



**WGL**

ENERGY ANSWERS.  
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# SECOND QUARTER FISCAL YEAR 2016 EARNINGS CALL

**MAY 5, 2016**

## **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, dividends 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. For a reconciliation of GAAP to non-GAAP financial measures, please refer to our website at [www.wglholdings.com](http://www.wglholdings.com) (Investor Relations, Quarterly Results).**

# 2Q FY2016 CONSOLIDATED RESULTS

	3/31/16	3/31/15
Reported Consolidated Results (GAAP) <sup>1</sup>	\$2.11	\$1.63
Net Adjustments	(\$0.33)	\$0.39
<b>Non-GAAP Operating Results<sup>2</sup></b>	<b>\$1.78</b>	<b>\$2.02</b>

<sup>1</sup> GAAP diluted earnings (loss) per average common share

<sup>2</sup> Non-GAAP operating earnings (loss) per share.

# 2Q FY2016 SEGMENT RESULTS

<b>Adjusted EBIT (In \$ thousands)</b>	<b>3/31/16</b>	<b>3/31/15</b>
Regulated Utility	153,915	152,395
Retail Energy Marketing	8,376	27,031
Commercial Energy Systems	2,338	1,683
Midstream Energy Services	(8,373)	(3,062)
Other Activities	(1,476)	(846)
Intersegment Eliminations	(621)	(19)
<b>Total Adjusted EBIT</b>	<b>\$154,159</b>	<b>\$177,182</b>

<b>Interest Expense</b>	<b>\$12,999</b>	<b>\$13,254</b>
<b>Diluted Average Common Shares Outstanding</b>	<b>50,282</b>	<b>49,983</b>

# 2Q FY2016 UTILITY DRIVERS

	2Q	YTD
<b>FY2015 Utility Adjusted EBIT</b>	<b>\$152.4M</b>	<b>\$249.0M</b>
Customer Growth	+ \$2.3M	+ \$3.6M
Accelerated Infrastructure Investments	+ \$3.1M	+ \$5.7M
Asset Optimization	- \$2.7M	- \$6.0M
Consumption	- \$2.6M	- \$4.7M
Storage Carrying Charge	- \$0.6M	- \$2.2M
Operations & Maintenance	+ \$4.4M	+ \$0.2M
Other, Net	- \$2.4M	- \$5.1M
<b>FY2016 Utility Adjusted EBIT</b>	<b>\$153.9M</b>	<b>\$240.5M</b>

# 2Q FY2016 NON-UTILITY DRIVERS

	2Q	YTD
<b>FY2015 Non-Utility Adjusted EBIT</b>	<b>\$24.8M</b>	<b>\$36.0M</b>
Retail Energy Marketing		
Electric Gross Margins	- \$1.1M	- \$7.2M
Natural Gas Gross Margins	- \$15.7M	- \$13.1M
Operating & Other Expense	- \$1.9M	- \$2.2M
Commercial Energy Systems	+ \$0.7M	+ \$1.7M
Midstream Energy Services	- \$5.3M	+ \$5.3M
Other Non-Utility, Net	- \$0.6M	+ \$0.1M
Intersegment Eliminations	- \$0.6M	- \$0.5M
<b>FY2016 Non-Utility Adjusted EBIT</b>	<b>\$0.2M</b>	<b>\$20.1M</b>

# FY2016 NON-GAAP GUIDANCE

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**FY2016**

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Non-GAAP Operating Guidance

**\$3.00 – \$3.20**

This forecast guidance has been determined as of May 4, 2016. 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.