

WGL Holdings, Inc

Second Quarter Fiscal Year 2009 Earnings Conference Call

April 30, 2009



Forward-Looking Statements

This news release and other statements by us include forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 with respect to the outlook for earnings, revenues and other future financial business performance or strategies and expectations. Forward-looking statements are typically identified by words such as, but not limited to, “estimates,” “expects,” “anticipates,” “intends,” “believes,” “plans,” and similar expressions, or future or conditional verbs such as “will,” “should,” “would,” and “could.” Although we believe such forward-looking statements are based on reasonable assumptions, we cannot give assurance that every objective will be achieved. Forward-looking statements speak only as of today, and we assume no duty to update them. Factors that could cause actual results to differ materially from those expressed or implied include, but are not limited to, general economic conditions and the factors discussed under the “Risk Factors” heading in our most recent annual report on Form 10-K and other documents filed with or furnished to the Securities and Exchange Commission.

2Q FY2009 Consolidated Results



	3/31/09	3/31/08
Reported Consolidated Results (GAAP)	\$1.49	\$1.63
Regulated Utility	\$1.49	\$1.57
Energy Marketing	(\$0.01)	\$0.07
Design-Build Energy Systems	\$0.02	\$0.01
Other Activities	(\$0.01)	(\$0.02)
Reported Consolidated Results (GAAP)	\$1.49	\$1.63
Net Adjustments	\$0.16	\$0.03
Non-GAAP Operating Results ¹	\$1.65	\$1.66

2Q FY2009 Utility Results



Utility	3/31/09	3/31/08
Reported Operating Results (GAAP)	\$1.49	\$1.57
Adjustments for:		
Unrealized mark-to-market loss (gain) on energy-related derivatives	\$0.02	\$0.02
Storage optimization program	\$0.05	--
Other (rounding)	\$0.01	--
Non-GAAP Operating Results ¹	\$1.57	\$1.59

2Q FY2009 Utility Results Drivers



2Q FY2008 Non-GAAP Operating Results	\$1.59
Customer Growth	\$0.02
Storage Carrying Charge	\$0.04
Lower DC & VA Usage	(\$0.09)
Price Variance (Blocking)	(\$0.02)
Asset Management Retained Net Margins	\$0.08
O&M, excludes Weather Protection Costs ¹	(\$0.04)
Weather Protection Costs	\$0.02
Other, Net	(\$0.03)
2Q FY2009 Non-GAAP Operating Results	\$1.57

¹ In addition to the costs, this also excludes the potential gains or losses from weather protection products

2Q FY2009 Retail Energy Results



Retail Energy Marketing	3/31/09	3/31/08
Reported Operating Results (GAAP)	(\$0.01)	\$0.07
Adjustments for:		
Unrealized mark-to-market loss (gain) on energy-related derivatives	\$0.10	--
Reversal of prior period electric costs	(\$0.02)	--
Non-GAAP Operating Results¹	\$0.07	\$0.07

2Q FY2009 Retail Energy Results Drivers



2Q FY2008 Non-GAAP Operating Results	\$0.07
Higher Electric Gross Margins	\$0.02
Change in Operating & Interest Expense	(\$0.02)
2Q FY2009 Non-GAAP Operating Results	\$0.07

6-Month FY2009 Consolidated Results



	3/31/09	3/31/08
Reported Consolidated Results (GAAP)	\$2.58	\$2.58
Regulated Utility	\$2.57	\$2.46
Energy Marketing	\$0.00	\$0.14
Design-Build Energy Systems	\$0.04	\$0.01
Other Non-Utility	(\$0.03)	(\$0.03)
Reported Consolidated Results (GAAP)	\$2.58	\$2.58
Net Adjustments	\$0.09	\$0.03
Non-GAAP Operating Results ¹	\$2.67	\$2.61

6-Month FY2009 Utility Results



Utility	3/31/09	3/31/08
Reported Operating Results (GAAP)	\$2.57	\$2.46
Adjustments for:		
Unrealized mark-to-market loss (gain) on energy-related derivatives	(\$0.10)	\$0.06
Storage optimization program	\$0.07	--
Reversal of reserve for natural gas costs	(\$0.06)	--
Reversal of costs related to business process outsourcing	--	(\$0.02)
Other regulatory adjustments	--	(\$0.02)
Other (rounding)	(\$0.01)	(\$0.01)
Non-GAAP Operating Results ¹	\$2.47	\$2.47

6-Month FY2009 Utility Results Drivers



FY2008 Non-GAAP Operating Results through 3/31/08	\$2.47
Customer Growth	\$0.05
Storage Carrying Charge	\$0.08
Lower DC & VA Usage	(\$0.14)
Timing of MD Rate Relief	(\$0.05)
Price Variance (Blocking)	(\$0.04)
Asset Management Retained Net Margins	\$0.05
Weather Protection Costs	\$0.04
Other, Net	\$0.01
FY2009 Non-GAAP Operating Results through 3/31/09	\$2.47

6-Month FY2009 Retail Energy Results



Retail Energy Marketing	3/31/09	3/31/08
Reported Operating Results (GAAP)	\$0.00	\$0.14
Adjustments for:		
Unrealized mark-to-market (gain) loss on energy-related derivatives	\$0.21	\$0.02
Reversal of prior period electric costs	(\$0.02)	--
Non-GAAP Operating Results¹	\$0.19	\$0.16

6-Month FY2009 Retail Energy Results Drivers



FY2008 Non-GAAP Operating Results through 3/31/08	\$0.16
Higher Natural Gas Gross Margins	\$0.03
Higher Electric Gross Margins	\$0.02
Change in Operating & Interest Expense	(\$0.02)
FY2009 Non-GAAP Operating Results through 3/31/09	\$0.19

Achieving Stability Through Recovery Mechanisms



	DC	MD	VA
Automatic gas cost recovery via PGC	✓	✓	✓
Carrying costs on storage gas balances	✓	✓	✓
Carrying costs on over/undercollected gas costs	✓	---	✓
Pension & OPEB expense	✓	---	---
Normalization (RNA / WNA)	Planned ¹	RNA	WNA ³
Performance-Based Rate Plan (PBR)	✓ ²	---	✓
Recovery of hexane costs	Pending	✓	✓
Gas Administrative Charge (GAC)	✓	✓	✓
Asset Management incentives	✓	✓	✓

¹ RNA tariff filing will take place pending the final decision by the District of Columbia PSC on PEPCO's Bill Stabilization Adjustment. Phase II proceeding to address regulatory implementation issues.

² DC settlement includes rate freeze that enables Washington Gas to retain all earnings in excess of 8.12% ROR through Oct 1, 2011.

³ Completed legislation provides regulatory mechanisms (including revenue decoupling) to recover LDC costs of customer conservation and activities that promote energy efficiency

Pending Regulatory Actions



Jurisdiction	Key Issues	Status
D.C.	Hexane recovery	WGL reply comments filed Nov 10, 2008; PSC decision is pending.
D.C.	Decoupling/RNA	RNA filing pending DC PSC PEPCO decoupling decision (expected Fall 2009).
Maryland	Case No. 9035 Gas Distribution System	On Feb 2, 2009, MD PSC reopened proceedings to investigate solutions to WGL's on-going gas distribution system leaks; Technical Conference is scheduled for May 22, 2009.
Maryland	Case No. 9103 Changes in Depreciation Rates	On Oct 15, 2008, a Proposed Order of Hearing Examiner was issued that will reduce annual depreciation expense by approximately \$11.2 million when new depreciation rates are implemented. Commission decision on appeals is pending.
Maryland	Phase II of Case No. 9104 Performance Based Rates/BPO	Proposed Order approved 10-year amortization for initial implementation costs related to BPO and denied request for approval of PBR plan. Reply Memorandum filed on Nov 5, 2008 after appeal; currently awaiting a final decision by PSC.
Maryland	Case No. 9158 Gas Purchasing	On Sep 4, 2008, new proceeding docketed to consider issues related to WGL asset management program and cost recovery of gas purchases; Evidentiary hearing held on Mar 19, 2009; Briefs due Jun 5, 2009.
Maryland	Case No. 9174 Summer Storage Injection	On Jan 16, 2009, PSC filed request to show cause why summer storage injections starting Spring 2009 shouldn't be hedged to reflect current gas futures prices; Report of Action for Orders #82538 and #82550 filed on Apr 9, 2009.
Maryland	Case No. 9180 Gas Portfolio Plan	On Nov 19, 2008, WGL filed with PSC the Gas Portfolio Plan that includes plans for LNG storage facility. The PSC concluded that a hearing is needed to focus on issue of peaking capacity. An evidentiary hearing is scheduled for Sep 2009.
Maryland	LNG storage facility Chillum, MD	On Apr 16, 2008, complaint filed in the U.S. District Court for District of Maryland seeking to clarify role of local jurisdiction by affirming all local laws relating to safety and location are preempted by Federal and State law. Decision by Court is pending.
FERC	Cove Point LNG Expansion	On Feb 13, 2009, WGL filed with FERC an Emergency Motion to stay the effectiveness of Oct 2008 Order on Remand and Jan 2009 Order on Rehearing and Clarification; FERC denied request for rehearing on Apr 23, 2009.

5-Year Capital Expenditures (\$ in millions)



(\$ in millions)	2006A	2007A	2008A	2009E	2010E	2011E	2012E	2013E	Total '09-'13
New Business	\$48.7	\$44.9	\$45.8	\$48.9	\$52.1	\$53.4	\$61.0	\$60.0	\$275.4
Rehabilitation Project	47.8	30.8	8.1	-	-	-	-	-	-
Other Replacements	22.7	33.8	38.0	45.1	49.4	49.5	47.7	49.5	241.2
LNG Peaking Plant	5.8	0.3	0.1	3.7	36.5	64.9	44.6	1.1	150.8
Other ¹	36.5	48.3	39.4	45.9	37.7	24.5	21.1	29.0	158.2
Total	\$161.5	\$158.1	\$131.4	\$143.6	\$175.7	\$192.3	\$174.4	\$139.6	\$825.6

¹ Includes conditioning facilities

Strong Balance Sheet and Top-Tier Credit Ratings





Committed Credit Available

As of March 31, 2009
(\$ in millions)

	WGL Holdings	Washington Gas
Committed credit agreements		
Unsecured revolving credit facility, expires August 3, 2012 ^(a)	\$ 400.0	\$ 300.0
Unsecured credit agreement, expires May 27, 2009	-	75.0
Unsecured credit agreement, expires May 29, 2009	-	15.0
Unsecured credit agreement, expires September 19, 2009	-	10.0
Total committed credit agreements	\$ 400.0	\$ 400.0
Less: Commercial Paper	(127.5)	(3.9)
Net committed credit available	\$ 272.5	\$ 396.1

^(a) Both WGL Holdings and Washington Gas have the right to request extensions with the banks' approval. WGL Holdings' revolving credit facility permits it to borrow an additional \$50 million, with the banks' approval, for a total of \$450 million. Washington Gas's revolving credit facility permits it to borrow an additional \$100 million, with the banks' approval, for a total of \$400 million.

Credit Ratings for Medium-Term Notes

	WGL Holdings, Inc	Washington Gas
	AA-	AA-
	Not Rated	A2
FitchRatings	A+	AA-

FY 2009 Non-GAAP Operating Guidance



	FY2009
Utility	\$2.00 – \$2.06
Non-Utility	\$0.43 – \$0.49
Total	\$2.43 – \$2.55

This guidance has been determined as of April 29, 2009. The Company assumes no obligation to update this guidance. The absence of any statement by the Company in the future should not be presumed to represent an affirmation of this earnings guidance.

FY 2009 Non-GAAP Operating Guidance Assumptions



Utility	
Full Year FY2009 average active customer meter additions ¹	8,700
Operations & Maintenance expense (GAAP)	\$258M

Retail Energy	
WGES natural gas volumes	64.0 – 66.0 BCF
WGES natural gas margins	\$0.65/Dth - \$0.75/Dth
WGES electric volumes	5.0 million MWH - 5.5 million MWH
WGES electric margins	\$5.75/Mwh - \$6.75/Mwh
WGES non-commodity related expenses	\$33M-\$38M

Consolidated	
Effective tax rate	39%
Equity ratio target	Mid-50% range of total capital
Dividend payout ratio target	<= 65%
Average diluted shares outstanding	50,429,000

¹ Active customer meter additions based on 13-month average

Drivers of Change in Projected Utility Operating Results



FY2008 Non-GAAP Utility EPS	\$2.23
Customer Growth	\$0.06
Asset Management Retained Net Margins	\$0.04
Lower DC & VA Usage	(\$0.16)
Timing of MD Rate Relief Related to New RNA Factor	(\$0.05)
O&M, excludes Weather Protection Cost ¹	(\$0.02)
Effective Tax Rate and Dilution	(\$0.09)
Other, Net	\$0.02
Midpoint of FY2009E Non-GAAP Utility EPS Guidance	\$2.03

¹ In addition to the costs, this also excludes the potential gains or losses from weather protection products

Drivers of Change in Projected Non-Utility Operating Results



FY2008 Non-GAAP Non-Utility EPS	\$0.21
Retail Energy Marketing	
Higher Electric Gross Margins	\$0.10
Higher Natural Gas Gross Margins	\$0.20
Change in Operating & Interest Expense	(\$0.07)
Design-Build Energy Systems & Other	\$0.02
Midpoint of FY2009E Non-GAAP Non-Utility EPS Guidance	\$0.46

Drivers of Change in Projected Utility Operating Results



FY2009E Non-GAAP Utility EPS Guidance (3/25/09)	\$2.03
Storage Carrying Charge	\$0.03
Asset Management Retained Net Margins	(\$0.02)
Other	(\$0.01)
FY2009E Non-GAAP Utility EPS Guidance (4/29/09)	\$2.03

Drivers of Change in Projected Non-Utility Operating Results



FY2009E Non-GAAP Non-Utility EPS Guidance (3/25/09)	\$0.53
Retail Energy Marketing	
Lower Natural Gas Gross Margins	(\$0.04)
Change in Operating & Interest Expense	(\$0.03)
Other	\$0.01
Design-Build Energy Systems & Other	(\$0.01)
FY2009E Non-GAAP Non-Utility EPS Guidance (4/29/09)	\$0.46

Investment Highlights



- High-growth, demographically attractive service area
- Strong, operationally efficient utility operations
- Favorable regulatory framework
- Profitable retail energy marketing business
- Solid balance sheet and top-tier credit ratings
- Thirty-three consecutive years of dividend increases;
158 consecutive years of dividend payouts

Appendix

Operating Segment Data¹



Operating Segment Financial Information						
(In thousands)	Regulated Utility	Non-Utility Operations			Eliminations	Consolidated
		Retail Energy - Marketing	Design-Build Energy Systems	Other Activities		
Three Months Ended March 31, 2009						
Operating Revenues ^(a)	\$ 651,127	\$ 389,138	\$ 9,338	\$ 15	\$ (8,730)	\$ 1,040,888
Operating Expenses:						
Cost of Energy-Related Sales	383,874	380,354	6,719	-	(8,730)	762,217
Operation	57,474	8,454	643	1,390	-	67,961
Maintenance	10,478	-	-	-	-	10,478
Depreciation and Amortization	24,011	220	14	-	-	24,245
General Taxes and Other Assessments:						
Revenue Taxes	24,877	169	-	-	-	25,046
Other	15,308	859	34	-	8	16,209
Total Operating Expenses	516,022	390,056	7,410	1,398	(8,730)	906,156
Operating Income (Loss)	135,105	(918)	1,928	(1,383)	-	134,732
Other Income (Expenses) – Net	612	28	28	314	(222)	760
Interest Expense	11,240	221	(1)	237	(222)	11,475
Dividends on Washington Gas Preferred Stock	330	-	-	-	-	330
Income Tax Expense (Benefit)	48,772	(444)	756	(467)	-	48,617
Net Income (Loss) Applicable to Common Stock	\$ 75,375	\$ (667)	\$ 1,201	\$ (839)	\$ -	\$ 75,070
Total Assets	\$3,034,581	\$ 353,208	\$ 26,184	\$ 153,256	\$ (109,998)	\$ 3,377,383
Capital Expenditures/Investments	\$ 34,187	\$ 188	\$ 8	\$ (1)	\$ -	\$ 34,382
Three Months Ended March 31, 2008						
Operating Revenues ^(a)	\$ 677,749	\$ 343,509	\$ 5,146	\$ (9)	\$ (6,358)	\$ 1,020,037
Operating Expenses:						
Cost of Energy-Related Sales	417,136	329,602	4,334	-	(6,358)	744,714
Operation	51,560	6,347	469	1,029	-	59,405
Maintenance	11,431	-	-	-	-	11,431
Depreciation and Amortization	23,134	199	12	-	-	23,345
General Taxes and Other Assessments:						
Revenue Taxes	21,593	154	-	-	-	21,747
Other	13,514	835	29	8	-	14,386
Total Operating Expenses	538,368	337,137	4,844	1,037	(6,358)	875,028
Operating Income (Loss)	139,381	6,372	302	(1,046)	-	145,009
Other Income (Expenses) – Net	428	(6)	107	489	(458)	560
Interest Expense	11,362	453	-	596	(458)	11,953
Dividends on Washington Gas Preferred Stock	330	-	-	-	-	330
Income Tax Expense (Benefit)	50,145	2,357	158	(412)	-	52,248
Net Income (Loss) Applicable to Common Stock	\$ 77,972	\$ 3,556	\$ 251	\$ (741)	\$ -	\$ 81,038
Total Assets	\$2,998,099	\$ 259,327	\$ 16,825	\$ 63,854	\$ (113,332)	\$ 3,224,773
Capital Expenditures/Investments	\$ 31,419	\$ -	\$ 60	\$ -	\$ -	\$ 31,479

¹ Figures are preliminary and may be different in filed 10-Q

Operating Segment Data¹



Operating Segment Financial Information						
(In thousands)	Regulated Utility	Non-Utility Operations			Eliminations	Consolidated
		Retail Marketing	Energy - Design-Build Energy Systems	Other Activities		
Six Months Ended March 31, 2009						
Operating Revenues ^(a)	\$ 1,101,767	\$ 682,903	\$ 19,116	\$ (1)	\$ (16,889)	\$ 1,866,976
Operating Expenses:						
Cost of Energy-Related Sales	698,817	665,293	14,018	-	(16,889)	1,361,239
Operation	108,567	15,285	1,794	1,998	-	127,644
Maintenance	21,129	-	-	-	-	21,129
Depreciation and Amortization	47,871	427	28	-	-	48,326
General Taxes and Other Assessments:						
Revenue Taxes	42,155	298	-	-	-	42,453
Other	27,613	1,537	63	16	-	29,229
Total Operating Expenses	946,152	682,840	15,903	2,014	(16,889)	1,630,020
Operating Income (Loss)	235,615	143	3,213	(2,015)	-	236,956
Other Income (Expenses) – Net	380	38	103	764	(506)	777
Interest Expense	23,025	511	(1)	627	(508)	23,654
Dividends on Washington Gas Preferred Stock	660	-	-	-	-	660
Income Tax Expense (Benefit)	83,218	(113)	1,284	(665)	-	83,724
Net Income (Loss) Applicable to Common Stock	\$ 129,092	\$ (217)	\$ 2,033	\$ (1,213)	\$ -	\$ 129,695
Total Assets	\$ 3,034,581	\$ 353,280	\$ 26,184	\$ 153,256	\$ (189,998)	\$ 3,377,303
Capital Expenditures/Investments	\$ 64,579	\$ 1,355	\$ 22	\$ -	\$ -	\$ 65,956
Six Months Ended March 31, 2008						
Operating Revenues ^(a)	\$ 1,142,177	\$ 628,776	\$ 9,560	\$ (14)	\$ (8,836)	\$ 1,771,663
Operating Expenses:						
Cost of Energy-Related Sales	685,415	601,479	8,000	-	(8,836)	1,286,058
Operation	102,427	12,668	853	1,796	-	117,744
Maintenance	21,941	-	-	-	-	21,941
Depreciation and Amortization	47,180	398	22	-	-	47,600
General Taxes and Other Assessments:						
Revenue Taxes	37,046	291	-	-	-	37,337
Other	24,396	1,574	52	17	-	26,039
Total Operating Expenses	918,405	616,410	8,927	1,813	(8,836)	1,536,719
Operating Income (Loss)	223,772	12,366	633	(1,827)	-	234,944
Other Income (Expenses) – Net	964	(6)	221	995	(1,026)	1,148
Interest Expense	23,513	1,017	-	1,186	(1,026)	24,690
Dividends on Washington Gas Preferred Stock	660	-	-	-	-	660
Income Tax Expense (Benefit)	78,389	4,506	330	(718)	-	82,507
Net Income (Loss) Applicable to Common Stock	\$ 122,174	\$ 6,837	\$ 524	\$ (1,300)	\$ -	\$ 128,235
Total Assets	\$ 2,998,099	\$ 259,327	\$ 16,825	\$ 63,854	\$ (113,332)	\$ 3,224,773
Capital Expenditures/Investments	\$ 61,376	\$ 70	\$ 143	\$ -	\$ -	\$ 61,589

¹ Figures are preliminary and may be different in filed 10-Q