculated in accordance with GAAP.

	Pretax amount	Income tax (benefit) expense(1)	Non- controlling interests	Earnings
<i>(Dollars in millions)</i>				
Three months ended March 31, 2017				
<b>Sempra Mexico GAAP Earnings</b>				\$ 48
Excluded item:				
Deferred income tax benefit associated with TdM	\$ -	\$ (5)	\$ 2	(3)
<b>Sempra Mexico Adjusted Earnings</b>				<u>\$ 45</u>
Three months ended March 31, 2016				
<b>Sempra Mexico GAAP Earnings(2)</b>				\$ 18
Excluded item:				
Deferred income tax expense associated with TdM	\$ -	\$ 29	\$ (5)	24
<b>Sempra Mexico Adjusted Earnings</b>				<u>\$ 42</u>

## Adjusted Earnings (Losses) and Adjusted Earnings Per Share (3 of 3)

### Sempra LNG & Midstream Adjusted Losses (Unaudited) Exclude:

In the three months ended March 31, 2016:

- \$(27) million impairment charge related to the investment in Rockies Express

Sempra LNG & Midstream Adjusted Earnings is a non-GAAP financial measure. Because of the significance and nature of the excluded item, management believes that this non-GAAP financial measure provides a meaningful comparison of the performance of Sempra LNG & Midstream's business operations from 2017 to 2016 and to future periods. Non-GAAP financial measures are supplementary information that should be considered in addition to, but not as a substitute for, the information prepared in accordance with GAAP. The table below reconciles this non-GAAP financial measure to Sempra LNG & Midstream Losses, which we consider to be the most directly comparable financial measure calculated in accordance with GAAP.

	Pretax	Income tax	Non-	Earnings
	amount	(benefit) expense(1)	controlling interests	
<i>(Dollars in millions)</i>				
Three months ended March 31, 2016				
<b>Sempra LNG &amp; Midstream GAAP Losses(2)</b>				\$ (32)
Excluded item:				
Impairment of investment in Rockies Express	\$ 44	\$ (17)	-	27
<b>Sempra LNG &amp; Midstream Adjusted Losses</b>				<u>\$ (5)</u>

# 2021 Projected Adjusted FFO-to-Debt Ratio (1 of 3)

Sempra Energy's credit rating is an important factor used by management to determine what debt levels to maintain. One of the key metrics used by rating agencies to evaluate how leveraged a company is, and therefore how much debt a company can issue without negatively impacting its credit rating, is the funds from operations to debt ratio (FFO/debt). FFO is commonly defined as Net Income plus Depreciation and Amortization, less Gains on Sales of Property; however, management utilizes the FFO/Debt ratio as defined by Moody's, referred to throughout this presentation as Adjusted FFO/Debt, which provides an important measure of the company's capacity to issue debt as viewed by rating agencies. Our Adjusted FFO and Adjusted Debt presented in the following slides are based on the Moody's definitions.

Adjusted FFO and Adjusted Debt, and therefore the ratio of Adjusted FFO to Adjusted Debt, are non-GAAP financial measures. In the tables that follow, we have reconciled Adjusted FFO and Adjusted Debt to the most directly comparable GAAP measures, which are Net Cash Provided by Operating Activities and Total Debt on Sempra Energy's Consolidated Statement of Cash Flows and Consolidated Balance Sheet, respectively. Total Debt on Sempra Energy's Consolidated Balance Sheet includes Short-Term Debt, Current Portion of Long-Term Debt and Long-Term Debt. Non-GAAP measures are supplementary information that should be considered in addition to, but not as a substitute for, the information in accordance with GAAP.

<i>(Dollars in millions)</i>	2021		
	Low	-	High
<b>Net Cash Provided by Operating Activities</b>	<b>\$4,100</b>	-	<b>\$4,250</b>
Exclude:			
Changes in working capital	(85)	-	(65)
Add <sup>(1)</sup> :			
Operating leases <sup>(2)</sup>	35	-	45
Capitalized interest	80	-	100
Postretirement benefit obligations	(40)	-	(30)
<b>Adjusted FFO (after placeholder share repurchase)</b>	<b>\$4,090</b>	-	<b>\$4,300</b>
Add back:			
Additional interest expense to fund share repurchase	35	-	45
<b>Adjusted FFO (before placeholder share repurchase)</b>	<b>\$4,125</b>	-	<b>\$4,345</b>
Add:			
FFO generated from incremental spending	120	-	180
<b>Adjusted FFO (after incremental spending)</b>	<b>\$4,245</b>	-	<b>\$4,525</b>



1) Methodology for 2021 plan based on latest rating agency reports of Sempra Energy and recent discussions with rating agencies. Moody's Baa1 range is 17% - 25% based on Moody's Sempra report published in July 2016.

2) Operating leases as included in 2021 do not contemplate any impacts associated with the adoption of ASU 2016-02, Leases.

## 2021 Projected Adjusted FFO-to-Debt Ratio (2 of 3)

<i>(Dollars in millions)</i>	2021		
	Low	-	High
<b>Total Sempra Debt</b>	<b>\$19,350</b>	-	<b>\$19,650</b>
Add <sup>(1)</sup> :			
Operating leases <sup>(2)</sup>	275	-	325
Capitalized interest	700	-	800
Postretirement benefit obligations	(250)	-	(200)
<b>Adjusted Debt (after placeholder share repurchase)</b>	<b>\$20,075</b>	-	<b>\$20,575</b>
Less:			
New debt related to share repurchase and ongoing interest	(1,500)	-	(1,400)
<b>Adjusted Debt (before placeholder share repurchase)</b>	<b>\$18,575</b>	-	<b>\$19,175</b>
Add:			
Debt from incremental spending	2,500	-	4,500
<b>Adjusted Debt (after incremental spending)</b>	<b>\$21,075</b>	-	<b>\$23,675</b>
<b>Adjusted FFO / Debt (after placeholder share repurchase)</b>	<b>20.4%</b>	-	<b>20.9%</b>
<b>Adjusted FFO / Debt (before placeholder share repurchase)</b>	<b>22.2%</b>	-	<b>22.7%</b>
<b>Adjusted FFO / Debt (after incremental spending)</b>	<b>20.1%</b>	-	<b>19.1%</b>

## 2021 Projected Adjusted FFO-to-Debt Ratio (3 of 3)

	2021		
	Low	-	High
<i>(Dollars in millions)</i>			
<b>Net Cash Provided by Operating Activities</b>	<b>\$4,100</b>	-	<b>\$4,250</b>
Add back:			
Additional interest expense to fund share repurchase	35	-	45
<b>Net Cash Provided by Operating Activities (before placeholder share repurchase)</b>	<b>\$4,135</b>	-	<b>\$4,295</b>
Add:			
Operating cash flow generated from incremental spending	120	-	180
<b>Net Cash Provided by Operating Activities (after additional spending)</b>	<b>\$4,255</b>	-	<b>\$4,475</b>
	<b>Low</b>	-	<b>High</b>
<b>Total Sempra Debt</b>	<b>\$19,350</b>	-	<b>\$19,650</b>
Less:			
New debt related to share repurchase and ongoing interest	(1,500)	-	(1,400)
<b>Total Debt (before optional share repurchase)</b>	<b>\$17,850</b>	-	<b>\$18,250</b>
Add:			
Debt from incremental spending	2,500	-	4,500
<b>Total Debt (after additional spending)</b>	<b>\$20,350</b>	-	<b>\$22,750</b>
<b>Net Cash Provided by Operating Activities / Total Debt on a GAAP basis (after placeholder share repurchase)</b>	<b>21.2%</b>	-	<b>21.6%</b>
<b>Net Cash Provided by Operating Activities / Total Debt on a GAAP basis (before placeholder share repurchase)</b>	<b>23.2%</b>	-	<b>23.5%</b>
<b>Net Cash Provided by Operating Activities / Total Debt on a GAAP basis (after additional spending)</b>	<b>20.9%</b>	-	<b>19.7%</b>