

WGL HOLDINGS, INC.
USE OF NON-GAAP OPERATING EARNINGS (LOSS) PER SHARE
(Unaudited)

The attached reconciliations are provided to clearly identify adjustments made to diluted earnings (loss) per average common share calculated in accordance with Generally Accepted Accounting Principles in the United States of America (GAAP) to derive non-GAAP operating earnings (loss) per share. Management believes non-GAAP operating earnings (loss) per share provides a more meaningful representation of our earnings from ongoing operations by excluding the effects of: (i) warmer-than-normal/colder-than-normal weather; (ii) certain unusual transactions and (iii) unrealized mark-to-market gains and losses from energy-related derivatives. This presentation facilitates analysis by providing a consistent and comparable measure to help management, investors and analysts better understand and evaluate our operating results and performance trends. Additionally, we use this non-GAAP measure to report to the board of directors, evaluate management's performance and for incentive compensation purposes.

We exclude from non-GAAP operating earnings (loss) per share the effects of warmer-than-normal/colder-than-normal weather to "normalize" weather. Utilization of normal weather is an industry standard, and it is our practice to evaluate our rate-regulated revenues by utilizing normal weather and to provide estimates and guidance on the basis of normal weather. Additionally, we exclude unrealized mark-to-market adjustments for our energy-related derivatives to provide a more transparent and accurate view of the ongoing financial results of our operations. When these derivatives settle, the economic impact is reflected in our non-GAAP operating results, as we are only removing the interim unrealized mark-to-market amounts which are ultimately reversed when the derivatives are settled. These non-GAAP adjustments also assist both management and investors in analyzing period-to-period comparisons.

There are limits in using non-GAAP operating earnings (loss) per share to analyze our results, as it is not prepared in accordance with GAAP and may be different from non-GAAP financial measures used by other companies. In addition, using non-GAAP operating earnings (loss) per share to analyze our earnings may have limited value as it excludes certain items that may have a material impact on our reported financial results. We compensate for these limitations by providing investors with the attached reconciliations to diluted earnings (loss) per average common share, the most directly comparable GAAP financial measure.

WGL HOLDINGS, INC. (Consolidating by Segment)
RECONCILIATION OF GAAP DILUTED EARNINGS (LOSS) PER AVERAGE COMMON SHARE TO
NON-GAAP OPERATING EARNINGS (LOSS) PER SHARE
(Unaudited)

Quarter Ended December 31, 2007

	Regulated Utility	Retail Energy- Marketing	HVAC	Other Activities	Consolidated
GAAP diluted earnings (loss) per average common share	\$ 0.89	\$ 0.07	\$ 0.01	\$ (0.02)	\$ 0.95
Adjusted for:					
Reversal of costs related to business process outsourcing (a)	(0.02)	-	-	-	(0.02)
Unrealized mark-to-market loss on energy-related derivatives (b)	0.03	0.02	-	-	0.05
Other regulatory adjustments (c)	(0.02)	-	-	-	(0.02)
Non-GAAP operating earnings (loss) per share	\$ 0.88	\$ 0.09	\$ 0.01	\$ (0.02)	\$ 0.96

Quarter Ended December 31, 2006

	Regulated Utility	Retail Energy- Marketing	HVAC	Other Activities	Consolidated
GAAP diluted earnings (loss) per average common share	\$ 0.88	\$ 0.05	\$ -	\$ (0.01)	\$ 0.92
Adjusted for:					
Retroactive depreciation expense adjustment (d)	(0.05)	-	-	-	(0.05)
Unrealized mark-to-market loss on energy-related derivatives (b)	-	0.03	-	-	0.03
Non-GAAP operating earnings (loss) per share	\$ 0.83	\$ 0.08	\$ -	\$ (0.01)	\$ 0.90

WGL HOLDINGS, INC. (Consolidated by Quarter)
RECONCILIATION OF GAAP DILUTED EARNINGS (LOSS) PER AVERAGE COMMON SHARE TO
NON-GAAP OPERATING EARNINGS (LOSS) PER SHARE
(Unaudited)

Fiscal Year 2008

	Quarterly Period Ended				
	Dec. 31	Mar. 31	Jun. 30	Sept. 30	Year-To-Date
GAAP diluted earnings per average common share	\$ 0.95				\$ 0.95
Adjusted for:					
Reversal of costs related to business process outsourcing (a)	(0.02)				(0.02)
Unrealized mark-to-market loss on energy-related derivatives (b)	0.05				0.05
Other regulatory adjustments (c)	(0.02)				(0.02)
Non-GAAP operating earnings per share	\$ 0.96				\$ 0.96

Fiscal Year 2007

	Quarterly Period Ended				
	Dec. 31	Mar. 31	Jun. 30	Sept. 30	Year-To-Date
GAAP diluted earnings per average common share	\$ 0.92				\$ 0.92
Adjusted for:					
Retroactive depreciation expense adjustment (d)	(0.05)				(0.05)
Unrealized mark-to-market loss on energy-related derivatives (b)	0.03				0.03
Non-GAAP operating earnings per share	\$ 0.90				\$ 0.90

Footnotes:

- (a) Represents the reversal of expenses that were incurred in prior fiscal years for initial implementation costs allocable to the District of Columbia associated with our business process outsourcing plan. These costs were recorded to a regulatory asset in the first quarter of fiscal year 2008 upon approval of 10-year amortization accounting by the District of Columbia Public Service Commission in a December 28, 2007 Final Order.
- (b) Represents the change in the unrealized mark-to-market positions of our energy-related derivatives that were recorded to income during the period. For the regulated utility segment, to the extent that our unrealized mark-to-market gains and losses are not shared with customers, these amounts are recorded directly to income. All unrealized mark-to-market gains and losses for the retail-energy marketing segment are recorded directly to income.
- (c) Represents favorable regulatory adjustments made during the first quarter of fiscal year 2008 applicable to prior fiscal years due to revised treatment for hexane costs in Maryland and certain shared revenues in the District of Columbia.
- (d) Represents an adjustment that reduced depreciation expense applicable to the period from January 1, 2006, through September 30, 2006. This adjustment was recorded in the first quarter of fiscal year 2007 upon approval of new depreciation rates by the staff of the Virginia State Corporation Commission.

WGL HOLDINGS, INC.
RECONCILIATION OF GAAP EARNINGS GUIDANCE TO
NON-GAAP EARNINGS GUIDANCE
FISCAL YEAR ENDING SEPTEMBER 30, 2008

Consolidated

	Low	High
GAAP Earnings Guidance Range	\$ 2.30	\$2.40
Adjusted for:		
Reversal of costs related to business process outsourcing (a)	(0.02)	(0.02)
Unrealized mark-to-market loss on energy-related derivatives (b)	0.09	0.09
Other regulatory adjustments (c)	(0.02)	(0.02)
Non-GAAP Earnings Guidance Range	\$ 2.35	\$ 2.45

Regulated Utility Segment

	Low	High
GAAP Earnings Guidance Range	\$ 1.99	\$ 2.05
Adjusted for:		
Reversal of costs related to business process outsourcing (a)	(0.02)	(0.02)
Unrealized mark-to-market loss on energy-related derivatives (b)	0.02	0.02
Other regulatory adjustments (c)	(0.02)	(0.02)
Non-GAAP Earnings Guidance Range	\$ 1.97	\$ 2.03

Unregulated Business Segments

	Low	High
GAAP Earnings Guidance Range	\$ 0.31	\$ 0.35
Adjusted for:		
Unrealized mark-to-market loss on energy-related derivatives (a)	0.07	0.07
Non-GAAP Earnings Guidance Range	\$ 0.38	\$ 0.42

Footnotes:

- (a) Represents the reversal of expenses that were incurred in prior fiscal years for initial implementation costs allocable to the District of Columbia associated with our business process outsourcing plan. These expenses were reversed in the first quarter of fiscal year 2008 due to the approval of 10-year amortization accounting by the District of Columbia Public Service Commission in a December 28, 2007 Final Order.
- (b) Represents the estimated reversal of certain of our existing unrealized mark-to-market positions related to our energy derivatives that will be recorded to income during fiscal year 2008. For the regulated utility segment, to the extent that our unrealized mark-to-market gains and losses are not shared with customers, these amounts are recorded directly to income. All unrealized mark-to-market gains and losses for the retail-energy marketing segment are recorded directly to income.
- (c) Represents favorable regulatory adjustments made during the first quarter of fiscal year 2008 applicable to prior fiscal years due to revised treatment for hexane costs in Maryland and certain shared revenues in the District of Columbia.