

WGL Holdings, Inc

Second Quarter Fiscal Year 2011 Earnings Conference Call

May 5, 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.

2Q FY2011 Consolidated Results

	3/31/11	3/31/10
Reported Consolidated Results (GAAP) ¹	\$1.55	\$1.56
Net Adjustments	(\$0.02)	\$0.08
Non-GAAP Operating Results ²	\$1.53	\$1.64
Regulated Utility	\$1.41	\$1.58
Energy Marketing	\$0.15	\$0.07
Design-Build Energy Systems	--	--
Other Activities	(\$0.03)	(\$0.01)
Non-GAAP Operating Results ²	\$1.53	\$1.64

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)

6-Month FY2011 Consolidated Results

	3/31/11	3/31/10
Reported Consolidated Results (GAAP) ¹	\$2.83	\$2.50
Net Adjustments	(\$0.28)	\$0.14
Non-GAAP Operating Results ²	\$2.55	\$2.64
Regulated Utility	\$2.28	\$2.46
Energy Marketing	\$0.29	\$0.22
Design-Build Energy Systems	--	(\$0.01)
Other Activities	(\$0.02)	(\$0.03)
Non-GAAP Operating Results ²	\$2.55	\$2.64

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)

FY2011 Utility Results Drivers

	2Q	YTD
FY2010 Non-GAAP Operating Results¹	\$1.58	\$2.46
Customer Growth	\$0.02	\$0.03
DC Usage	(\$0.03)	(\$0.01)
MD Rate Case	(\$0.04)	(\$0.05)
Business Process Outsourcing (BPO)	\$0.02	\$0.05
Employee Benefits	(\$0.03)	(\$0.07)
Weather Insurance Cost	(\$0.01)	(\$0.02)
O&M, Other	(\$0.02)	(\$0.02)
Depreciation Expense & Property Tax	(\$0.03)	(\$0.04)
Effective Tax Rate, Dilution and Other	(\$0.05)	(\$0.05)
FY2011 Non-GAAP Operating Results¹	\$1.41	\$2.28

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)

FY2011 Non-Utility Results Drivers

	2Q	YTD
FY2010 Non-GAAP Operating Results¹	\$0.06	\$0.18
Retail Energy Marketing		
Natural Gas Gross Margins	\$0.07	\$0.04
Electric Gross Margins	\$0.05	\$0.12
Operating & Interest Expense	(\$0.04)	(\$0.09)
Design-Build Energy Systems	--	\$0.01
Other Activities	(\$0.02)	\$0.01
FY2011 Non-GAAP Operating Results¹	\$0.12	\$0.27

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 Mar 31, 2011
(\$ in millions)

	WGL Holdings	Washington Gas	Total Consolidated
Committed credit agreements			
Unsecured revolving credit facility, expires 8/3/12 ^(a)	\$ 400.0	\$ 300.0	\$ 700.0
Less: Commercial Paper	(15.7)	-	(15.7)
Net committed credit available	\$ 384.3	\$ 300.0	\$ 684.3

^(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
	A+	A+
	Not Rated	A2
FitchRatings	A+	AA-

FY 2011 Non-GAAP Operating Guidance

	FY2011
Utility	\$1.57 – \$1.63
Non-Utility	\$0.43 – \$0.49
Total	\$2.00 – \$2.12

This forecast guidance has been determined as of May 4 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	9,700
Operations & Maintenance expense (GAAP)	\$283M

Retail Energy	
WGES natural gas volumes	67.0 – 71.0 BCF
WGES natural gas margins	\$0.55/Dth - \$0.65/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	\$61M-\$67M

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 (2/02/11)¹	\$1.57
DC Usage	(\$0.01)
O&M	\$0.03
Other	\$0.01
FY2011E Non-GAAP Utility EPS Guidance (5/04/11)¹	\$1.60



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 (2/02/11)¹	\$0.46
Retail Energy Marketing	
Higher Natural Gas Gross Margins	\$0.10
Higher Operating & Interest Expense	(\$0.05)
Design-Build Energy Systems	(\$0.01)
Other Non-Utility	(\$0.04)
FY2011E Non-GAAP Non-Utility EPS Guidance (5/04/11)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-five consecutive years of dividend increases;
160 consecutive years of dividend payouts

Appendix



Virginia Rate Case

Case Number: PUE-2010-00139

Case filed January 31, 2011

\$29.6 million revenue increase request

8.58% Rate of Return and 10.5% Return on Equity

Test year: 12 months ended September 30, 2010

Rates effective (subject to refund): October 2011

Expected Final Decision: 1st Quarter Calendar 2012



Maryland Rate Case

Case Number: 9267

Case filed April 15, 2011

\$30.0 million revenue increase request

8.59% Rate of Return and 10.45% Return on Equity

Test year: 12 months ended December 31, 2010

Expected rates effective: November 2011



Rate Case Filings

Virginia

Date	ROR	ROE	Equity	LT Debt	ST Debt	Preferred	Other ¹
9/19/07 Order	8.41%	10.00%	55.70%	39.02%	2.70%	1.77%	0.81%
1/31/11 Filing	8.58%	10.50%	57.86%	38.21%	1.73%	1.62%	0.58%

Maryland

Date	ROR	ROE	Equity	LT Debt	ST Debt	Preferred	Other
11/16/07 Order	8.20%	10.00%	53.02%	37.95%	7.34%	1.69%	N/A
4/15/11 Filing	8.59%	10.45%	58.22%	39.14%	1.04%	1.60%	N/A

¹ Job Development Tax Credits

Operating Segment Data¹

(In thousands)	Operating Segment Financial Information						
	Regulated Utility	Non-Utility Operations				Eliminations	Consolidated
		Retail Energy-Marketing	Design-Build Energy Systems	Other Activities			
Three Months Ended March 31, 2011							
Operating Revenues (a)	\$ 569,724	\$ 447,734	\$ 7,775	\$ 415	(8,427)	\$ 1,017,221	
Operating Expenses:							
Cost of energy-related sales	294,996	415,662	6,664	-	(8,427)	708,895	
Operation	60,298	13,029	924	1,302	-	75,553	
Maintenance	11,978	-	-	-	-	11,978	
Depreciation and amortization	22,419	211	17	-	-	22,647	
General taxes and other assessments:							
Revenue taxes	34,339	1,611	-	-	-	35,950	
Other	17,032	1,155	53	13	-	18,253	
Total Operating Expenses	441,062	431,668	7,658	1,315	(8,427)	873,276	
Operating Income (Loss)	128,662	16,066	117	(900)	-	143,945	
Other Income (Expenses)-Net	(616)	9	4	(668)	(49)	(1,320)	
Interest Expense	10,320	39	-	62	(49)	10,372	
Income Tax Expense (Benefit)	46,553	6,454	47	(559)	-	52,495	
Dividends on Washington Gas preferred stock	330	-	-	-	-	330	
Net Income (Loss) Applicable to Common Stock	\$ 70,843	\$ 9,582	\$ 74	\$ (1,071)	-	\$ 79,428	
Total Assets	\$ 3,508,410	\$ 325,193	\$ 18,193	\$ 117,776	(99,873)	\$ 3,869,699	
Capital Expenditures/Investments	\$ 37,817	\$ 4,669	\$ 3	\$ 1,302	-	\$ 43,791	
Three Months Ended March 31, 2010							
Operating Revenues (a)	\$ 619,295	\$ 440,604	\$ 4,416	\$ (7)	(7,670)	\$ 1,056,638	
Operating Expenses:							
Cost of energy-related sales	326,592	447,944	3,839	-	(7,670)	770,705	
Operation	55,166	9,907	689	1,251	-	67,013	
Maintenance	11,259	-	-	-	-	11,259	
Depreciation and amortization	24,020	206	9	-	-	24,235	
General taxes and other assessments:							
Revenue taxes	24,330	702	-	-	-	25,032	
Other	17,002	924	44	5	-	17,975	
Total Operating Expenses	458,369	459,683	4,581	1,256	(7,670)	916,219	
Operating Income (Loss)	160,926	(19,079)	(165)	(1,263)	-	140,419	
Other Income (Expenses)-Net	402	18	16	129	(70)	495	
Interest Expense	10,136	70	-	66	(70)	10,202	
Income Tax Expense (Benefit)	59,856	(7,694)	(58)	(428)	-	51,676	
Dividends on Washington Gas preferred stock	330	-	-	-	-	330	
Net Income (Loss) Applicable to Common Stock	\$ 91,006	\$ (11,437)	\$ (91)	\$ (772)	-	\$ 78,706	
Total Assets	\$ 3,254,575	\$ 403,973	\$ 19,133	\$ 135,703	(193,512)	\$ 3,619,872	
Capital Expenditures/Investments	\$ 28,259	\$ 384	\$ 77	\$ -	-	\$ 28,720	

(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

Projected Capital Expenditures¹

Projected Capital Expenditures						
Year Ending September 30,						
(in millions)	2011	2012	2013	2014	2015	Total
New business	\$ 50.5	\$ 55.4	\$ 51.7	\$ 53.3	\$ 59.3	270.2
Replacements - Other	66.6	70.9	68.2	65.6	71.0	342.3
LNG storage facility	0.4	18.7	66.2	39.2	31.5	156.0
SOC redevelopment project	46.7	21.6	-	-	-	68.3
Other	98.4	92.5	72.0	38.8	34.7	336.4
Total-accrual basis^(a)	\$ 262.6	\$ 259.1	\$ 258.1	\$ 196.9	\$ 196.5	1,173.2

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

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