

WGL Holdings, Inc

First Quarter Fiscal Year 2011 Earnings Conference Call

February 3, 2011



Forward-Looking Statements

This document 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,” “forecasts,” 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.

1Q FY2011 Consolidated Results

	12/31/10	12/31/09
Reported Consolidated Results (GAAP) ¹	\$1.28	\$0.94
Net Adjustments	(\$0.26)	\$0.07
Non-GAAP Operating Results ²	\$1.02	\$1.01
Regulated Utility	\$0.87	\$0.87
Energy Marketing	\$0.13	\$0.15
Design-Build Energy Systems	\$0.00	(\$0.01)
Other Activities	\$0.02	\$0.00
Non-GAAP Operating Results ²	\$1.02	\$1.01

¹ GAAP diluted earnings (loss) per average common share

² Non-GAAP operating earnings (loss) per share. For a reconciliation of GAAP to non-GAAP financial measures, please refer to our website at www.wglholdings.com (Investor Relations, Quarterly Results)

1Q FY2011 Utility Results Drivers

1Q FY2010 Non-GAAP Operating Results¹	\$0.87
Customer Growth	\$0.02
DC Usage	\$0.02
Asset Optimization Retained Net Margins	\$0.01
Storage Carrying Cost Recovery	(\$0.02)
Business Process Outsourcing (BPO)	\$0.04
Employee Benefits	(\$0.03)
Other	(\$0.04)
1Q FY2011 Non-GAAP Operating Results¹	\$0.87

¹ Non-GAAP operating earnings (loss) per share. For a reconciliation of GAAP to non-GAAP financial measures, please refer to our website at www.wglholdings.com (Investor Relations, Quarterly Results)

1Q FY2011 Retail Energy Results Drivers

1Q FY2010 Non-GAAP Operating Results¹	\$0.15
Higher Electric Gross Margins	\$0.06
Lower Natural Gas Gross Margins	(\$0.04)
Change in Operating & Interest Expense	(\$0.04)
1Q FY2011 Non-GAAP Operating Results¹	\$0.13

¹ Non-GAAP operating earnings (loss) per share. For a reconciliation of GAAP to non-GAAP financial measures, please refer to our website at www.wglholdings.com (Investor Relations, Quarterly Results)

Strong Balance Sheet and Top-Tier Credit Ratings




Committed Credit Available

As of December 31, 2010
(\$ in millions)

Committed credit agreements	WGL Holdings	Washington Gas	Total Consolidated
Unsecured revolving credit facility, expires 8/3/12 ^(a)	\$ 400.0	\$ 300.0	\$ 700.0
Less: Commercial Paper	(76.0)	(17.2)	(93.2)
Net committed credit available	\$ 324.0	\$ 282.8	\$ 606.8

^(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

	<i>WGL</i> Holdings, Inc	 Washington Gas
	AA-	AA-
	Not Rated	A2
FitchRatings	A+	AA-

FY 2011 Non-GAAP Operating Guidance

	FY2011
Utility	\$1.54 – \$1.60
Non-Utility	\$0.43 – \$0.49
Total	\$1.97 – \$2.09

This forecast guidance has been determined as of February 2, 2011. 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 2011 Non-GAAP Operating Guidance Assumptions

Utility	
Full Year FY2011 average active customer meter additions ¹	9,500
Operations & Maintenance expense (GAAP)	\$285M

Retail Energy	
WGES natural gas volumes	66.0 - 70.0 BCF
WGES natural gas margins	\$0.45/Dth - \$0.55/Dth
WGES electric volumes	10.8 million MWH - 11.4 million MWH
WGES electric margins	\$5.50/MWH - \$6.50/MWH
WGES non-commodity related expenses	\$57M-\$63M

Consolidated	
Effective tax rate	40%
Equity ratio target	Mid-50% range of total capital
Dividend payout ratio target	<= 65%
Average diluted shares outstanding	51,300,000

¹ Active customer meter additions based on 13-month average

Drivers of Change in Projected Utility Operating Results

FY2011E Non-GAAP Utility EPS Guidance (11/17/10)¹	\$1.55
Asset Optimization Retained Net Margins	\$0.02
DC Usage	\$0.02
Other	(\$0.02)
FY2011E Non-GAAP Utility EPS Guidance (02/02/11)¹	\$1.57



¹ Non-GAAP operating earnings (loss) per share. For a reconciliation of GAAP to non-GAAP financial measures, please refer to our website at www.wglholdings.com (Investor Relations, Quarterly Results)

Drivers of Change in Projected Non-Utility Operating Results

FY2011E Non-GAAP Non-Utility EPS Guidance (11/17/10)¹	\$0.45
Retail Energy Marketing	
Higher Electric Gross Margins	\$0.01
Higher Natural Gas Gross Margins	\$0.03
Change in Operating & Interest Expense	(\$0.03)
Design-Build Energy Systems	\$0.00
Other Non-Utility	\$0.00
FY2011E Non-GAAP Non-Utility EPS Guidance (02/02/11)¹	\$0.46

¹ Non-GAAP operating earnings (loss) per share. For a reconciliation of GAAP to non-GAAP financial measures, please refer to our website at www.wglholdings.com (Investor Relations, Quarterly Results)

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-four consecutive years of dividend increases;
160 consecutive years of dividend payouts

Appendix



Operating Segment Data¹

	Operating Segment Financial Information					
	Regulated Utility	Retail Energy-Marketing	Non-Utility Operations Design-Build Energy Systems	Other Activities	Eliminations	Consolidated
<i>(In thousands)</i>						
Three Months Ended December 31, 2010						
Operating Revenues (a)	\$ 418,376	\$ 379,397	\$ 6,955	\$ 228	\$ (9,082)	\$ 795,874
Operating Expenses:						
Cost of energy-related sales	217,703	323,152	5,640	-	(9,082)	537,413
Operation	52,951	12,444	1,073	826	-	67,294
Maintenance	10,274	-	-	-	-	10,274
Depreciation and amortization	22,415	211	18	-	-	22,644
General taxes and other assessments:						
Revenue taxes	25,921	882	-	-	-	26,803
Other	12,491	1,128	42	8	-	13,669
Total Operating Expenses	341,755	337,817	6,773	834	(9,082)	678,097
Operating Income	76,621	41,580	182	(606)	-	117,777
Other Income (Expenses)-Net	877	14	5	44	(52)	888
Interest Expense	9,922	44	-	32	(52)	9,946
Income Tax Expense	26,562	16,731	73	(209)	-	43,157
Dividends on Washington Gas preferred stock	330	-	-	-	-	330
Net Income Applicable to Common Stock	\$ 40,684	\$ 24,819	\$ 114	\$ (385)	\$ -	\$ 65,232
Total Assets	\$ 3,578,931	\$ 389,849	\$ 17,254	\$ 186,981	\$ (144,757)	\$ 4,028,258
Capital Expenditures/Investments	\$ 32,397	\$ 90	\$ 8	\$ -	\$ -	\$ 32,495
Three Months Ended December 31, 2009						
Operating Revenues (a)	\$ 398,864	\$ 333,524	\$ 3,362	\$ 5	\$ (8,332)	\$ 727,423
Operating Expenses:						
Cost of energy-related sales	205,609	310,499	2,706	-	(8,332)	510,482
Operation	51,962	8,781	959	603	-	62,305
Maintenance	11,211	-	-	-	-	11,211
Depreciation and amortization	23,974	173	16	-	-	24,163
General taxes and other assessments:						
Revenue taxes	17,407	614	-	-	-	18,021
Other	12,460	890	40	9	-	13,399
Total Operating Expenses	322,623	320,957	3,721	612	(8,332)	639,581
Operating Income (Loss)	76,241	12,567	(359)	(607)	-	87,842
Other Income (Expenses)-Net	281	19	10	120	(61)	369
Interest Expense	9,701	59	-	58	(61)	9,757
Income Tax Expense (Benefit)	25,795	5,020	(137)	(195)	-	30,483
Dividends on Washington Gas preferred stock	330	-	-	-	-	330
Net Income (Loss) Applicable to Common Stock	\$ 40,696	\$ 7,507	\$ (212)	\$ (350)	\$ -	\$ 47,641
Total Assets	\$ 3,262,330	\$ 365,295	\$ 18,303	\$ 129,959	\$ (171,031)	\$ 3,604,856
Capital Expenditures/Investments	\$ 26,688	\$ 2,233	\$ 27	\$ -	\$ -	\$ 28,948

(a) Operating revenues are reported gross of revenue taxes. Revenue taxes of both the regulated utility and the retail energy-marketing segments include gross receipt taxes. Revenue taxes of the regulated utility segment also include PSC fees, franchise fees and energy taxes. Operating revenue amounts in the "Eliminations" column represent total intersegment revenues associated with sales from the regulated utility segment to the retail energy-marketing segment.

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