

**Allocation of Pymt (To)/From Subs**

- 1 % of Pymt Due
- 2 Annualization Factor
- 3 Environmental Tax
- 4 Quarter

Code:

|  | Potomac Capital Markets Corp. | Potomac Capital Joint Leasing | PCI Queensland | PCI Energy Corp. | Potomac Nevada Corp. | PCI Nevada Corp. | Potomac Nev. Leasing Corp. | Potomac Harmans Corp. | Potomac Nev. Invest. Corp. | Potomac Cap. Invest. Corp. | Potomac Air Leasing Corp. | American Energy Corp. | PCI-BT Investing |
|--|-------------------------------|-------------------------------|----------------|------------------|----------------------|------------------|----------------------------|-----------------------|----------------------------|----------------------------|---------------------------|-----------------------|------------------|
|--|-------------------------------|-------------------------------|----------------|------------------|----------------------|------------------|----------------------------|-----------------------|----------------------------|----------------------------|---------------------------|-----------------------|------------------|

Regular Tax  
**Regular Taxable Income**  
Tax Rate

Tax Expense (Benefit)  
Tax Annualized  
Percent of Tax Due

ES Pymt Required

Regular Taxable Income  
Add: Adjustments  
    Dep MACRS > ADS  
    Adjusted Gain or Loss  
Add: Preferences  
ACE Adjustment @ 75%

**ALT MIN Taxable Income**  
ALT MIN Tax Rate  
ALT MIN Tax  
Annualized ALT MIN Tax  
Percent of Tax Due

**Pymt Required**

TMT/Regular Tax Liability  
Excess TMT Companies  
Consolidated AMT Allocation  
Regular Estimated Tax

**Tax Sharing Agreement**

- Step 1: Regular tax allocated to companies w/Taxable Inc
- Step 2: Allocation of excess separate regular Tax Liability
- Step 2A: Allocation of Non Acquisition Debt
- Step 3: Allocation to companies with regular taxable losses

Total Tax by entity

Carryforward NOL  
Utilization of NOL  
Utilization of NOL (Non-Acq Debt)  
Balance of NOL

Total Tax Due by Entity after NOL Carryforward

**AMT**

**Tax Sharing Agreement**

- Step 1: AMT tax allocated to companies w/Taxable Inc
- Step 2: Allocation of excess separate AMT Tax Liability
- Step 2A: Allocation of Non Acquisition Debt
- Step 3: Allocation to companies with AMT taxable losses

Total Tax by entity

Carryforward NOL  
Utilization of NOL  
Utilization of NOL (Non-Acq Debt)  
Balance of NOL

Total Tax Due by Entity after NOL Carryforward  
Overpayment (Allocated to profitable entities)

**Net Payment <to> from Subs @ 4/15/05**  
**Net Payment <to> from Subs @ 6/15/05**  
**Net Payment <to> from Subs @ 9/15/05**  
**Net Payment <to> from Subs @ 12/15/05**  
**Adjustment for Overpayment**

**Additional Payment <to> from Subs**

**Total Payment <to> from Subs**

\* Filed under request for confidential treatment pursuant to Rule 104(b) of the Public Utility Holding Company Act of 1935.

**Allocation of Pymt (To)/From Subs**

- 1 % of Pymt Due
- 2 Annualization Factor
- 3 Environmental Tax
- 4 Quarter

Code:

| Regular Tax | Edison Place LLC | Potomac Air Leasing Corp. | Potomac Equip. Leasing Corp. | Severn | Pepco Enterprises | Nextgate | Edison Capital | Pepco Technologies | W.A. Chester | Pepco Communications | Pepco Energy Services Losses | Pepco Energy Services Income | Conectiv | Delmarva Power | Atlantic City Electric |
|-------------|------------------|---------------------------|------------------------------|--------|-------------------|----------|----------------|--------------------|--------------|----------------------|------------------------------|------------------------------|----------|----------------|------------------------|
|-------------|------------------|---------------------------|------------------------------|--------|-------------------|----------|----------------|--------------------|--------------|----------------------|------------------------------|------------------------------|----------|----------------|------------------------|

**Regular Taxable Income**

Tax Rate

Tax Expense (Benefit)  
Tax Annualized  
Percent of Tax Due

ES Pymt Required

Regular Taxable Income  
Add: Adjustments  
    Dep MACRS > ADS  
    Adjusted Gain or Loss  
Add: Preferences  
ACE Adjustment @ 75%

**ALT MIN Taxable Income**  
ALT MIN Tax Rate  
ALT MIN Tax  
Annualized ALT MIN Tax  
Percent of Tax Due

**Pymt Required**

TMT/Regular Tax Liability  
Excess TMT Companies  
Consolidated AMT Allocation  
Regular Estimated Tax

**Tax Sharing Agreement**

Step 1: Regular tax allocated to companies w/Taxable Inc  
Step 2: Allocation of excess separate regular Tax Liability  
Step 2A: Allocation of Non Acquisition Debt  
Step 3: Allocation to companies with regular taxable losses

Total Tax by entity

Carryforward NOL  
Utilization of NOL  
Utilization of NOL (Non-Acq Debt)  
Balance of NOL

Total Tax Due by Entity after NOL Carryforward

**AMT**

**Tax Sharing Agreement**

Step 1: AMT tax allocated to companies w/Taxable Inc  
Step 2: Allocation of excess separate AMT Tax Liability  
Step 2A: Allocation of Non Acquisition Debt  
Step 3: Allocation to companies with AMT taxable losses

Total Tax by entity

Carryforward NOL  
Utilization of NOL  
Utilization of NOL (Non-Acq Debt)  
Balance of NOL

Total Tax Due by Entity after NOL Carryforward  
Overpayment (Allocated to profitable entities)

**Net Payment <to> from Subs @ 4/15/05**  
**Net Payment <to> from Subs @ 6/15/05**  
**Net Payment <to> from Subs @ 9/15/05**  
**Net Payment <to> from Subs @ 12/15/05**  
**Adjustment for Overpayment**

**Additional Payment <to> from Subs**

**Total Payment <to> from Subs**

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**Allocation of Pymt (To)/From Subs**

- 1 % of Pymt Due
- 2 Annualization Factor
- 3 Environmental Tax
- 4 Quarter

Code:

|   | PHI Operating Services Co. | DE Operating Services Co. | PHI Service Company | Conectiv Prop. & Inv. | Conectiv Mid Merit LLC | Conectiv Oper. Services Co. | DCTC Burney Energy Supply | Conectiv Energy Supply | Conectiv Del. Generation | ACE REIT | Conectiv Atl. Generaion | Conectiv Mid-Merit | Conectiv Energy Holding | Conectiv Bethlehem | Conectiv Plumbing |
|---|----------------------------|---------------------------|---------------------|-----------------------|------------------------|-----------------------------|---------------------------|------------------------|--------------------------|----------|-------------------------|--------------------|-------------------------|--------------------|-------------------|
| Regular Tax   |                            |                           |                     |                       |                        |                             |                           |                        |                          |          |                         |                    |                         |                    |                   |
| <b>Regular Taxable Income</b>                               |                            |                           |                     |                       |                        |                             |                           |                        |                          |          |                         |                    |                         |                    |                   |
| Tax Rate  |                            |                           |                     |                       |                        |                             |                           |                        |                          |          |                         |                    |                         |                    |                   |
| Tax Expense (Benefit)                                       |                            |                           |                     |                       |                        |                             |                           |                        |                          |          |                         |                    |                         |                    |                   |
| Tax Annualized  |                            |                           |                     |                       |                        |                             |                           |                        |                          |          |                         |                    |                         |                    |                   |
| Percent of Tax Due  |                            |                           |                     |                       |                        |                             |                           |                        |                          |          |                         |                    |                         |                    |                   |
| ES Pymt Required  |                            |                           |                     |                       |                        |                             |                           |                        |                          |          |                         |                    |                         |                    |                   |
| Regular Taxable Income                                      |                            |                           |                     |                       |                        |                             |                           |                        |                          |          |                         |                    |                         |                    |                   |
| Add: Adjustments  |                            |                           |                     |                       |                        |                             |                           |                        |                          |          |                         |                    |                         |                    |                   |
| Dep MACRS > ADS   |                            |                           |                     |                       |                        |                             |                           |                        |                          |          |                         |                    |                         |                    |                   |
| Adjusted Gain or Loss                                       |                            |                           |                     |                       |                        |                             |                           |                        |                          |          |                         |                    |                         |                    |                   |
| Add: Preferences  |                            |                           |                     |                       |                        |                             |                           |                        |                          |          |                         |                    |                         |                    |                   |
| ACE Adjustment @ 75%  |                            |                           |                     |                       |                        |                             |                           |                        |                          |          |                         |                    |                         |                    |                   |
| <b>ALT MIN Taxable Income</b>                               |                            |                           |                     |                       |                        |                             |                           |                        |                          |          |                         |                    |                         |                    |                   |
| ALT MIN Tax Rate  |                            |                           |                     |                       |                        |                             |                           |                        |                          |          |                         |                    |                         |                    |                   |
| ALT MIN Tax   |                            |                           |                     |                       |                        |                             |                           |                        |                          |          |                         |                    |                         |                    |                   |
| Annualized ALT MIN Tax                                      |                            |                           |                     |                       |                        |                             |                           |                        |                          |          |                         |                    |                         |                    |                   |
| Percent of Tax Due  |                            |                           |                     |                       |                        |                             |                           |                        |                          |          |                         |                    |                         |                    |                   |
| <b>Pymt Required</b>  |                            |                           |                     |                       |                        |                             |                           |                        |                          |          |                         |                    |                         |                    |                   |
| TMT/Regular Tax Liability                                   |                            |                           |                     |                       |                        |                             |                           |                        |                          |          |                         |                    |                         |                    |                   |
| Excess TMT Companies  |                            |                           |                     |                       |                        |                             |                           |                        |                          |          |                         |                    |                         |                    |                   |
| Consolidated AMT Allocation                                 |                            |                           |                     |                       |                        |                             |                           |                        |                          |          |                         |                    |                         |                    |                   |
| Regular Estimated Tax                                       |                            |                           |                     |                       |                        |                             |                           |                        |                          |          |                         |                    |                         |                    |                   |
| <b>Tax Sharing Agreement</b>                                |                            |                           |                     |                       |                        |                             |                           |                        |                          |          |                         |                    |                         |                    |                   |
| Step 1: Regular tax allocated to companies w/Taxable Inc    |                            |                           |                     |                       |                        |                             |                           |                        |                          |          |                         |                    |                         |                    |                   |
| Step 2: Allocation of excess separate regular Tax Liability |                            |                           |                     |                       |                        |                             |                           |                        |                          |          |                         |                    |                         |                    |                   |
| Step 2A: Allocation of Non Acquisition Debt                 |                            |                           |                     |                       |                        |                             |                           |                        |                          |          |                         |                    |                         |                    |                   |
| Step 3: Allocation to companies with regular taxable losses |                            |                           |                     |                       |                        |                             |                           |                        |                          |          |                         |                    |                         |                    |                   |
| Total Tax by entity   |                            |                           |                     |                       |                        |                             |                           |                        |                          |          |                         |                    |                         |                    |                   |
| Carryforward NOL  |                            |                           |                     |                       |                        |                             |                           |                        |                          |          |                         |                    |                         |                    |                   |
| Utilization of NOL  |                            |                           |                     |                       |                        |                             |                           |                        |                          |          |                         |                    |                         |                    |                   |
| Utilization of NOL (Non-Acq Debt)                           |                            |                           |                     |                       |                        |                             |                           |                        |                          |          |                         |                    |                         |                    |                   |
| Balance of NOL  |                            |                           |                     |                       |                        |                             |                           |                        |                          |          |                         |                    |                         |                    |                   |
| Total Tax Due by Entity after NOL Carryforward              |                            |                           |                     |                       |                        |                             |                           |                        |                          |          |                         |                    |                         |                    |                   |
| AMT   |                            |                           |                     |                       |                        |                             |                           |                        |                          |          |                         |                    |                         |                    |                   |
| <b>Tax Sharing Agreement</b>                                |                            |                           |                     |                       |                        |                             |                           |                        |                          |          |                         |                    |                         |                    |                   |
| Step 1: AMT tax allocated to companies w/Taxable Inc        |                            |                           |                     |                       |                        |                             |                           |                        |                          |          |                         |                    |                         |                    |                   |
| Step 2: Allocation of excess separate AMT Tax Liability     |                            |                           |                     |                       |                        |                             |                           |                        |                          |          |                         |                    |                         |                    |                   |
| Step 2A: Allocation of Non Acquisition Debt                 |                            |                           |                     |                       |                        |                             |                           |                        |                          |          |                         |                    |                         |                    |                   |
| Step 3: Allocation to companies with AMT taxable losses     |                            |                           |                     |                       |                        |                             |                           |                        |                          |          |                         |                    |                         |                    |                   |
| Total Tax by entity   |                            |                           |                     |                       |                        |                             |                           |                        |                          |          |                         |                    |                         |                    |                   |
| Carryforward NOL  |                            |                           |                     |                       |                        |                             |                           |                        |                          |          |                         |                    |                         |                    |                   |
| Utilization of NOL  |                            |                           |                     |                       |                        |                             |                           |                        |                          |          |                         |                    |                         |                    |                   |
| Utilization of NOL (Non-Acq Debt)                           |                            |                           |                     |                       |                        |                             |                           |                        |                          |          |                         |                    |                         |                    |                   |
| Balance of NOL  |                            |                           |                     |                       |                        |                             |                           |                        |                          |          |                         |                    |                         |                    |                   |
| Total Tax Due by Entity after NOL Carryforward              |                            |                           |                     |                       |                        |                             |                           |                        |                          |          |                         |                    |                         |                    |                   |
| Overpayment (Allocated to profitable entities)              |                            |                           |                     |                       |                        |                             |                           |                        |                          |          |                         |                    |                         |                    |                   |
| <b>Net Payment &lt;to&gt; from Subs @ 4/15/05</b>           |                            |                           |                     |                       |                        |                             |                           |                        |                          |          |                         |                    |                         |                    |                   |
| <b>Net Payment &lt;to&gt; from Subs @ 6/15/05</b>           |                            |                           |                     |                       |                        |                             |                           |                        |                          |          |                         |                    |                         |                    |                   |
| <b>Net Payment &lt;to&gt; from Subs @ 9/15/05</b>           |                            |                           |                     |                       |                        |                             |                           |                        |                          |          |                         |                    |                         |                    |                   |
| <b>Net Payment &lt;to&gt; from Subs @ 12/15/05</b>          |                            |                           |                     |                       |                        |                             |                           |                        |                          |          |                         |                    |                         |                    |                   |
| <b>Adjustment for Overpayment</b>                           |                            |                           |                     |                       |                        |                             |                           |                        |                          |          |                         |                    |                         |                    |                   |
| <b>Additional Payment &lt;to&gt; from Subs</b>              |                            |                           |                     |                       |                        |                             |                           |                        |                          |          |                         |                    |                         |                    |                   |
| <b>Total Payment &lt;to&gt; from Subs</b>                   |                            |                           |                     |                       |                        |                             |                           |                        |                          |          |                         |                    |                         |                    |                   |

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**Allocation of Pymt (To)/From Subs**

- 1 % of Pymt Due
- 2 Annualization Factor
- 3 Environmental Tax
- 4 Quarter

Code:

|   | Conectiv<br>Services | Conectiv<br>Communications | Conectiv<br>Penn.<br>Generation | Pedrick<br>General,<br>Inc. | Atlantic<br>Southern<br>Prop. | Atlantic<br>Generation | Vineland<br>Limited,<br>Inc. | Vineland<br>General,<br>Inc. | Binghamton<br>Limited, Inc. | Binghamton<br>General, Inc. | ATE<br>Investment | Conectiv<br>Solutions | Conectiv<br>Thermal,<br>Inc. | Atlantic<br>Jersey<br>Thermal<br>Systems | ATS<br>Operating<br>Services<br>Co. |
|---|----------------------|----------------------------|---------------------------------|-----------------------------|-------------------------------|------------------------|------------------------------|------------------------------|-----------------------------|-----------------------------|-------------------|-----------------------|------------------------------|--|-------------------------------------|
| Regular Tax   |                      |                            |                                 |                             |                               |                        |                              |                              |                             |                             |                   |                       |                              |  |                                     |
| <b>Regular Taxable Income</b>                               |                      |                            |                                 |                             |                               |                        |                              |                              |                             |                             |                   |                       |                              |  |                                     |
| Tax Rate  |                      |                            |                                 |                             |                               |                        |                              |                              |                             |                             |                   |                       |                              |  |                                     |
| Tax Expense (Benefit)                                       |                      |                            |                                 |                             |                               |                        |                              |                              |                             |                             |                   |                       |                              |  |                                     |
| Tax Annualized  |                      |                            |                                 |                             |                               |                        |                              |                              |                             |                             |                   |                       |                              |  |                                     |
| Percent of Tax Due  |                      |                            |                                 |                             |                               |                        |                              |                              |                             |                             |                   |                       |                              |  |                                     |
| ES Pymt Required  |                      |                            |                                 |                             |                               |                        |                              |                              |                             |                             |                   |                       |                              |  |                                     |
| Regular Taxable Income                                      |                      |                            |                                 |                             |                               |                        |                              |                              |                             |                             |                   |                       |                              |  |                                     |
| Add: Adjustments  |                      |                            |                                 |                             |                               |                        |                              |                              |                             |                             |                   |                       |                              |  |                                     |
| Dep MACRS > ADS   |                      |                            |                                 |                             |                               |                        |                              |                              |                             |                             |                   |                       |                              |  |                                     |
| Adjusted Gain or Loss                                       |                      |                            |                                 |                             |                               |                        |                              |                              |                             |                             |                   |                       |                              |  |                                     |
| Add: Preferences  |                      |                            |                                 |                             |                               |                        |                              |                              |                             |                             |                   |                       |                              |  |                                     |
| ACE Adjustment @ 75%  |                      |                            |                                 |                             |                               |                        |                              |                              |                             |                             |                   |                       |                              |  |                                     |
| <b>ALT MIN Taxable Income</b>                               |                      |                            |                                 |                             |                               |                        |                              |                              |                             |                             |                   |                       |                              |  |                                     |
| ALT MIN Tax Rate  |                      |                            |                                 |                             |                               |                        |                              |                              |                             |                             |                   |                       |                              |  |                                     |
| ALT MIN Tax   |                      |                            |                                 |                             |                               |                        |                              |                              |                             |                             |                   |                       |                              |  |                                     |
| Annualized ALT MIN Tax                                      |                      |                            |                                 |                             |                               |                        |                              |                              |                             |                             |                   |                       |                              |  |                                     |
| Percent of Tax Due  |                      |                            |                                 |                             |                               |                        |                              |                              |                             |                             |                   |                       |                              |  |                                     |
| <b>Pymt Required</b>  |                      |                            |                                 |                             |                               |                        |                              |                              |                             |                             |                   |                       |                              |  |                                     |
| TMT/Regular Tax Liability                                   |                      |                            |                                 |                             |                               |                        |                              |                              |                             |                             |                   |                       |                              |  |                                     |
| Excess TMT Companies  |                      |                            |                                 |                             |                               |                        |                              |                              |                             |                             |                   |                       |                              |  |                                     |
| Consolidated AMT Allocation                                 |                      |                            |                                 |                             |                               |                        |                              |                              |                             |                             |                   |                       |                              |  |                                     |
| Regular Estimated Tax                                       |                      |                            |                                 |                             |                               |                        |                              |                              |                             |                             |                   |                       |                              |  |                                     |
| <b>Tax Sharing Agreement</b>                                |                      |                            |                                 |                             |                               |                        |                              |                              |                             |                             |                   |                       |                              |  |                                     |
| Step 1: Regular tax allocated to companies w/Taxable Inc    |                      |                            |                                 |                             |                               |                        |                              |                              |                             |                             |                   |                       |                              |  |                                     |
| Step 2: Allocation of excess separate regular Tax Liability |                      |                            |                                 |                             |                               |                        |                              |                              |                             |                             |                   |                       |                              |  |                                     |
| Step 2A: Allocation of Non Acquisition Debt                 |                      |                            |                                 |                             |                               |                        |                              |                              |                             |                             |                   |                       |                              |  |                                     |
| Step 3: Allocation to companies with regular taxable losses |                      |                            |                                 |                             |                               |                        |                              |                              |                             |                             |                   |                       |                              |  |                                     |
| Total Tax by entity   |                      |                            |                                 |                             |                               |                        |                              |                              |                             |                             |                   |                       |                              |  |                                     |
| Carryforward NOL  |                      |                            |                                 |                             |                               |                        |                              |                              |                             |                             |                   |                       |                              |  |                                     |
| Utilization of NOL  |                      |                            |                                 |                             |                               |                        |                              |                              |                             |                             |                   |                       |                              |  |                                     |
| Utilization of NOL (Non-Acq Debt)                           |                      |                            |                                 |                             |                               |                        |                              |                              |                             |                             |                   |                       |                              |  |                                     |
| Balance of NOL  |                      |                            |                                 |                             |                               |                        |                              |                              |                             |                             |                   |                       |                              |  |                                     |
| Total Tax Due by Entity after NOL Carryforward              |                      |                            |                                 |                             |                               |                        |                              |                              |                             |                             |                   |                       |                              |  |                                     |
| AMT   |                      |                            |                                 |                             |                               |                        |                              |                              |                             |                             |                   |                       |                              |  |                                     |
| <b>Tax Sharing Agreement</b>                                |                      |                            |                                 |                             |                               |                        |                              |                              |                             |                             |                   |                       |                              |  |                                     |
| Step 1: AMT tax allocated to companies w/Taxable Inc        |                      |                            |                                 |                             |                               |                        |                              |                              |                             |                             |                   |                       |                              |  |                                     |
| Step 2: Allocation of excess separate AMT Tax Liability     |                      |                            |                                 |                             |                               |                        |                              |                              |                             |                             |                   |                       |                              |  |                                     |
| Step 2A: Allocation of Non Acquisition Debt                 |                      |                            |                                 |                             |                               |                        |                              |                              |                             |                             |                   |                       |                              |  |                                     |
| Step 3: Allocation to companies with AMT taxable losses     |                      |                            |                                 |                             |                               |                        |                              |                              |                             |                             |                   |                       |                              |  |                                     |
| Total Tax by entity   |                      |                            |                                 |                             |                               |                        |                              |                              |                             |                             |                   |                       |                              |  |                                     |
| Carryforward NOL  |                      |                            |                                 |                             |                               |                        |                              |                              |                             |                             |                   |                       |                              |  |                                     |
| Utilization of NOL  |                      |                            |                                 |                             |                               |                        |                              |                              |                             |                             |                   |                       |                              |  |                                     |
| Utilization of NOL (Non-Acq Debt)                           |                      |                            |                                 |                             |                               |                        |                              |                              |                             |                             |                   |                       |                              |  |                                     |
| Balance of NOL  |                      |                            |                                 |                             |                               |                        |                              |                              |                             |                             |                   |                       |                              |  |                                     |
| Total Tax Due by Entity after NOL Carryforward              |                      |                            |                                 |                             |                               |                        |                              |                              |                             |                             |                   |                       |                              |  |                                     |
| Overpayment (Allocated to profitable entities)              |                      |                            |                                 |                             |                               |                        |                              |                              |                             |                             |                   |                       |                              |  |                                     |
| <b>Net Payment &lt;to&gt; from Subs @ 4/15/05</b>           |                      |                            |                                 |                             |                               |                        |                              |                              |                             |                             |                   |                       |                              |  |                                     |
| <b>Net Payment &lt;to&gt; from Subs @ 6/15/05</b>           |                      |                            |                                 |                             |                               |                        |                              |                              |                             |                             |                   |                       |                              |  |                                     |
| <b>Net Payment &lt;to&gt; from Subs @ 9/15/05</b>           |                      |                            |                                 |                             |                               |                        |                              |                              |                             |                             |                   |                       |                              |  |                                     |
| <b>Net Payment &lt;to&gt; from Subs @ 12/15/05</b>          |                      |                            |                                 |                             |                               |                        |                              |                              |                             |                             |                   |                       |                              |  |                                     |
| <b>Adjustment for Overpayment</b>                           |                      |                            |                                 |                             |                               |                        |                              |                              |                             |                             |                   |                       |                              |  |                                     |
| <b>Additional Payment &lt;to&gt; from Subs</b>              |                      |                            |                                 |                             |                               |                        |                              |                              |                             |                             |                   |                       |                              |  |                                     |
| <b>Total Payment &lt;to&gt; from Subs</b>                   |                      |                            |                                 |                             |                               |                        |                              |                              |                             |                             |                   |                       |                              |  |                                     |

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**Allocation of Pymt (To)/From Subs**

- 1 % of Pymt Due
- 2 Annualization Factor
- 3 Environmental Tax
- 4 Quarter

Code:

| Regular Tax | Conectiv Penn<br>Generation LLC | King Street<br>Associates | Potomac<br>Electric Power<br>Co. | Total<br>Subsidiaries | PEPCO<br>Holdings<br>(Non-<br>Acq.<br>Debt) | PEPCO<br>Holdings<br>(Acq.<br>Debt) | PEPCO<br>Holdings | Consolidated | Income | Loss | Check | PHI<br>(Acquisition<br>Debt) | PHI<br>(Non-<br>Acquisition<br>Debt) |
|-------------|---------------------------------|---------------------------|----------------------------------|-----------------------|---|-------------------------------------|-------------------|--------------|--------|------|-------|------------------------------|--------------------------------------|
|-------------|---------------------------------|---------------------------|----------------------------------|-----------------------|---|-------------------------------------|-------------------|--------------|--------|------|-------|------------------------------|--------------------------------------|

**Regular Taxable Income**

Tax Rate  
  
Tax Expense (Benefit)  
Tax Annualized  
Percent of Tax Due

ES Pymt Required

Regular Taxable Income

Add: Adjustments  
Dep MACRS > ADS  
Adjusted Gain or Loss

Add: Preferences  
ACE Adjustment @ 75%

**ALT MIN Taxable Income**

ALT MIN Tax Rate  
ALT MIN Tax  
Annualized ALT MIN Tax  
Percent of Tax Due

**Pymt Required**

TMT/Regular Tax Liability  
Excess TMT Companies  
Consolidated AMT Allocation  
Regular Estimated Tax

**Tax Sharing Agreement**

Step 1: Regular tax allocated to companies w/Taxable Inc  
Step 2: Allocation of excess separate regular Tax Liability  
Step 2A: Allocation of Non Acquisition Debt  
Step 3: Allocation to companies with regular taxable losses

Total Tax by entity

Carryforward NOL  
Utilization of NOL  
Utilization of NOL (Non-Acq Debt)  
Balance of NOL

Total Tax Due by Entity after NOL Carryforward

**AMT**

**Tax Sharing Agreement**

Step 1: AMT tax allocated to companies w/Taxable Inc  
Step 2: Allocation of excess separate AMT Tax Liability  
Step 2A: Allocation of Non Acquisition Debt  
Step 3: Allocation to companies with AMT taxable losses

Total Tax by entity

Carryforward NOL  
Utilization of NOL  
Utilization of NOL (Non-Acq Debt)  
Balance of NOL

Total Tax Due by Entity after NOL Carryforward  
Overpayment (Allocated to profitable entities)

Net Payment <to> from Subs @ 4/15/05  
Net Payment <to> from Subs @ 6/15/05  
Net Payment <to> from Subs @ 9/15/05  
Net Payment <to> from Subs @ 12/15/05  
Adjustment for Overpayment

Additional Payment <to> from Subs

Total Payment <to> from Subs

\* Filed under request for confidential treatment pursuant to Rule 104(b) of the Public Utility Holding Company Act of 1935.