

**WGL HOLDINGS, INC. (CONSOLIDATED)**  
**RECONCILIATION OF REPORTED GAAP EARNINGS (LOSS) PER SHARE AND**  
**ADJUSTED EARNINGS (LOSS) PER SHARE**  
*(Unaudited)*

**November 30, 2005**

The reconciliation below is provided to demonstrate management's utilization of historical earnings (loss) per share, as derived in accordance with Generally Accepted Accounting Principles in the United States of America (GAAP), and adjusted earnings (loss) per share from normal operations, a non-GAAP measure. This reconciliation is provided to more clearly identify the results from normal operations for **WGL Holdings, Inc. and its consolidated subsidiaries** (the Company), and identify certain unique transactions that are not expected to repeat. This information should assist investors and analysts to track progress towards achieving the Company's five-year financial objectives, which are based on normal weather and uninfluenced by single, one-time, non-repeating transactions.

Utilization of normal weather is an industry standard, and it is the practice of the Company to provide estimates and guidance on the basis of normal weather. Actual performance and results may vary from normal weather projections and the Company consistently identifies and explains this variation to assist users in the analysis of actual results versus the guidance. There may be other uses for the data, and the Company does not imply that this is the only use or the best use of this data for purposes of this analysis.

**WGL Holdings, Inc. (Consolidated)**  
**Reconciliation of Reported GAAP Earnings Per Share to**  
**Adjusted Earnings Per Share from Normal Operations**  
**Fiscal Years Ended September 30, 2005 and 2004**

	Fiscal Year Ended September 30,	
	2005	2004
<b>GAAP diluted earnings per share</b>	<b>\$ 2.11</b>	<b>\$ 1.98</b>
Adjustments for:		
Colder-than-normal weather	<b>(0.10)</b>	(0.20)
Income tax adjustment	<b>(0.05)</b>	-
Impairment of commercial HVAC intangible asset	<b>0.03</b>	0.03
Retroactive depreciation related to Virginia rate order	-	0.04
Net gain on the sale of real estate	-	(0.12)
<b>Adjusted earnings per share from normal operations</b>	<b>\$ 1.99</b>	<b>\$ 1.73</b>

**WGL Holdings, Inc. (Consolidated)**  
**Reconciliation of Reported GAAP Earnings (Loss) Per Share to**  
**Adjusted Earnings (Loss) Per Share from Normal Operations**  
**Fiscal Year 2005 By Quarter <sup>(1)</sup>**

	Fiscal Year 2005 Results					Year-To- Date
	Quarter Ended					
	Dec. 31	Mar. 31	Jun. 30	Sept. 30		
<b>GAAP diluted earnings (loss) per share</b>	\$ 0.88	\$ 1.63	\$ (0.17)	\$ (0.23)	\$ 2.11	
Adjustments for:						
Colder-than-normal weather	-	(0.10)	-	-	(0.10)	
Income tax adjustment	-	-	-	(0.05)	(0.05)	
Impairment of commercial HVAC intangible asset	-	-	-	0.03	0.03	
<b>Adjusted diluted earnings (loss) per share from normal operations</b>	\$ 0.88	\$ 1.53	\$ (0.17)	\$ (0.25)	\$ 1.99	

**WGL Holdings, Inc. (Consolidated)**  
**Reconciliation of Reported GAAP Earnings (Loss) Per Share to**  
**Adjusted Earnings (Loss) Per Share from Normal Operations**  
**Fiscal Year 2004 By Quarter <sup>(1)</sup>**

	Fiscal Year 2004 Results					Year-To- Date
	Quarter Ended					
	Dec. 31	Mar. 31	Jun. 30	Sept. 30		
<b>GAAP diluted earnings (loss) per share</b>	\$ 0.81	\$ 1.62	\$ (0.08)	\$ (0.37)	\$ 1.98	
Adjustments for:						
Colder-than-normal weather	-	(0.20)	-	-	(0.20)	
Retroactive depreciation related to Virginia rate order	0.04	-	-	-	0.04	
Net gain on the sale of real estate	-	(0.12)	-	-	(0.12)	
Impairment of commercial HVAC intangible asset	-	-	-	0.03	0.03	
<b>Adjusted diluted earnings (loss) per share from normal operations</b>	\$ 0.85	\$ 1.30	\$ (0.08)	\$ (0.34)	\$ 1.73	

<sup>(1)</sup> Quarterly earnings (loss) per share may not sum to year-to-date or annual earnings (loss) per share as quarterly calculations are based on weighted average common shares outstanding which may vary for each of those periods.

**WGL HOLDINGS, INC. (REGULATED UTILITY SEGMENT)**  
**RECONCILIATION OF REPORTED GAAP EARNINGS (LOSS) PER SHARE AND**  
**ADJUSTED EARNINGS (LOSS) PER SHARE**  
*(Unaudited)*

**November 30, 2005**

The reconciliation below is provided to demonstrate management's utilization of historical earnings (loss) per share, as derived in accordance with Generally Accepted Accounting Principles in the United States of America (GAAP), and adjusted earnings (loss) per share from normal operations, a non-GAAP measure. This reconciliation is provided to more clearly identify the results from normal operations for the Company's **regulated utility segment**, and identify certain unique transactions that are not expected to repeat. This information should assist investors and analysts to track progress towards achieving the Company's five-year financial objectives, which are based on normal weather and uninfluenced by single, one-time, non-repeating transactions.

Utilization of normal weather is an industry standard, and it is the practice of the Company to provide estimates and guidance on the basis of normal weather. Actual performance and results may vary from normal weather projections, and the Company consistently identifies and explains this variation to assist users in the analysis of actual results versus the guidance. There may be other uses for the data, and the Company does not imply that this is the only use or the best use of this data for purposes of this analysis.

**WGL Holdings, Inc. (Regulated Utility Segment)**  
**Reconciliation of Reported GAAP Earnings Per Share to**  
**Adjusted Earnings Per Share from Normal Operations**  
**Fiscal Years Ended September 30, 2005 and 2004**

	Fiscal Year Ended September 30,	
	2005	2004
<b>GAAP diluted earnings per share</b>	<b>\$ 1.79</b>	<b>\$ 1.82</b>
Adjustments for:		
Colder-than-normal weather	<b>(0.10)</b>	(0.20)
Income tax adjustment	<b>(0.05)</b>	-
Retroactive depreciation related to Virginia rate order	-	0.04
<b>Adjusted earnings per share from normal operations</b>	<b>\$ 1.64</b>	<b>\$ 1.66</b>

**WGL Holdings, Inc. (Regulated Utility Segment)**  
**Reconciliation of Reported GAAP Earnings (Loss) Per Share to**  
**Adjusted Earnings (Loss) Per Share from Normal Operations**  
**Fiscal Year 2005 By Quarter <sup>(1)</sup>**

	Fiscal Year 2005 Results					Year-To- Date
	Quarter Ended					
	Dec. 31	Mar. 31	Jun. 30	Sept. 30		
<b>GAAP diluted earnings (loss) per share</b>	\$ 0.81	\$ 1.52	\$ (0.23)	\$ (0.33)	\$ 1.79	
Adjustments for:						
Colder-than-normal weather	-	(0.10)	-	-	(0.10)	
Income tax adjustment	-	-	-	(0.05)	(0.05)	
<b>Adjusted diluted earnings (loss) per share from normal operations</b>	\$ 0.81	\$ 1.42	\$ (0.23)	\$ (0.38)	\$ 1.64	

**WGL Holdings, Inc. (Regulated Utility Segment)**  
**Reconciliation of Reported GAAP Earnings (Loss) Per Share to**  
**Adjusted Earnings (Loss) Per Share from Normal Operations**  
**Fiscal Year 2004 By Quarter <sup>(1)</sup>**

	Fiscal Year 2004 Results					Year-To- Date
	Quarter Ended					
	Dec. 31	Mar. 31	Jun. 30	Sept. 30		
<b>GAAP diluted earnings (loss) per share</b>	\$ 0.71	\$ 1.54	\$ (0.09)	\$ (0.35)	\$ 1.82	
Adjustments for:						
Colder-than-normal weather	-	(0.20)	-	-	(0.20)	
Retroactive depreciation related to Virginia rate order	0.04	-	-	-	0.04	
<b>Adjusted diluted earnings (loss) per share from normal operations</b>	\$ 0.75	\$ 1.34	\$ (0.09)	\$ (0.35)	\$ 1.66	

<sup>(1)</sup> Quarterly earnings (loss) per share may not sum to year-to-date or annual earnings (loss) per share as quarterly calculations are based on weighted average common shares outstanding which may vary for each of those periods.

**RECONCILIATION OF NET INCOME TO FREE CASH FLOW**  
(Unaudited)

**November 30, 2005**

The analysis below provides information used by management to evaluate free cash flow, a measure defined by the Company but that is not derived in accordance with Generally Accepted Accounting Principles in the United States of America (GAAP). Management utilizes this data to determine the ability of the Company to generate sufficient cash from internal operations to finance long-term investments, most notably capital expenditures. The assumption for this analysis is that changes in working capital and changes in cash from other assets and other liabilities have no impact on free cash flow because they net to zero when combined over a period of several years. This liquidity measure, *Free Cash Flow*, is a non-GAAP measure that is reconciled below to *Net income* and *Net Cash Flow Provided by Operating Activities*, which are derived in accordance with GAAP.

This measure can be further used to evaluate trends of the Company's future needs for external debt and equity financing. This data can also be utilized to compare the Company to its peers. Free cash flow, as defined and utilized by the Company, does not relate to cash available for discretionary expenditures. There are other uses for this data in addition to that described herein and the Company does not imply that this is the only use or the best use of this data and this analysis.

**ANALYSIS OF TOTAL FREE CASH FLOW IN EXCESS OF CAPITAL EXPENDITURES**

	Fiscal Year Ended September 30,	
<i>(Thousands)</i>	2005	2004
<b>GAAP net income (applicable to common stock)</b>	<b>\$ 103,493</b>	\$ 96,637
Depreciation and amortization	94,627	96,245
Change in deferred income taxes – accelerated depreciation	5,373	28,291
Adjusted cash available before dividends	203,493	221,173
Dividends on common stock	<b>(64,024)</b>	(62,746)
Total free cash flow (Non-GAAP Measure)	<b>139,469</b>	158,427
Less: Capital expenditures (a)	<b>(124,257)</b>	(113,439)
<b>Total Free Cash Flow in Excess of Capital Expenditures</b>	<b>\$ 15,212</b>	\$ 44,988

(a) Excludes Allowance for Funds Used During Construction. Includes capital expenditures accrued as of the end of the fiscal year.

**RECONCILIATION OF ANALYSIS OF TOTAL FREE CASH FLOW IN EXCESS OF  
CAPITAL EXPENDITURES TO GAAP-BASED NET CASH PROVIDED  
BY OPERATING ACTIVITIES**

	Fiscal Year Ended September 30,	
<i>(Thousands)</i>	2005	2004
<b>GAAP net cash provided by operating activities</b>	<b>\$ 232,498</b>	\$ 237,668
Adjustments for:		
Deferred income taxes, except for accelerated depreciation	<b>(2,275)</b>	113
Other, principally changes in assets and liabilities	<b>(26,730)</b>	(16,608)
Adjusted cash available before dividends	203,493	221,173
Dividends on common stock	<b>(64,024)</b>	(62,746)
<b>Total Free Cash Flow (Non-GAAP Measure)</b>	<b>\$ 139,469</b>	\$ 158,427