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Sempra Energy Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you, sir. (Operator instructions) And we will take our first question from Lasan Johong of RBC Capital Markets.

Lasan Johong – RBC Capital Markets

Thank you. Good afternoon. Nice results. I don't think this is going to be an unexpected question, but I am a little bit more than surprised that the joint venture reached outside of the organization to the point where you actually went to a completely different organization to recruit a CEO and I am kind of at a loss as to why that was even put on the table or even considered. That alone actually pulled the trigger (inaudible).

Don Felsing

Well, Lasan, thank you for your comments about the quarter, we are also very happy with it. I would say that when we were taking a look at new leadership for the joint venture, we looked both within the Commodities business and within the Bank and although there were a lot of good candidates, I think as I mentioned in our conference in New York, that I think one of the things that David Messer and Steve Prince was hire a lot of capable talent. But at the end, as we and RBS talked about the type of leadership that we needed and somebody that had been working at a bank infrastructure business like Lehman, and to bring that skill set over and to be able to capitalize upon leveraging that opportunity, we felt that Kaushik was the person that would best do that and that is how we got to that decision.

Lasan Johong – RBC Capital Markets

Have any senior people or traders resigned since the announcement of the CEO?

Don Felsing

No, as a matter of fact, he has been out meeting with them and I think the group is all at ease now of having this transition behind them and as you could have seen from the first quarter results, we basically hit the ball out of the ballpark.

Lasan Johong – RBC Capital Markets

I can't disagree with that. Was the compensation schematic changed?

Don Felsing

I am sorry. What was that again?

Lasan Johong – RBC Capital Markets

Was the compensation schematic changed at the joint venture?

Don Felsing

The compensation that we have had is basically the same compensation that we have had since the formation. There have been some structural changes in terms of how it is paid, but it is still all cash. The only change that has been is the timing of it.

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