WGL Holdings, Inc

2011 Analyst Meeting
January 20, 2011

New York Stock Exchange
New York, NY

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,” 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.

WGL Holdings, Inc

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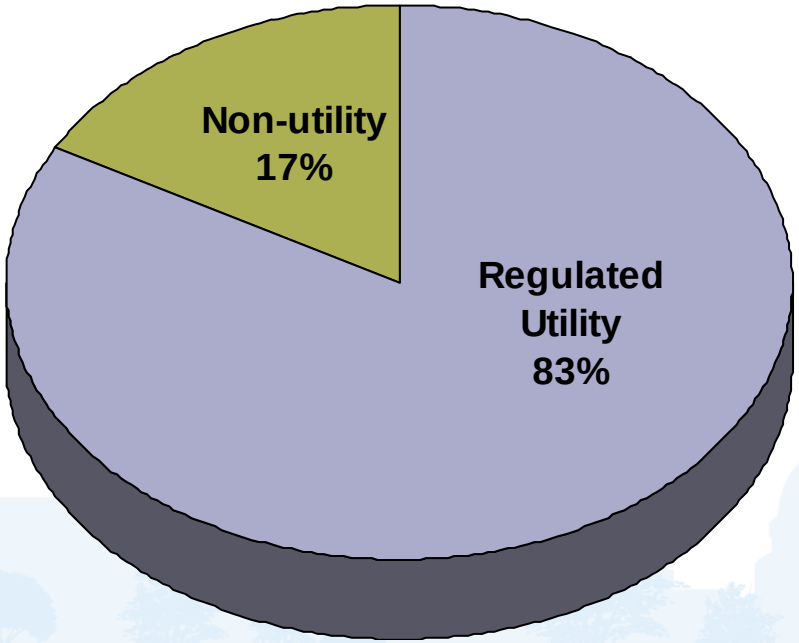
Chairman's Overview
Terry McCallister, Chairman and CEO

WGL Holdings Overview

Non-GAAP Operating Earnings

(12 months ended 9/30/10)



Regulated Utility:

Principal subsidiary, Washington Gas, distributes natural gas to over one million customers in DC, MD, and VA

Major Non-Utility Subsidiaries:

Washington Gas Energy Services is the region's leading competitive energy supplier

Washington Gas Energy Systems provides design-build energy efficiency solutions to government and commercial clients

Key Statistics

WGL Holdings, Inc.	FY10	FY09
Total Assets ($millions)	$3,643.9	$3,349.9
Operating Revenues ($millions)	$2,708.9	$2,706.9
Non-GAAP Operating Earnings ($millions)	$115.0	$127.7
Utility	$96.0	$102.7
Non-utility	$19.0	$25.0
Capitalization ($millions)	$1,774.4	$1,687.7
Shares Outstanding	50.8 million	50.4 million
Dividend Yield	4.0%	4.4%
Return on Average Common Equity (GAAP)	9.8%	11.2%

See Appendix for Reconciliation of GAAP Net Income to Non-GAAP Operating Earnings

A Clear, Consistent Strategic Vision

Our vision:

WGL Holdings is the preferred source of clean and efficient energy solutions that produce value for our customers, investors and communities.

Our strategy:

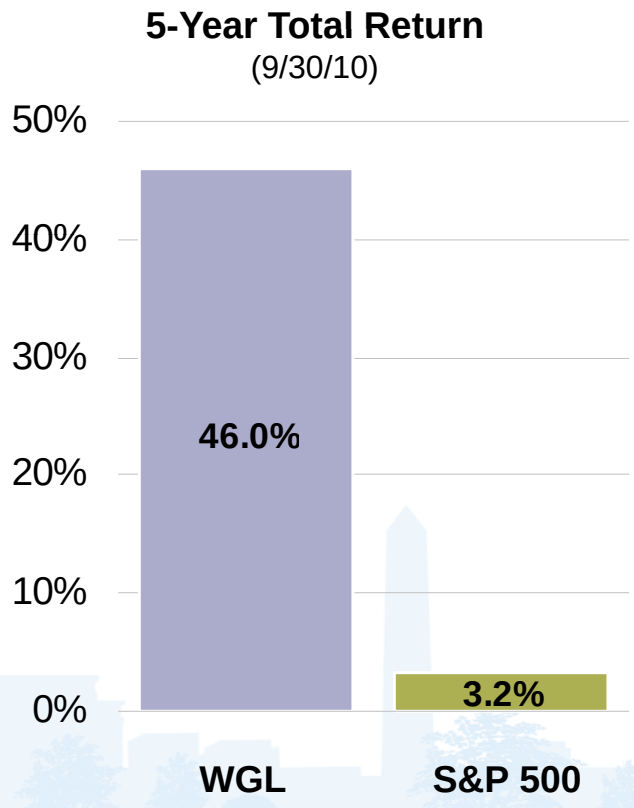
- ✓ **Offer clean and efficient energy solutions that customers choose**
- ✓ **Drive excellence in developing, marketing and delivering solutions**
- ✓ **Sustain an engaged workforce that delivers results**

Aligned for Excellence

Recent achievements reinforce our strong foundation for continuing success

- ✓ **Secured new regulatory mechanisms that support earnings stability**
- ✓ **Pursuing new non-utility growth opportunities**
- ✓ **Continue to deliver strong, profitable results from non-utility businesses**
- ✓ **Leveraging successful asset optimization expertise**
- ✓ **Continued 34-year record of increasing dividend rate**

Attractive Investment Credentials



- Vibrant and resilient service territory
- Strong, operationally efficient utility operations
- Profitable retail energy marketing business
- Solid balance sheet and top-tier credit ratings
- 34 consecutive years of dividend increases; 160 years of annual dividend payments

A High Performance Culture

J.D. POWER AND ASSOCIATES®	■ Highly rated in the East Region in the 2010 Gas Utility Business and Residential Customer Satisfaction surveys conducted by J.D. Power and Associates.
EPA	■ The Environmental Protection Agency awarded WGL Holdings, Inc. its Continuing Excellence Award
AGA	■ Received AGA award for accident prevention and workplace safety
BLACK ENTERPRISE	■ WGL Holdings, Inc. was recognized by Black Enterprise magazine as one of the 40 best companies for diversity

Aligned for Performance Incentive Compensation

- A significant level of Officer Compensation is “at risk”, consistent with best practice

  -- Short-term = 35% to 70% of Base
  -- Long-term = 55% to 135% of Base

- Officer and Executive “risk/reward” compensation tied to ability to influence key outcomes
- Corporate performance is a knock-out factor
- All union and management employees eligible for cash bonus rewards

Corporate Goal	FY2011 Target*
Foster High Performance	
Employee Work Safety	≤ 3.10 incidents/100 employees This will include a 50-50 combination of a DART target of ≤ 3.4 and an OSHA rate of ≤ 2.8.
Employee Engagement	≥ National Norm Based on results of the 2011 OE Survey, to be conducted in January 2011.
Improve Processes	
Construction Unit Cost	≤ 100% Maintain cost discipline and keep costs at or below budget target.

Aligned for Success
Long-Term Top Quartile Performance

Washington Gas — **Generate Stable Revenue Growth**

Washington Gas — **Invest for Safety, Reliability, and Growth**

Washington Gas — **Pursue Operational Excellence**

WGL Holdings, Inc — **Grow Earnings from Non-Utility Businesses**

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Utility Investment and Opportunities

Adrian Chapman, President and Chief Operating Officer

Aligned for Success
Creating Value for Investors and Customers

Washington Gas

Generate Stable Revenue Growth

- Sustain growth in attractive market; 9,000-14,000 new customers per year
- Implement regulatory mechanisms that remove volatility

Washington Gas

Invest for Safety, Reliability, and Growth

- Commit to ongoing infrastructure investment
- Secure reasonable recovery of and return on investment

Washington Gas

Pursue Operational Excellence

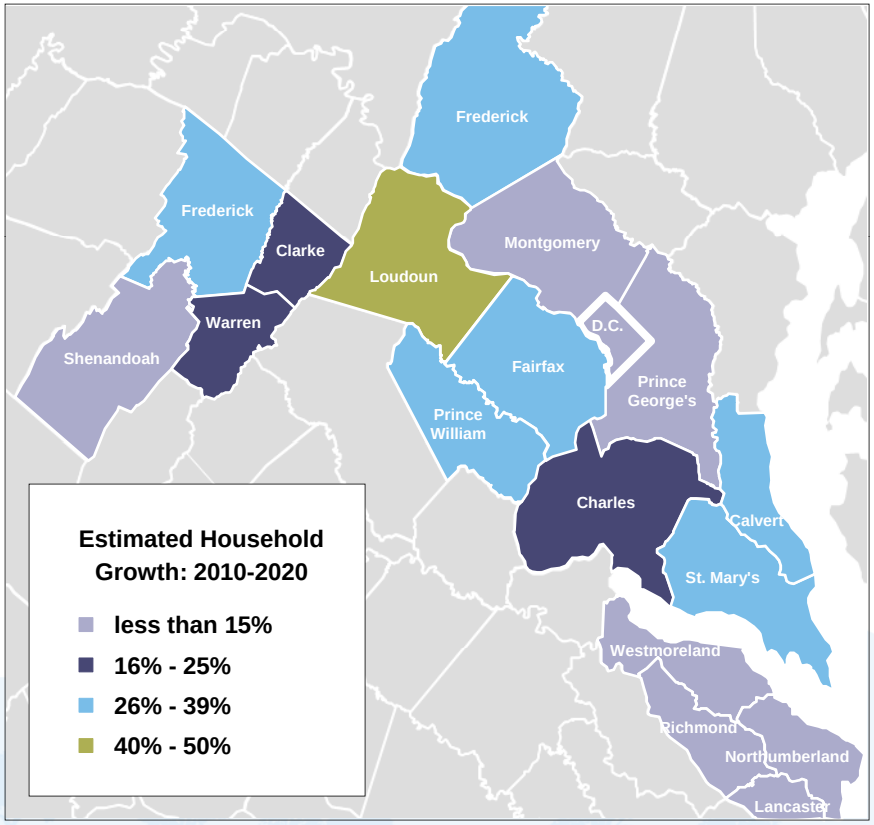
- Continue to deliver on effective cost management
- Commit to providing superior customer service and continual improvement

WGL Holdings, Inc

Grow Earnings from Non-Utility Businesses

- Grow non-utility operations that meet profitability and risk criteria

Strategic Position in an Attractive Market

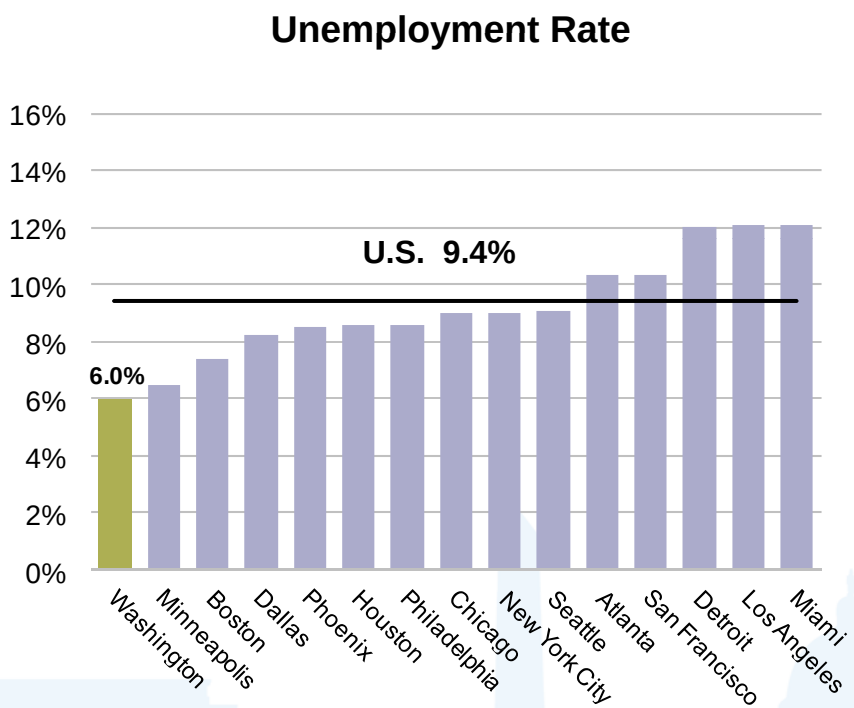


Source: Woods & Poole Economics - based on US Census data

The Greater Washington, DC Metropolitan Area

- 5th largest regional economy in the U.S.
- 7 of the nation's 15 wealthiest counties are in the region
- Resilient economy due to federal government spending
- Regulatory diversity (service territory split VA 42%, MD 42% and DC 16%)

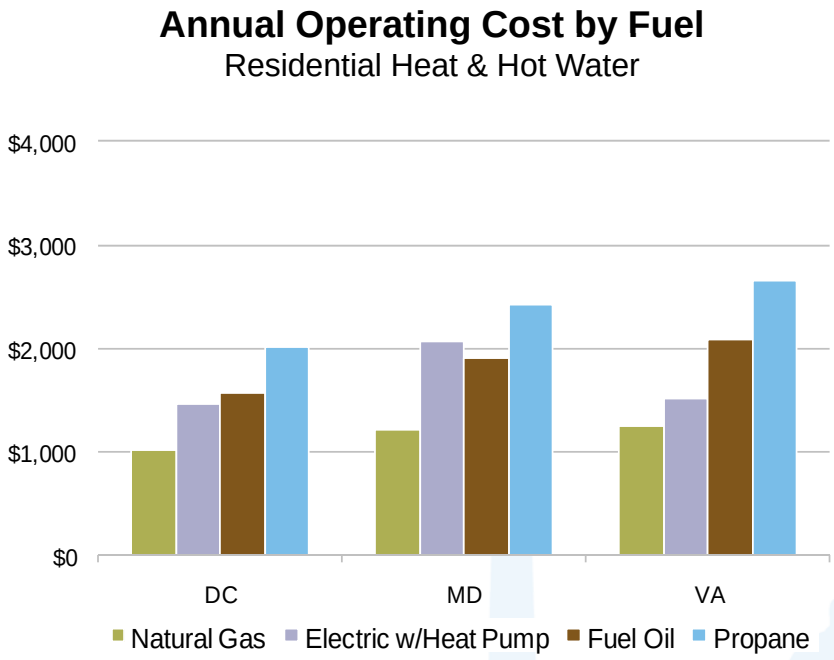
Strong Regional Economy



- Lowest unemployment rate of any major metro area
- Most diverse and highly educated workforce in the U.S.
- Low residential and commercial delinquency rates resulting in low uncollectible rates

Source: Bureau of Labor Statistics, Not Seasonally Adjusted – Metro data for Nov 2010, US reflects Dec 2010

Targeting Opportunities Based on Local Trends

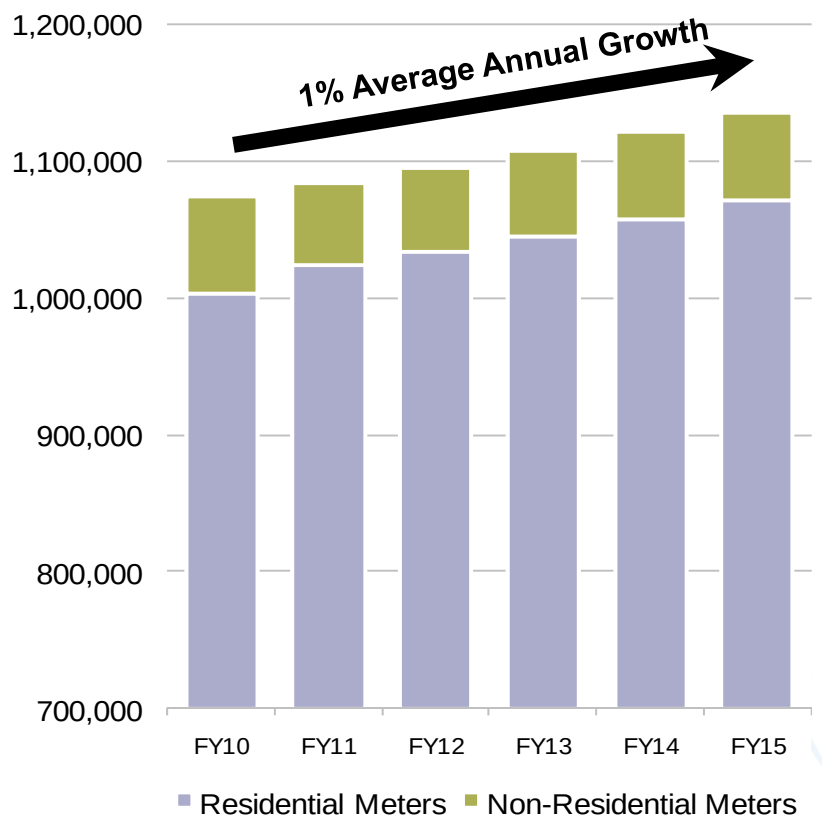


Source: Washington Gas operating cost comparison model. New Construction, detached homes using natural gas for heating and water heating.

- Natural gas is the most affordable energy source
- Opportunities exist to increase penetration in growing multi-family and conversion market in metro-DC area
- Proactive customer campaigns communicate cost savings and Natural Gas as a clean and efficient source of energy
- New incentives for residential builders and customers

Steady Firm Customer Growth Provides Stability

- Consumers recognize environmental benefits of natural gas
- Nearly 60% of Washington consumers prefer natural gas heat in their homes
- Washington Gas captured over 95% of new residential construction in FY2010
- Forecasts indicate 9,000 – 14,000 new active meter sets annually for the next five years



Capital Investment
Safety, Reliability and Growth

Growing Customer Base

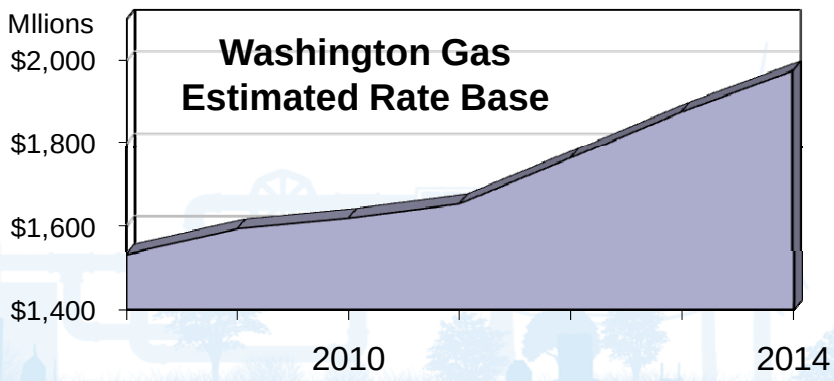
- New Business Projects – Averaging $55 million/year
- Chillum LNG Peaking Plant $159 million

Reinforcing the Safety & Reliability of the Utility System

- Pipe Replacement Projects – approximately $68 million/year
- More timely recovery of $26 million through surcharge recovery
- $42 million subject to rate case treatment

New Office and Operations Building

- $74 million environmentally efficient facility
- Subject to rate case treatment



Operating Efficiency Produces Investor and Customer Value

Customer Satisfaction

- Rated among the highest in region
- Customer approval rating rose from 81% prior to implementing BPO to 89% currently
- Meeting or exceeding customer expectations

Cost Control Measures

- Increased employee contribution for medical benefits
- Eliminated non-contributory defined pension plan for new employees
- Rigorous budget oversight process

Regulatory Strategy

- Capturing efficiency improvements
- Timely recovery of investment
- Stability
  - Reduce gas cost volatility
  - Adjust for increased efficiency of gas usage
  - Reduce weather-related earnings volatility
  - Achieve timely recovery of costs

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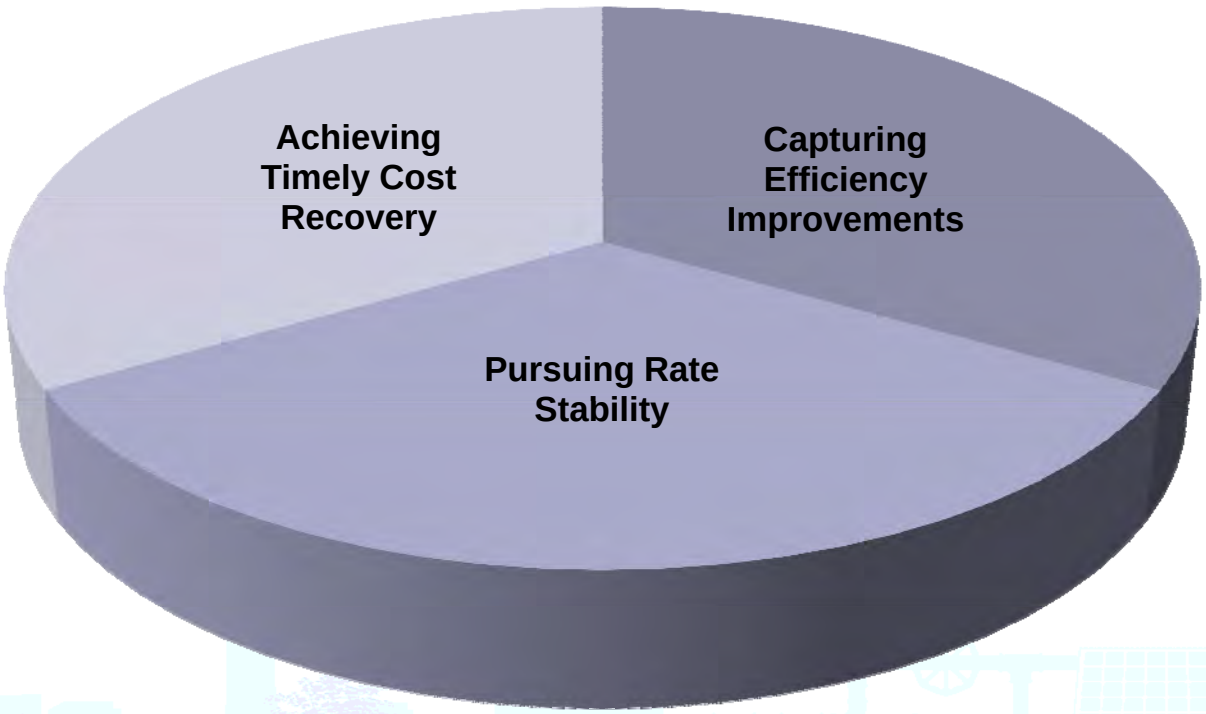
Roberta W. Sims
Vice President, Regulatory Affairs & Energy Acquisition

Regulatory Strategy



Regulatory Strategy

	DC	MD	VA
Infrastructure investment program	✔	Under Discussion	✔
Recovery of hexane costs	✔	✔	✔
Carrying costs on gas storage balances	✔	✔	✔
Carrying costs on over/under collected gas costs	✔	---	✔
Gas cost uncollectibles	✔	✔	✔
Bill Normalization (RNA/WNA)	On Appeal	RNA	RNA/WNA

Key Regulatory Activities (Virginia)

Jurisdiction	Key Issue	Status
Virginia	Energy efficiency programs; decoupling "Conservation And Ratemaking Efficiency" (CARE) Plan	In March 2010, the SCC approved Washington Gas's proposed decoupling mechanism, six residential energy efficiency programs and an energy efficiency program cost recovery mechanism. In its upcoming rate case filing, Washington Gas will propose a tariff revision to facilitate the filing of a future request for a commercial energy efficiency program.
Virginia	Infrastructure investment and cost recovery through surcharge "Steps to Advance Virginia's Energy" (SAVE) Plan	In August 2010, pursuant to the Virginia SAVE Act, Washington Gas filed a SAVE proposal seeking approval of a five-year plan to replace certain infrastructure as well as a cost recovery mechanism for the investment. A decision is expected April 2011.
Virginia	Base Rate Case	By February 1, 2011, Washington Gas plans to file for an increase in base rates with new rates effective in October 2011.

Key Regulatory Activities (Maryland)

Jurisdiction	Key Issue	Status
Maryland	Gas Purchasing and Asset Optimization	On November 2, 2009, a Hearing Examiner issued a proposed order that accepted Washington Gas's proposal for enhanced sharing of asset optimization revenues. Appeals of the proposed order were filed, and the matter is pending before the PSC.
Maryland	Review of Purchased Gas Costs	In a proposed order issued in August 2010, a Hearing Examiner recommended disallowance of $2.1 million in gas costs incurred between April 2008 and September 2009. The action reflected disagreement with Washington Gas's reconciliation of third party marketers' volumetric imbalances. Washington Gas appealed the decision and the case is pending before the PSC.

Key Regulatory Activities (Maryland)

Jurisdiction	Key Issue	Status
Maryland	"Strategic Infrastructure Development and Enhancement" (STRIDE)	Legislation similar to Virginia SAVE law currently being considered that would authorize recovery through a surcharge of certain infrastructure investment and a return on that investment.
Maryland	2011 Base Rate Case	Washington Gas's current plan is to file a request for a base rate increase in the spring of 2011.

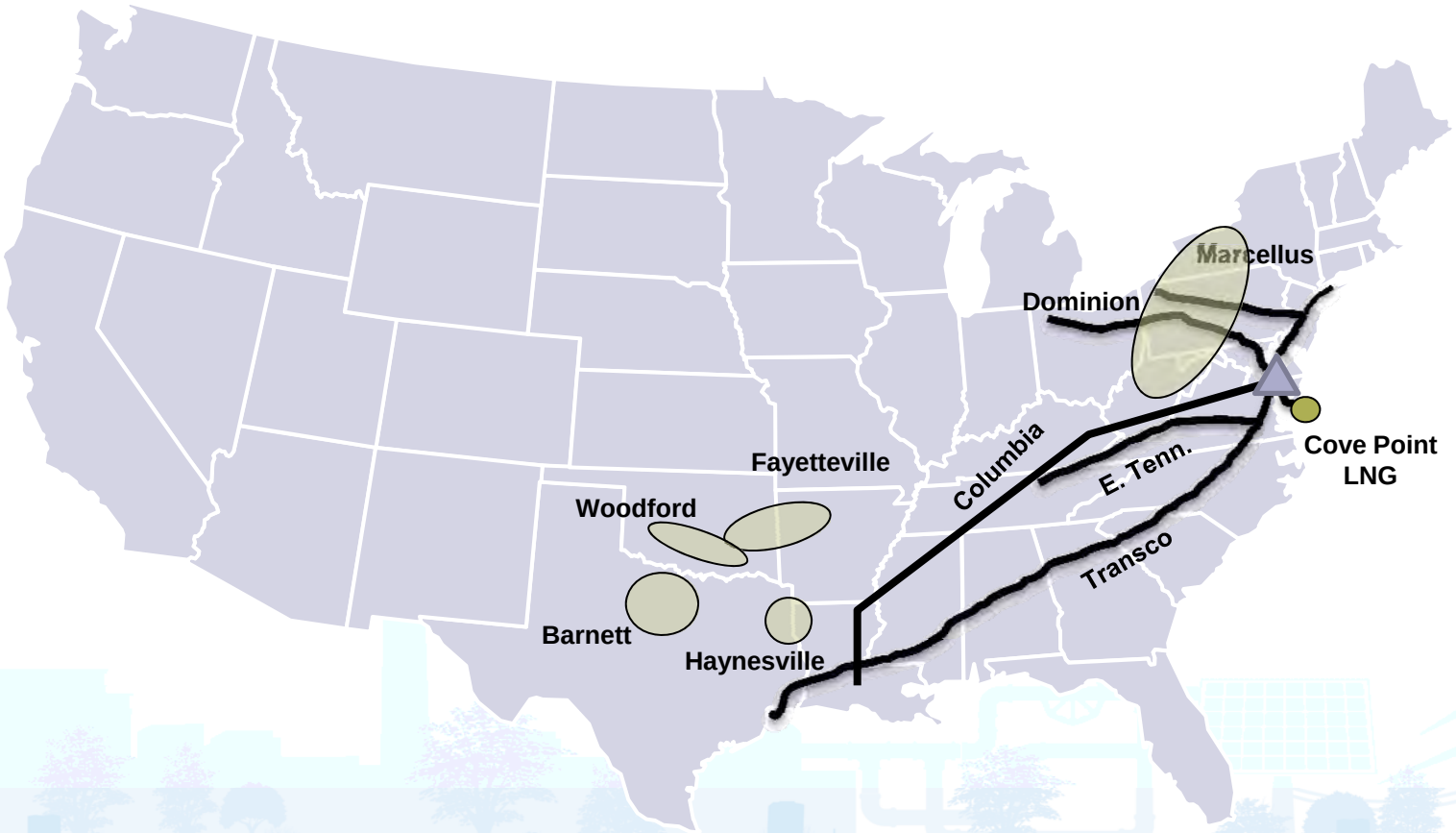
Key Regulatory Activities (District of Columbia)

Jurisdiction	Key Issue	Status
District of Columbia	Bill Normalization (RNA)	In December 2009, pursuant to a settlement agreement, Washington Gas filed an application for approval of a Revenue Normalization Adjustment. In December 2010, the Public Service Commission denied the Company's request, deciding that the matter should be considered in a base rate case. Washington Gas has filed an application for reconsideration.
District of Columbia	Pipeline Infrastructure Investment	Pursuant to a settlement agreement, Washington Gas will replace certain infrastructure over a 7 year period at a cost not to exceed $28 million. A surcharge to recover costs goes into effect in October 2011.

Gas Supply System Status – Winter 2010 - 2011

- Weather
  - November – January Actuals: 10% Colder-than-Normal
  - December 2010 produced top 10 sendout day
  - February - March Current Forecast: Normal to Colder-than-Normal
- Despite colder than normal temperatures, transmission and distribution systems continue to provide reliable service
- LNG peaking facility planned for 2015-16

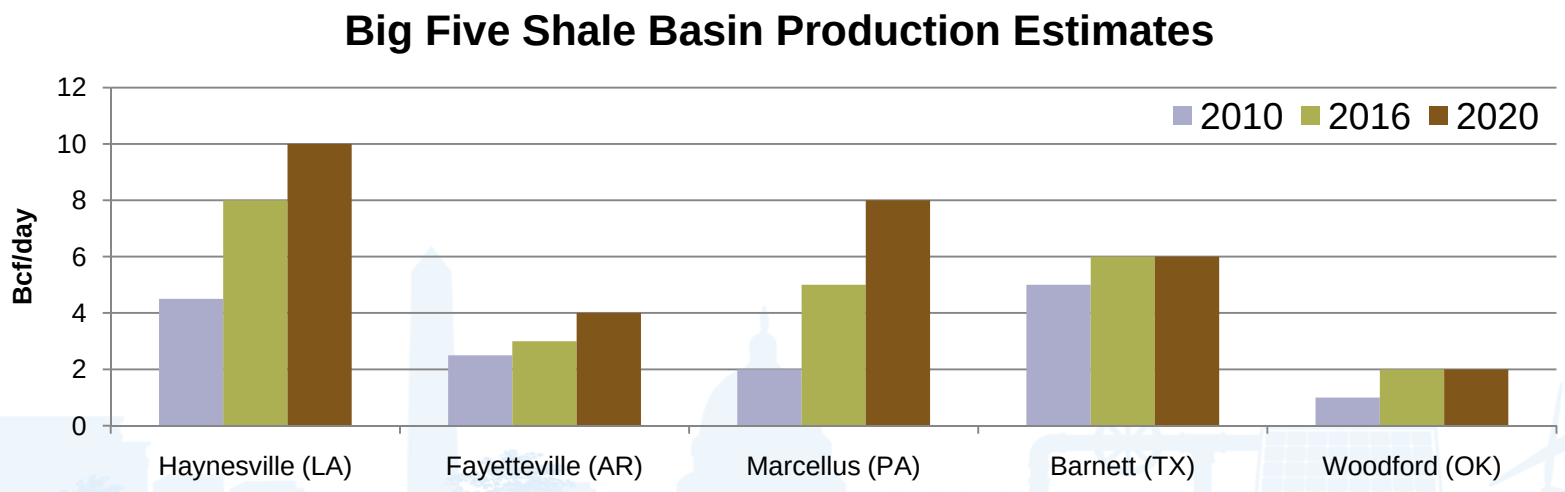
Access to New Gas Supplies



Shale Gas Production

U.S. Natural Gas Reserves = 284 Tcf

- Reserve estimate up 11% in 2009
- Highest reserve estimate since 1971
- Shale gas dominant factor



Data Sources: US Energy Information Administration, November 2010; ICF International, September 2010

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Non-Utility Activities

Gautam Chandra, VP Strategy, Business Development, BPO and Non-Utility

Agenda

- Corporate Growth Strategy
- Non-Utility Growth Initiatives
- Washington Gas Energy Systems

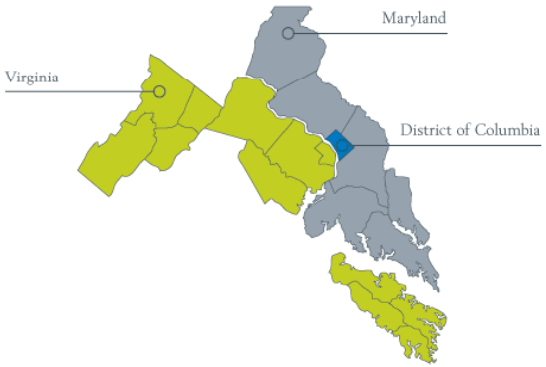
Strategic Overview

WGL Holdings is the preferred source of clean and efficient energy solutions that produce value for our customers, investors and communities.

- **Leverage the economic and ecological benefits of natural gas**
- **Build portfolio of clean and efficient energy solutions**
- **Make disciplined investments in promising clean energy technology**

Delivering on the Strategy

Offer clean and efficient energy solutions that customers choose



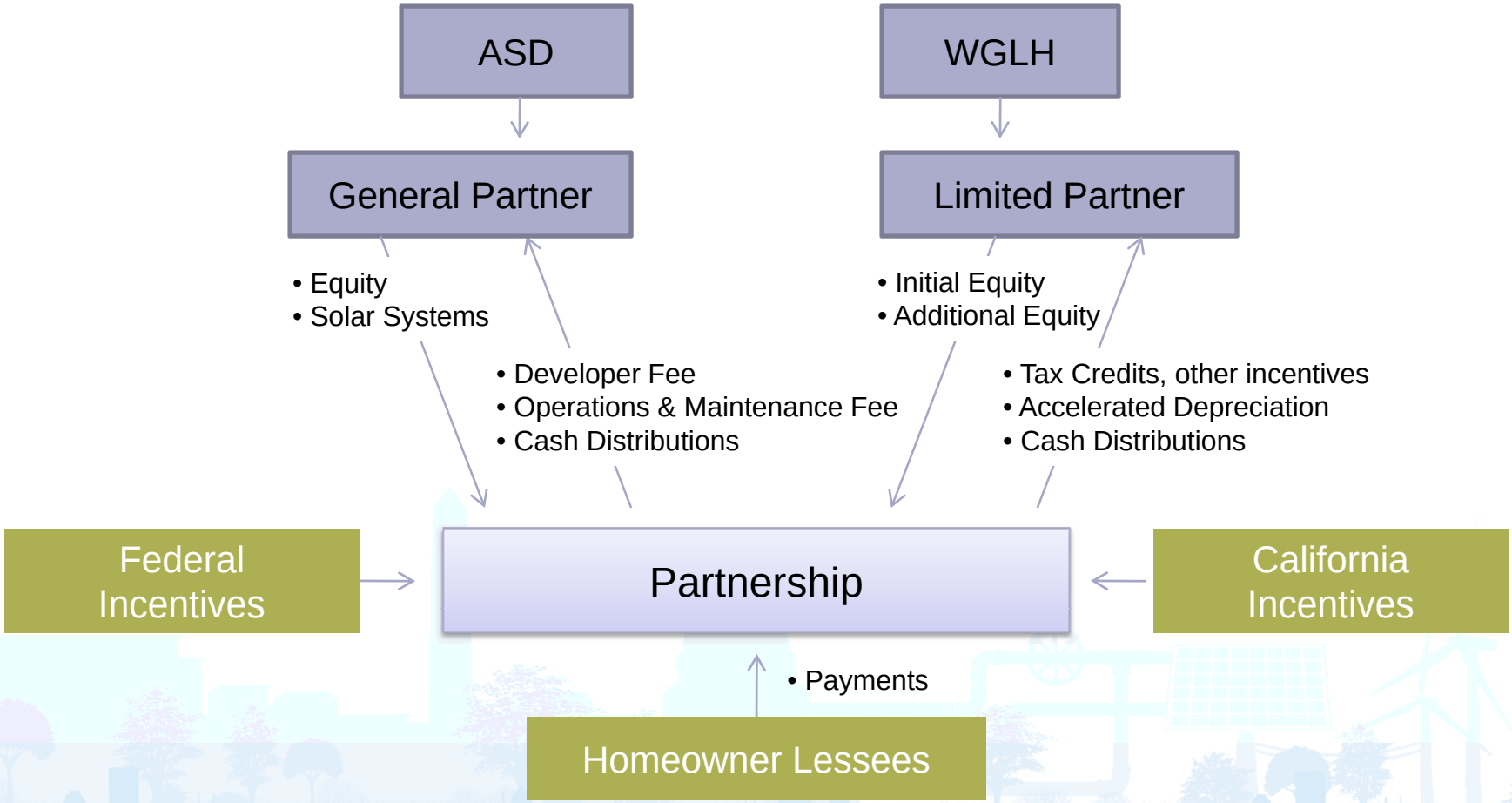
- Rate Strategy
- SAVE Program
- STRIDE Program
- Energy efficiency rebates (VA)
- Multi-family initiative
- Consumer outreach

- Commercial solar
- Residential solar
- Asset optimization
- Distributed generation
- Energy efficiency offerings

American Solar Direct: Overview

- **Deal Structure**
  - Equity investment in ASDHI
  - Tax equity partnership
- **Partnership's Business**
- **Customer Value Proposition**
  - Lower costs
  - Clean
  - Increased value of home
  - Customer service
- **Partnership's Business Model**
  - Partnership Flip

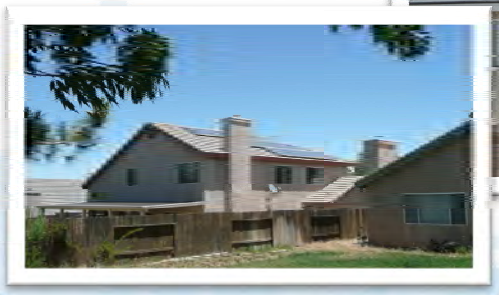
American Solar Direct: Tax Equity Partnership



American Solar Direct: Financial Highlights

American Solar Direct

- $50 million nominal investment over 2-3 years
- Peak cash requirement less than $20 million
- All cash returned by year 8
- Long-term EPS impact $0.03 - $0.04 annually



Capitol Energy Ventures Corp.

- Establishing long-term position
  - 20+ year storage contracts
  - 3.0 Bcf currently under contract
  - Additional long-term opportunities being pursued
- Enhancing long-term position with Asset Management Arrangements
  - 10 Bcf storage under management
  - 400,000 Dth / day transportation under management
- Minimal Impact for FY11 Earnings

Washington Gas Energy Systems

Design/Build Energy Systems

Clean and/or Renewable Onsite Generation

Energy Efficiency Solutions

Professional Services

Financial Solutions

Opportunities that leverage our strengths and deliver value to our stakeholders

Washington Gas Energy Systems: 2010

Challenges

- Macro-economic conditions
- GSA policy shift to set-aside
- Delays related to Stimulus Funding

Responses

- Maintained strength in existing markets
- Increased market offerings
- Strengthened business infrastructure

Results

- Surpassed $100MM in contract backlog

Washington Gas Energy Systems: Platform for Growth

Historical
- Federal
- District of Columbia
- Design-build HVAC
- Energy Efficiency

Current (Additional)
- Set aside partnerships
- Building Envelope
- Commercial Solar
- On-site Generation

Future (Planned)
- Additional verticals
  - Higher/Secondary Education
  - County/Municipal Government
- Geographic Expansion
- Other clean-tech
  - Fuel-Cells