



## Fourth Quarter Fiscal Year 2013 Earnings Conference Call

November 14, 2013

## 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.



# 4Q FY2013

## Consolidated Results

	9/30/13	9/30/12
Reported Consolidated Results (GAAP) <sup>1</sup>	(\$1.00)	\$0.15
Net Adjustments	\$0.45	(\$0.25)
<b>Non-GAAP Operating Results<sup>2</sup></b>	<b>(\$0.55)</b>	<b>(\$0.10)</b>
Regulated Utility	(\$0.43)	(\$0.24)
Retail Energy Marketing	\$0.01	\$0.17
Commercial Energy Systems	\$0.02	\$0.02
Midstream Energy Services	(\$0.07)	(\$0.03)
Other Activities	(\$0.06)	(\$0.02)
Intersegment Eliminations	(\$0.02)	--
<b>Non-GAAP Operating Results<sup>2</sup></b>	<b>(\$0.55)</b>	<b>(\$0.10)</b>

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

<sup>2</sup> 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](http://www.wglholdings.com) (Investor Relations, Quarterly Results)



# FY2013

## Consolidated Results

	9/30/13	9/30/12
Reported Consolidated Results (GAAP) <sup>1</sup>	\$1.55	\$2.71
Net Adjustments	\$0.76	(\$0.03)
<b>Non-GAAP Operating Results<sup>2</sup></b>	<b>\$2.31</b>	<b>\$2.68</b>
Regulated Utility	\$1.93	\$2.02
Retail Energy Marketing	\$0.59	\$0.70
Commercial Energy Systems	\$0.06	\$0.05
Midstream Energy Services	(\$0.10)	(\$0.04)
Other Activities	(\$0.15)	(\$0.05)
Intersegment Eliminations	(\$0.02)	--
<b>Non-GAAP Operating Results<sup>2</sup></b>	<b>\$2.31</b>	<b>\$2.68</b>

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

<sup>2</sup> 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](http://www.wglholdings.com) (Investor Relations, Quarterly Results)



# FY2013 Utility Results Drivers

	4Q	FY
<b>FY2012 Non-GAAP Operating Results<sup>1</sup></b>	<b>(\$0.24)</b>	<b>\$2.02</b>
Customer Growth	\$0.00	\$0.04
Asset Optimization	(\$0.03)	(\$0.01)
Accelerated Pipeline Replacement	\$0.01	\$0.04
Rate Case Timing	\$0.00	\$0.03
Operations & Maintenance	(\$0.09)	(\$0.13)
Depreciation and Amortization Expense	\$0.00	(\$0.04)
Effective Tax Rate, Other	(\$0.08)	(\$0.02)
<b>FY2013 Non-GAAP Operating Results<sup>1</sup></b>	<b>(\$0.43)</b>	<b>\$1.93</b>

<sup>1</sup> 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](http://www.wglholdings.com) (Investor Relations, Quarterly Results)



# FY2013

## Non-Utility Results Drivers

	4Q	FY
<b>FY2012 Non-GAAP Operating Results<sup>1</sup></b>	<b>\$0.14</b>	<b>\$0.66</b>
Retail Energy Marketing		
Electric Gross Margins	(\$0.17)	(\$0.23)
Natural Gas Gross Margins	\$0.01	\$0.08
Operating Expense & Other	\$0.00	\$0.04
Commercial Energy Systems	\$0.00	\$0.01
Midstream Energy Services	(\$0.04)	(\$0.06)
Other Non-Utility, Net	(\$0.04)	(\$0.10)
Intersegment Eliminations	(\$0.02)	(\$0.02)
<b>FY2013 Non-GAAP Operating Results<sup>1</sup></b>	<b>(\$0.12)</b>	<b>\$0.38</b>

<sup>1</sup> 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](http://www.wglholdings.com) (Investor Relations, Quarterly Results)



# Strong Balance Sheet and Top-Tier Credit Ratings

## Committed Credit Available

As of September 30, 2013  
(\$ in millions)

	WGL Holdings	Washington Gas	Total Consolidated
Committed credit agreements			
Unsecured revolving credit facility, expires 4/3/17	\$ 450.0	\$ 350.0	\$ 800.0
Less: Commercial Paper	(248.6)	(124.5)	(373.1)
<b>Net committed credit available</b>	<b>\$ 201.4</b>	<b>\$ 225.5</b>	<b>\$ 426.9</b>

*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 \$100 million, with the banks' approval, for a total of \$550 million. Washington Gas' revolving credit facility permits it to borrow an additional \$100 million, with the banks' approval, for a total of \$450 million.*

## Credit Ratings for Medium-Term Notes

	<b>WGL</b> Holdings, Inc	 Washington Gas
	A+	A+
MOODY'S	Not Rated	A2
FitchRatings	A+	AA-



# FY 2014 Non-GAAP Operating Guidance

	FY2014
Utility	\$1.83 – \$1.93
Non-Utility	\$0.32 – \$0.42
Total	\$2.15 – \$2.35

This forecast guidance has been determined as of November 13, 2013. 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 2014 Non-GAAP Operating Guidance Assumptions

<b>Utility</b>	
Full Year FY2014 average active customer meter additions <sup>1</sup>	10,700
Operations & Maintenance expense (GAAP)	\$304M

<b>Retail Energy Marketing</b>	
WGES natural gas volumes	66.0 BCF – 70.0 BCF
WGES natural gas margins	\$0.53/Dth – \$0.63/Dth
WGES electric volumes	12.5 million MWH – 13.1 million MWH
WGES electric margins	\$2.85/MWH – \$3.85/MWH
WGES non-commodity related expenses	\$51M – \$57M

<b>Commercial Energy Systems</b>	
Commercial solar generation	70,000 MWH

<b>Consolidated</b>	
Effective tax rate (GAAP)	38%
Equity ratio target	Mid-50% range of total capital
Dividend payout ratio target	<= 65%
Average diluted shares outstanding	52.0 million

<sup>1</sup> Active customer meter additions based on 13-month average



# Drivers of Change in Projected Utility Operating Results

<b>FY2013 Non-GAAP Utility EPS<sup>1</sup></b>	<b>\$1.93</b>
Utility Net Revenue (including Rate Relief)	\$0.11
Operations & Maintenance	(\$0.06)
Depreciation and Amortization Expense	(\$0.08)
Other, Net	(\$0.02)
<b>FY2014E Non-GAAP Utility EPS Guidance<sup>1</sup></b>	<b>\$1.88</b>

<sup>1</sup> 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](http://www.wglholdings.com) (Investor Relations, Quarterly Results)



## Projected FY2014 Non-Utility Operating Results (Non-GAAP)

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	<b>FY2014E</b>
Retail Energy Marketing	\$0.33
Commercial Energy Systems	\$0.15
Midstream Energy Services	(\$0.02)
Other Non-Utility	(\$0.09)
<b>Total</b>	<b>\$0.37</b>



# Drivers of Change in Projected Non-Utility Operating Results

<b>FY2013 Non-GAAP Non-Utility EPS<sup>1</sup></b>	<b>\$0.38</b>
Retail Energy Marketing	
Electric Gross Margins	(\$0.19)
Natural Gas Gross Margins	(\$0.06)
Operating & Other Expense	(\$0.01)
Commercial Energy Systems	\$0.09
Midstream Energy Services	\$0.08
Other Non-Utility, Net	\$0.08
<b>FY2014E Non-GAAP Non-Utility EPS Guidance<sup>1</sup></b>	<b>\$0.37</b>

<sup>1</sup> 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](http://www.wglholdings.com) (Investor Relations, Quarterly Results)



# Investment Highlights

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High-growth service territory

Balance of strong, efficient utility operations and non-utility businesses

Strong balance sheet and top-tier credit ratings

Thirty-seven consecutive years of dividend increases

Targeting long-term top quartile total shareholder return

# Appendix



# Projected Capital Expenditures<sup>1</sup>

## Projected Capital Expenditures FY2014 – FY2018

Year Ending September 30

<i>(in millions)</i>	2014	2015	2016	2017	2018	Total
New business	\$81.1	\$91.5	\$107.7	\$133.3	\$122.5	\$536.1
Replacements	136.0	130.4	129.7	126.7	126.7	649.5
Customer Information System	18.6	27.6	28.2	5.4	-	79.8
Other Utility	69.3	28.2	20.6	31.7	33.0	182.8
Other <sup>(a)</sup>	141.8	127.2	100.7	100.7	100.8	571.2
Total-accrual basis <sup>(b)</sup>	\$446.8	\$404.9	\$386.9	\$397.8	\$383.0	\$2,019.4

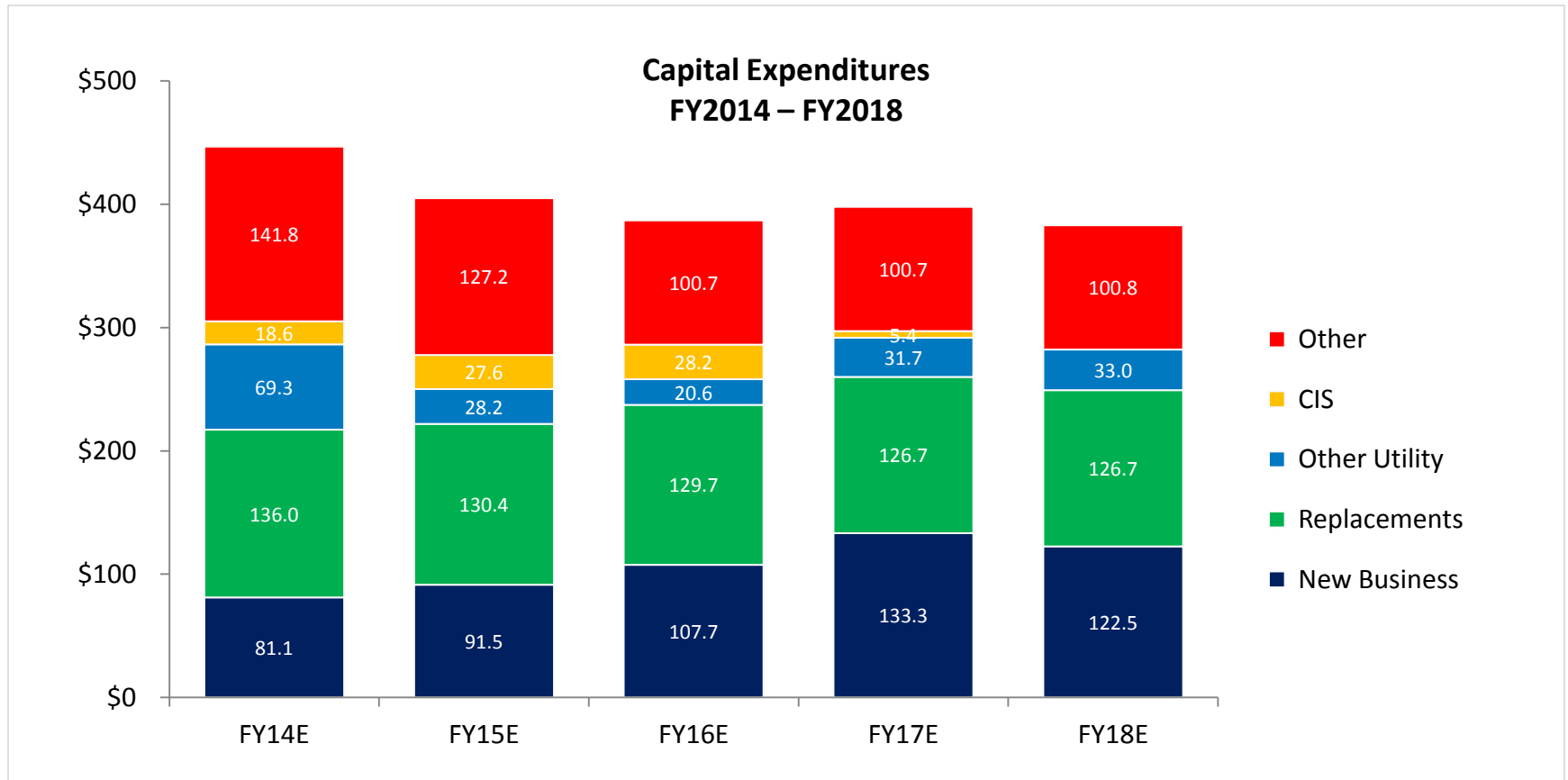
<sup>(a)</sup> Includes amounts for expansion of solar investments and other non-utility projects.

<sup>(b)</sup> Excludes Allowance for Funds Used During Construction. Includes capital expenditures accrued and capital expenditure adjustments recorded in the fiscal year.

<sup>1</sup> Figures are preliminary and may be different in filed 10-K



# Projected Capital Expenditures<sup>1</sup>



<sup>1</sup> Figures are preliminary and may be different in filed 10-K