

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For Quarter Ended June 30, 2001
Commission File Number 000-33049

New RC, Inc.
(Exact name of registrant as specified in its charter)

Delaware 52-2297449
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

1900 Pennsylvania Avenue, N.W., Washington, D.C. 20068
(Address of principal executive office) (Zip Code)

202-872-2000
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days.

Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

<u>Class</u>	<u>Outstanding at June 30, 2001</u>
Common Stock, \$0.01 par value	100

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NEW RC, INC.
CONSOLIDATED STATEMENTS OF EARNINGS AND RETAINED INCOME
FROM INCEPTION (FEBRUARY 9, 2001) THROUGH JUNE 30, 2001

REVENUE	\$ <u>-</u>
EXPENSES	\$ <u>-</u>
NET INCOME	\$ <u><u>-</u></u>
Retained Income at Beginning of Period	\$ -
Retained Income at End of Period	\$ -

The accompanying note is an integral part of this statement.

NEW RC, INC.
CONSOLIDATED BALANCE SHEET
AT JUNE 30, 2001

ASSETS

Cash	\$ <u><u>200</u></u>
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LIABILITIES AND SHAREHOLDER'S EQUITY

LIABILITIES	\$ -
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SHAREHOLDER'S EQUITY

Common Stock, \$.01 par value (Note 1):	
100 shares authorized, issued and outstanding	1
Additional Paid-in-Capital	<u>199</u>
Total Liabilities and Shareholder's Equity	\$ <u><u>200</u></u>

The accompanying note is an integral part of this statement.

NEW RC, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
FROM INCEPTION (FEBRUARY 9, 2001) THROUGH JUNE 30, 2001

FINANCING ACTIVITIES

Issuance of New RC common stock	<u>\$200</u>
Net Increase in Cash and Cash Equivalents	\$200
Cash and Cash Equivalents at Beginning of Period	<u>\$ -</u>
Cash and Cash Equivalents at End of Period	<u>\$200</u>

The accompanying note is an integral part of this statement.

NOTE TO CONSOLIDATED FINANCIAL STATEMENTS

(1) Formation and Organization

Organization

New RC, Inc. (New RC) was incorporated under the laws of Delaware on February 9, 2001, as a wholly owned subsidiary of Potomac Electric Power Company (Pepco). New RC has issued 100 shares of common stock (with a par value of \$.01), all of which are owned by Pepco. New RC has not commenced operations and therefore as of June 30, 2001 has no operating results. New RC will be a holding company registered under the Public Utility Holding Company Act of 1935, as amended.

Pepco, New RC, and Conectiv (a Delaware corporation), entered into an Agreement and Plan of Merger (Agreement) on February 9, 2001, providing for a reorganization in which two wholly owned and newly formed subsidiaries of New RC will merge with and into Pepco and Conectiv, respectively. As a result of these mergers, Pepco and Conectiv will be wholly owned subsidiaries of New RC and existing Pepco and Conectiv shareholders will own all outstanding shares of New RC. The Agreement is expected to close shortly after all of the conditions to the consummation of the Agreement, including obtaining applicable regulatory approvals, are met or waived. The regulatory approval process is expected to take approximately 12 to 18 months from the date of the Agreement. The transaction will be accounted for as a purchase of Conectiv by Pepco under the purchase accounting method, and the total consideration of approximately \$2.2 billion will consist of 50% in cash and 50% in stock. Pepco's historical financial statements will become the historical financial statements of New RC upon the consummation of the transaction, which is expected to close in early 2002.

The transaction has received approval from both Pepco's and Conectiv's shareholders. Additionally, antitrust clearance has been received under the Hart-Scott-Rodino Antitrust Improvements Act (HSR) effective August 7, 2001. HSR provides the Federal Trade Commission and the Justice Department the opportunity to review the proposed transaction prior to its completion to ensure it will not violate antitrust laws.

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This Quarterly Report on Form 10-Q will automatically be incorporated by reference in the Prospectus constituting part of New RC, Inc.'s Registration Statement on Form S-4 (Number 333-57042), filed under the Securities Act of 1933.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF CONSOLIDATED RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Refer to Note 1, Formation and Organization, herein.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

New RC, Inc.
Registrant

By: D.R. WRAASE
D. R. Wraase
President and Treasurer

August 8, 2001
Date