



WGL

ENERGY ANSWERS.
ASK US.

FOURTH QUARTER FISCAL YEAR 2015 EARNINGS CALL

NOVEMBER 16, 2015

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.

Non-GAAP Financial Information

Management believes operating earnings (loss) and adjusted EBIT provide a more meaningful representation of our earnings from ongoing operations on a consolidated and segment basis, respectively. These measures facilitate analysis by providing consistent and comparable measures to help management, investors and analysts better understand and evaluate our operating results and performance trends, and assist in analyzing period-to-period comparisons. Additionally, we use these non-GAAP measures to report to the board of directors and to evaluate management's performance. To derive our non-GAAP measures, we adjust for the accounting recognition of certain transactions (non-GAAP adjustments) based on at least one of the following criteria: (i) To better match the accounting recognition of transactions with their economics; (ii) To better align with regulatory view/recognition; (iii) Significant out of period adjustments; (iv) Other significant items that may obscure historical earnings comparisons and are not indicative of performance trends; and (v) For adjusted EBIT, other items which may obscure segment comparisons. There are limits in using operating earnings (loss) and adjusted EBIT to analyze our consolidated and segment results, respectively, as they are not prepared in accordance with GAAP and may be different from non-GAAP financial measures used by other companies. In addition, using operating earnings (loss) and adjusted EBIT to analyze our results may have limited value as they exclude certain items that may have a material impact on our reported financial results.

4Q FY2015 CONSOLIDATED RESULTS

	9/30/15	9/30/14
Reported Consolidated Results (GAAP) ¹	\$0.03	\$0.74
Net Adjustments	(\$0.26)	(\$0.91)
Non-GAAP Operating Results²	(\$0.23)	(\$0.17)

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)

4Q FY2015 SEGMENT RESULTS

Adjusted EBIT (In \$ thousands)	9/30/15	9/30/14
Regulated Utility	(19,787)	(15,198)
Retail Energy Marketing	13,818	12,114
Commercial Energy Systems	6,140	4,308
Midstream Energy Services	(1,676)	(3,664)
Other Activities	(752)	(1,294)
Intersegment Eliminations	(421)	(277)
Total Adjusted EBIT	(\$2,678)	(\$4,011)

Interest Expense	\$11,807	\$9,718
Diluted Average Common Shares Outstanding	50,069	51,527

FY2015 CONSOLIDATED RESULTS

	9/30/15	9/30/14
Reported Consolidated Results (GAAP) ¹	\$2.62	\$2.05
Net Adjustments	\$0.54	\$0.63
Non-GAAP Operating Results²	\$3.16	\$2.68

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)

FY2015 SEGMENT RESULTS

Adjusted EBIT (In \$ thousands)	9/30/15	9/30/14
Regulated Utility	235,713	244,359
Retail Energy Marketing	68,459	10,653
Commercial Energy Systems	16,803	12,258
Midstream Energy Services	(3,571)	5,144
Other Activities	(4,042)	(7,951)
Intersegment Eliminations	(1,013)	(167)
Total Adjusted EBIT	\$312,349	\$264,296

Interest Expense	\$50,511	\$37,738
Diluted Average Common Shares Outstanding	50,060	51,770

¹ EBIT for Commercial Energy Systems includes ITC amortization of **\$4.1M** and **\$2.8M** in FY15 and FY14 respectively related to distributed generation investments

4Q FY2015 UTILITY DRIVERS

	4Q	FY
FY2014 Utility Adjusted EBIT	(\$15.2M)	\$244.4M
Customer Growth	+ \$0.7M	+ \$5.1M
Asset Optimization	+ \$4.1M	+ \$12.1M
Maryland Rate Case	+ \$0.0M	+ \$2.6M
Accelerated Infrastructure Investments	+ \$3.3M	+ \$9.7M
Consumption	+ \$0.8M	+ \$5.3M
Operations & Maintenance	- \$9.4M	- \$28.4M
Depreciation	- \$1.3M	- \$6.4M
Other, Net	- \$2.8M	- \$8.7M
FY2015 Utility Adjusted EBIT	(\$19.8M)	\$235.7M

4Q FY2015 NON-UTILITY DRIVERS

	4Q	FY
FY2014 Non-Utility Adjusted EBIT	\$11.2M	\$19.9M
Retail Energy Marketing		
Electric Gross Margins	+ \$0.3M	+ \$56.5M
Natural Gas Gross Margins	+ \$2.1M	+ \$2.0M
Operating & Other Expense	- \$0.7M	- \$0.8M
Commercial Energy Systems	+ \$1.8M	+ \$4.5M
Midstream Energy Services	+ \$2.0M	- \$8.7M
Other Non-Utility, Net	+ \$0.5M	+ \$3.9M
Intersegment Eliminations	- \$0.1M	- \$0.8M
FY2015 Non-Utility Adjusted EBIT	\$17.1M	\$76.6M

FY2016 NON-GAAP GUIDANCE

	FY2016E	FY2015
Adjusted EBIT		
Utility	\$229M	\$236M
Retail Energy Marketing	\$44M	\$68M
Commercial Energy Systems ¹	\$31M	\$17M
Midstream Energy Services	\$12M	(\$4M)
Other Non-Utility	(\$7M)	(\$5M)
Total Adjusted EBIT	\$300M - \$320M	\$312M
Interest Expense	\$55M	\$51M
Diluted Average Shares Outstanding	50.3	50.1
Earnings Per Share	\$3.00 - \$3.20	\$3.16

This forecast guidance has been determined as of November 13, 2015. 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.

¹ EBIT for Commercial Energy Systems includes ITC amortization of \$5.6M and \$4.1M in FY16 and FY15 respectively related to distributed generation investments

FY2016 NON-GAAP OPERATING GUIDANCE ASSUMPTIONS

Utility

Full Year FY2016 average active customer meter additions ¹	12,600
Operations & Maintenance expense (GAAP)	\$308M

Retail Energy Marketing

WGES natural gas volumes	67 BCF – 77 BCF
WGES natural gas margins	\$0.45/Dth – \$0.55/Dth
WGES electric volumes	20 million MWH – 25 million MWH
WGES electric margins	\$2.80/MWH – \$3.80/MWH
WGES non-commodity related expenses	\$65M – \$69M

Commercial Energy Systems

Distributed generation MWH	234,000 MWH
----------------------------	-------------

Consolidated

Effective tax rate (GAAP)	38.0%
Equity ratio target	Approximately 50% of total capital
Dividend payout ratio target	60% - 65%
Average diluted shares outstanding	50.3 million

¹ Active customer meter additions based on 13-month average

DRIVERS OF CHANGE IN PROJECTED UTILITY OPERATING RESULTS

FY2015 Utility Adjusted EBIT	\$236M
Customer Growth	+ \$8M
Asset Optimization	- \$18M
Accelerated Infrastructure Investments	+ \$11M
Operations & Maintenance	+ \$9M
Depreciation	- \$7M
Other, Net	- \$10M
FY2016E Utility Adjusted EBIT Guidance	\$229M

DRIVERS OF CHANGE IN PROJECTED NON-UTILITY OPERATING RESULTS

FY2015 Non-Utility Adjusted EBIT	\$77M
Retail Energy Marketing	
Electric Gross Margins	+ \$18M
Natural Gas Gross Margins	- \$26M
Operating & Other Expense	- \$16M
Commercial Energy Systems	+ \$14M
Midstream Energy Services	+ \$15M
Other Non-Utility, Net	- \$2M
FY2016E Non-Utility Adjusted EBIT Guidance	\$80M

APPENDIX

PROJECTED CAPITAL EXPENDITURES¹

Projected Capital Expenditures FY2016 – FY2020

<i>(in millions)</i>	Year Ending September 30					Total
	2016	2017	2018	2019	2020	
New business ^(a)	105.0	130.5	151.0	169.7	184.0	740.2
Replacements:						
Regulatory plans:	112.9	125.0	126.9	134.2	151.6	650.6
Other	58.9	47.6	44.2	43.2	43.5	237.4
Customer Information System	39.0	14.1				53.1
Other Utility	45.7	48.5	58.6	48.2	56.1	257.1
Total utility^(b)	361.5	365.7	380.7	395.3	435.2	1,938.4
Pipeline investments	262.6	336.5	121.3	37.5		757.9
Distributed generation	200.1	100.1	100.1	100.1	100.1	600.5
Other non-utility	10.4	0.4	0.1	0.1	0.1	11.1
Total investments	834.6	802.7	602.2	533.0	535.4	3,307.9

^(a) Includes certain projects that support the existing distribution system.

^(b) Excludes Allowance for Funds Used During Construction and cost of removal. Includes capital expenditures accrued and capital expenditure adjustments recorded in the fiscal year.

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