

**POTOMAC ELECTRIC POWER COMPANY
NAMED EXECUTIVE OFFICER 2005 COMPENSATION DETERMINATIONS**

The following table sets forth for each Named Executive Officer of Potomac Electric Power Company ("Pepco") (which officers were determined by reference to SEC Regulation S-K, Item 402(a)(3) based on 2003 compensation, or in the case of Mr. Rigby, 2004 compensation) information concerning determinations made with respect to the compensation paid or payable for services in all capacities to PHI and its subsidiaries, including Pepco, consisting of (i) the establishment of base salary for 2005, (ii) the determination of the annual bonus for 2004, and (iii) the determination of the long-term incentive plan payout for the performance cycle ending in 2004.

<u>Name</u>	<u>Title</u>	<u>2005 Base Salary</u>	<u>2004 Annual Bonus (1)</u>	<u>2005 Incentive Plan Payout (2)</u>
Dennis R. Wraase	Chairman and Chief Executive Officer	\$825,000	\$438,588	\$197,069
Joseph M. Rigby	Senior Vice President and Chief Financial Officer	\$350,000	\$119,786	\$ 72,088
Andrew W. Williams	Senior Vice President	\$340,000	\$132,132	\$115,962
William J. Sim	President and Chief Operating Officer	\$270,000	\$113,411	\$ 76,353
Kirk J. Emge	General Counsel	\$242,000	\$ 70,574	\$ 33,500
John M. Derrick, Jr.	(3)	(3)	\$201,451	\$396,182

- (1) Consists of awards under the PHI Annual Executive Incentive Compensation Plan based on the extent to which the following pre-established criteria were satisfied: (1) earnings relative to the corporate plan, (2) cost containment and (3) electric system reliability.
- (2) In 2002, PHI granted performance award opportunities under PHI's Merger Integration Success Program, a component of PHI's Long-Term Incentive Plan pursuant to which the recipient was entitled to earn some or all of the maximum award of shares of PHI's common stock, par value \$.01 per share (the "Common Stock"), based on PHI's performance and the extent to which operating efficiencies and expense reduction goals were attained through December 31, 2004. On March 11, 2005, the PHI Compensation/Human Resources Committee approved the vesting of the awards. The value of the vested Common Stock has been calculated by multiplying the number of vested shares by the market price of the Common Stock on the day preceding the vesting date.
- (3) Retired June 1, 2004.

Each of the Pepco Named Executive Officers (with the exception of Mr. Derrick) participates in the PHI Annual Executive Incentive Compensation Plan (the "Plan"). For 2005, the PHI Compensation/Human Resources Committee established (1) earnings relative to the corporate plan, (2) cash available for debt reduction, (3) electric system reliability, (4) diversity and (5) safety as the performance goals for executives of PHI in order to earn cash bonus awards under the Plan.