



UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

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FORM SE
**FORM FOR SUBMISSION OF PAPER FORMAT EXHIBITS
BY ELECTRONIC FILERS**

Pepco Holdings, Inc.

0001135971

Exact name of registrant as specified in charter

Registrant CIK Number

Form U5S For 12-31-02

30-359

Electronic report, schedule or registration statement
of which the documents are a part (give period of report)

SEC file number, if available

PROCESSED
MAY 05 2003
THOMSON
FINANCIAL

Name of Person Filing the Document
(If other than the Registrant)

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SIGNATURES

Filings Made By the Registrant

The Registrant has duly caused this form to be signed on its behalf by the undersigned, thereunto duly authorized. In the
City of Wilmington, State of Delaware, May 1, 2003.

Pepco Holdings, Inc.

(Registrant)

By: Donna J. Kinzel
(Name and Title)
Donna J. Kinzel
Assistant Treasurer

Filings Made by Person Other Than the Registrant

After reasonable inquiry and to the best of my knowledge and belief, I certify on _____ 19____ that the information set forth in
this statement is true and complete.

By: _____
(Name)

(Title)

Pepco Holdings, Inc.
2002 Form U5S

Form SE Exhibit Index

CONSOLIDATING FINANCIAL STATEMENTS

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| | |
|--|------|
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| | |
|--|------|
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| Conectiv and Subsidiaries | F-4M |
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PEPCO HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF INCOME
For the Year Ended December 31, 2002
(Millions of dollars)

| | Total Pepco Holdings, Inc. | Eliminations Reclasses & Consolidations | Pepco Holdings, Inc. Parent | Potomac Electric Power Company Consolidated | Connectiv Consolidated | Pepco Energy Services, Inc. Consolidated* | Potomac Capital Investment Corporation Consolidated* | Pepco Communications, Inc. Consolidated* | PHI Service Company |
|--|----------------------------|---|-----------------------------|---|------------------------|---|--|--|---------------------|
| Operating Revenue | | | | | | | | | |
| Pepco | \$ 1,533.5 | \$ (0.4) | \$ - | \$ 1,533.9 | \$ - | | | | \$ - |
| Connectiv Power Delivery | 996.2 | (14.0) | - | - | 1,010.2 | | | | - |
| Connectiv Energy | 850.2 | - | - | - | 850.2 | | | | - |
| Pepco Energy Services | 826.7 | (0.8) | - | 401.0 | - | | | | - |
| Other Non-Regulated | 117.9 | 14.1 | - | 53.1 | - | | | | (5.6) |
| Total Operating Revenue | 4,324.5 | (1.1) | - | 1,988.0 | 1,860.4 | | | | (5.6) |
| Operating Expenses | | | | | | | | | |
| Fuel and purchased energy | 2,538.4 | (12.7) | - | 994.7 | 1,203.4 | | | | - |
| Other operation and maintenance | 775.1 | (22.2) | (1.6) | 316.9 | 421.7 | | | | (11.6) |
| Depreciation and amortization | 239.8 | (4.8) | 2.7 | 153.3 | 77.9 | | | | 5.4 |
| Other taxes | 225.6 | (0.7) | - | 198.2 | 27.3 | | | | 0.2 |
| Total Operating Expenses | 3,778.9 | (40.4) | 1.1 | 1,663.1 | 1,730.3 | | | | (6.0) |
| Operating Income | 545.6 | 39.3 | (1.1) | 324.9 | 130.1 | | | | 0.4 |
| Other Income (Expenses) | | | | | | | | | |
| Interest and dividend income | 24.8 | (0.2) | 0.1 | 20.6 | 4.4 | | | | - |
| Interest expense | (213.3) | 1.3 | (28.7) | (106.5) | (56.7) | | | | (0.4) |
| Loss from Equity Investments | (9.7) | - | - | (2.1) | (2.6) | | | | - |
| Other income | 7.8 | (125.9) | 138.1 | (8.3) | 6.3 | | | | - |
| Total Other (Expenses) | (190.4) | (124.8) | 109.5 | (96.3) | (48.6) | | | | (0.4) |
| Preferred Stock Dividend Requirements of Subsidiaries | 20.6 | - | - | 14.2 | 6.4 | | | | - |
| Income Tax Expense | 124.1 | 21.1 | (10.3) | 80.3 | 31.4 | | | | 0.1 |
| Net Income | \$ 210.5 | \$ (106.6) | \$ 118.7 | \$ 134.1 | \$ 43.7 | | | | \$ (0.1) |

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

POTOMAC ELECTRIC POWER COMPANY
CONSOLIDATING STATEMENTS OF INCOME
For the Year Ended December 31, 2002
(Millions of dollars)

| | Potomac Electric Power Company Consolidated | Eliminations Reclasses & Consolidations | Potomac Electric Power Company Parent | Pepco Energy Services, Inc. Consolidated (7mths)* | Potomac Capital Investment Corporation Consolidated (7mths)* | Edison Capital Reserves Corporation* |
|---|---|---|---|--|--|--|
| Operating Revenue | | | | | | |
| Utility | \$ 1,533.9 | \$ - | \$ 1,533.9 | | | |
| Competitive | 454.1 | (6.1) | - | | | |
| Total Operating Revenue | <u>1,988.0</u> | <u>(6.1)</u> | <u>1,533.9</u> | | | |
| Operating Expenses | | | | | | |
| Fuel and purchased energy | 994.7 | - | 654.4 | | | |
| Other operation and maintenance | 316.9 | (6.1) | 240.5 | | | |
| Depreciation and amortization | 153.3 | - | 148.4 | | | |
| Other taxes | 198.2 | - | 198.2 | | | |
| Total Operating Expenses | <u>1,663.1</u> | <u>(6.1)</u> | <u>1,241.5</u> | | | |
| Operating Income | 324.9 | - | 292.4 | | | |
| Other Income (Expenses) | | | | | | |
| Interest and dividend income | 20.6 | - | 3.1 | | | |
| Interest expense | (106.5) | - | (81.5) | | | |
| Loss from Equity Investments, principally a Telecommunication Entity | - | - | - | | | |
| | (2.1) | - | - | | | |
| Other income | (8.3) | (20.9) | 12.9 | | | |
| Total Other Expenses | <u>(96.3)</u> | <u>(20.9)</u> | <u>(65.5)</u> | | | |
| Distributions on Preferred Securities of Subsidiary Trust | 9.2 | - | 9.2 | | | |
| Income Tax Expense | 80.3 | - | 78.6 | | | |
| Net Income | <u>139.1</u> | <u>(20.9)</u> | <u>139.1</u> | | | |
| Dividends on Preferred Stock | 5.0 | - | 5.0 | | | |
| Earnings Available for Common Stock | <u>\$ 134.1</u> | <u>\$ (20.9)</u> | <u>\$ 134.1</u> | | | |

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

PEPCO ENERGY SERVICES, INC.
CONSOLIDATING STATEMENTS OF INCOME
For the Year Ended December 31, 2002
(Millions of dollars)

| | Pepco Energy Services, Inc. Consolidated 5mths* | Pepco Energy Services, Inc. Consolidated 7mths* | Pepco Energy Services, Inc. Consolidated* | Eliminations Reclasses & Consolidations | Pepco Energy Services, Inc. Parent* | PES Home Warranty Services of VA* | Potomac Power Resources, Inc.* | PES Landfill Gas Corporation* | Other Subsidiaries* | Pepco Building Services, Inc. Consolidated* |
|--|--|--|---|---|--|--|---|-------------------------------------|------------------------|---|
| Operating Revenue | | | | | | | | | | |
| Pepco | | | | | | | | | | |
| Connectiv Power Delivery | | | | | | | | | | |
| Connectiv Energy | | | | | | | | | | |
| Pepco Energy Services | | | | | | | | | | |
| Other Non-Regulated | | | | | | | | | | |
| Total Operating Revenue | | | | | | | | | | |
| Operating Expenses | | | | | | | | | | |
| Fuel and purchased energy | | | | | | | | | | |
| Other operation and maintenance | | | | | | | | | | |
| Depreciation and amortization | | | | | | | | | | |
| Other taxes | | | | | | | | | | |
| Total Operating Expenses | | | | | | | | | | |
| Operating Income | | | | | | | | | | |
| Other Income (Expenses) | | | | | | | | | | |
| Interest and dividend income | | | | | | | | | | |
| Interest expense | | | | | | | | | | |
| Loss from Equity Investments | | | | | | | | | | |
| Other income | | | | | | | | | | |
| Total Other (Expenses) | | | | | | | | | | |
| Preferred Stock Dividend Requirements of Subsidiaries | | | | | | | | | | |
| Income Tax Expense | | | | | | | | | | |
| Net Income | | | | | | | | | | |

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

PEPCO BUILDING SERVICES, INC. AND SUBSIDIARIES
 CONSOLIDATING STATEMENTS OF INCOME
 For the Year Ended December 31, 2002
 (Millions of dollars)

| | Pepco Building Services, Inc. Consolidated* | Eliminations Reclasses & Consolidations | Pepco Building Services, Inc. Parent* | MET Electrical Testing Company, Inc.* | Substation Testing Company, Inc.* | Seaboard Mechanical Services, Inc.* | Engineered Services, Inc.* | Unitemp, Inc.* | G&L Mechanical Services, Inc.* |
|--|---|---|---|---|---|---|-------------------------------|----------------|-----------------------------------|
| Operating Revenue | | | | | | | | | |
| Pepco | | | | | | | | | |
| Connectiv Power Delivery | | | | | | | | | |
| Connectiv Energy | | | | | | | | | |
| Pepco Energy Services | | | | | | | | | |
| Other Non-Regulated | | | | | | | | | |
| Total Operating Revenue | | | | | | | | | |
| Operating Expenses | | | | | | | | | |
| Fuel and purchased energy | | | | | | | | | |
| Other operation and maintenance | | | | | | | | | |
| Depreciation and amortization | | | | | | | | | |
| Other taxes | | | | | | | | | |
| Total Operating Expenses | | | | | | | | | |
| Operating Income | | | | | | | | | |
| Other Income (Expenses) | | | | | | | | | |
| Interest and dividend income | | | | | | | | | |
| Interest expense | | | | | | | | | |
| Loss from Equity Investments | | | | | | | | | |
| Other income | | | | | | | | | |
| Total Other (Expenses) | | | | | | | | | |
| Preferred Stock Dividend Requirements of Subsidiaries | | | | | | | | | |
| Income Tax Expense | | | | | | | | | |
| Net Income | | | | | | | | | |

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

POTOMAC CAPITAL INVESTMENT CORPORATION
CONSOLIDATING
STATEMENTS OF INCOME
For the Year Ended December 31, 2002
(Millions of dollars)

| | Potomac Capital Investment Corporation Consolidated 5mths* | Potomac Capital Investment Corporation Consolidated 7mths* | Potomac Capital Investment Corporation Consolidated* | Eliminations Reclasses & Consolidations | Potomac Capital Investment Corporation Parent* |
|--|--|--|---|---|---|
| Operating Revenue | | | | | |
| Pepco | | | | | |
| Conectiv Power Delivery | | | | | |
| Conectiv Energy | | | | | |
| Pepco Energy Services | | | | | |
| Other Non-Regulated | | | | | |
| Total Operating Revenue | | | | | |
| Operating Expenses | | | | | |
| Fuel and purchased energy | | | | | |
| Other operation and maintenance | | | | | |
| Depreciation and amortization | | | | | |
| Other taxes | | | | | |
| Total Operating Expenses | | | | | |
| Operating Income | | | | | |
| Other Income (Expenses) | | | | | |
| Interest and dividend income | | | | | |
| Interest expense | | | | | |
| Loss from Equity Investments | | | | | |
| Other income | | | | | |
| Total Other (Expenses) | | | | | |
| Preferred Stock Dividend Requirements of Subsidiaries | | | | | |
| Income Tax Expense | | | | | |
| Net Income | | | | | |

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

POTOMAC CAPITAL INVESTMENT CORPORATION
CONSOLIDATING
STATEMENTS OF INCOME
For the Year Ended December 31, 2002
(Millions of dollars)

| | PCI Energy Corporation* | PCI-BT Investing LLC* | Edison Place LLC* | Potomac Nevada Investment, Inc.* | PCI Netherlands Corp.* |
|--|----------------------------|-----------------------------|----------------------|---|------------------------------|
| Operating Revenue | | | | | |
| Pepco | | | | | |
| Conectiv Power Delivery | | | | | |
| Conectiv Energy | | | | | |
| Pepco Energy Services | | | | | |
| Other Non-Regulated | | | | | |
| Total Operating Revenue | | | | | |
| Operating Expenses | | | | | |
| Fuel and purchased energy | | | | | |
| Other operation and maintenance | | | | | |
| Depreciation and amortization | | | | | |
| Other taxes | | | | | |
| Total Operating Expenses | | | | | |
| Operating Income | | | | | |
| Other Income (Expenses) | | | | | |
| Interest and dividend income | | | | | |
| Interest expense | | | | | |
| Loss from Equity Investments | | | | | |
| Other income | | | | | |
| Total Other (Expenses) | | | | | |
| Preferred Stock Dividend Requirements of Subsidiaries | | | | | |
| Income Tax Expense | | | | | |
| Net Income | | | | | |

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

POTOMAC CAPITAL INVESTMENT CORPORATION
CONSOLIDATING
STATEMENTS OF INCOME
For the Year Ended December 31, 2002
(Millions of dollars)

| | PCI Queensland Corp.* | Potomac Capital Markets Corp.* | Potomac Aircraft Leasing Corp.* | Potomac Harmans Corp.* | Harmans Building Associates* |
|--|-----------------------------|---|--|------------------------------|------------------------------------|
| Operating Revenue | | | | | |
| Pepco | | | | | |
| Conectiv Power Delivery | | | | | |
| Conectiv Energy | | | | | |
| Pepco Energy Services | | | | | |
| Other Non-Regulated | | | | | |
| Total Operating Revenue | | | | | |
| Operating Expenses | | | | | |
| Fuel and purchased energy | | | | | |
| Other operation and maintenance | | | | | |
| Depreciation and amortization | | | | | |
| Other taxes | | | | | |
| Total Operating Expenses | | | | | |
| Operating Income | | | | | |
| Other Income (Expenses) | | | | | |
| Interest and dividend income | | | | | |
| Interest expense | | | | | |
| Loss from Equity Investments | | | | | |
| Other income | | | | | |
| Total Other (Expenses) | | | | | |
| Preferred Stock Dividend Requirements of Subsidiaries | | | | | |
| Income Tax Expense | | | | | |
| Net Income | | | | | |

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POTOMAC CAPITAL INVESTMENT CORPORATION
CONSOLIDATING
STATEMENTS OF INCOME
For the Year Ended December 31, 2002
(Millions of dollars)

| | Potomac Land Corporation* | Pepco Technoogies LLC* | American Energy Corp.* | Friendly Skies, Inc. Consolidated* | AMP Funding, LLC Consolidated* |
|--|------------------------------|------------------------------|------------------------------|---------------------------------------|--------------------------------------|
| Operating Revenue | | | | | |
| Pepco | | | | | |
| Conectiv Power Delivery | | | | | |
| Conectiv Energy | | | | | |
| Pepco Energy Services | | | | | |
| Other Non-Regulated | | | | | |
| Total Operating Revenue | | | | | |
| Operating Expenses | | | | | |
| Fuel and purchased energy | | | | | |
| Other operation and maintenance | | | | | |
| Depreciation and amortization | | | | | |
| Other taxes | | | | | |
| Total Operating Expenses | | | | | |
| Operating Income | | | | | |
| Other Income (Expenses) | | | | | |
| Interest and dividend income | | | | | |
| Interest expense | | | | | |
| Loss from Equity Investments | | | | | |
| Other income | | | | | |
| Total Other (Expenses) | | | | | |
| Preferred Stock Dividend Requirements of Subsidiaries | | | | | |
| Income Tax Expense | | | | | |
| Net Income | | | | | |

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POTOMAC CAPITAL INVESTMENT CORPORATION
CONSOLIDATING
STATEMENTS OF INCOME
For the Year Ended December 31, 2002
(Millions of dollars)

| | Potomac Nevada Corporation Consolidated* | Pepco Enterprises, Inc. Consolidated* | Pepco Communications, Inc. Consolidated* |
|--|--|--|--|
| Operating Revenue | | | |
| Pepco | | | |
| Conectiv Power Delivery | | | |
| Conectiv Energy | | | |
| Pepco Energy Services | | | |
| Other Non-Regulated | | | |
| Total Operating Revenue | | | |
| Operating Expenses | | | |
| Fuel and purchased energy | | | |
| Other operation and maintenance | | | |
| Depreciation and amortization | | | |
| Other taxes | | | |
| Total Operating Expenses | | | |
| Operating Income | | | |
| Other Income (Expenses) | | | |
| Interest and dividend income | | | |
| Interest expense | | | |
| Loss from Equity Investments | | | |
| Other income | | | |
| Total Other (Expenses) | | | |
| Preferred Stock Dividend Requirements of Subsidiaries | | | |
| Income Tax Expense | | | |
| Net Income | | | |

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FRIENDLY SKIES, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENTS OF INCOME
For the Year Ended December 31, 2002
(Millions of dollars)

| | Friendly Skies, Inc. Consolidated* | Eliminations Reclasses & Consolidations | Friendly Skies, Inc. Parent* | PCI Air Management Corporation* |
|--|--|---|---------------------------------|---------------------------------------|
| Operating Revenue | | | | |
| Pepco | | | | |
| Conectiv Power Delivery | | | | |
| Conectiv Energy | | | | |
| Pepco Energy Services | | | | |
| Other Non-Regulated | | | | |
| Total Operating Revenue | | | | |
| Operating Expenses | | | | |
| Fuel and purchased energy | | | | |
| Other operation and maintenance | | | | |
| Depreciation and amortization | | | | |
| Other taxes | | | | |
| Total Operating Expenses | | | | |
| Operating Income | | | | |
| Other Income (Expenses) | | | | |
| Interest and dividend income | | | | |
| Interest expense | | | | |
| Loss from Equity Investments | | | | |
| Other Income | | | | |
| Total Other (Expenses) | | | | |
| Preferred Stock Dividend Requirements of Subsidiaries | | | | |
| Income Tax Expense | | | | |
| Net Income | | | | |

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

AMP FUNDING, LLC AND SUBSIDIARIES
CONSOLIDATING STATEMENTS OF INCOME
For the Year Ended December 31, 2002
(Millions of dollars)

| | AMP Funding, LLC Consolidated* | Eliminations Reclasses & Consolidations | AMP Funding, LLC Parent* | RAMP Investments, LLC* | PCI Air Management Partners, LLC* | PCI Ever, Inc.* |
|--|--------------------------------------|---|-----------------------------|------------------------------|---|--------------------|
| Operating Revenue | | | | | | |
| Pepco | | | | | | |
| Conectiv Power Delivery | | | | | | |
| Conectiv Energy | | | | | | |
| Pepco Energy Services | | | | | | |
| Other Non-Regulated | | | | | | |
| Total Operating Revenue | | | | | | |
| Operating Expenses | | | | | | |
| Fuel and purchased energy | | | | | | |
| Other operation and maintenance | | | | | | |
| Depreciation and amortization | | | | | | |
| Other taxes | | | | | | |
| Total Operating Expenses | | | | | | |
| Operating Income | | | | | | |
| Other Income (Expenses) | | | | | | |
| Interest and dividend income | | | | | | |
| Interest expense | | | | | | |
| Loss from Equity Investments | | | | | | |
| Other Income | | | | | | |
| Total Other (Expenses) | | | | | | |
| Preferred Stock Dividend Requirements of Subsidiaries | | | | | | |
| Income Tax Expense | | | | | | |
| Net Income | | | | | | |

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

POTOMAC NEVADA CORPORATION AND SUBSIDIARIES
CONSOLIDATING STATEMENTS OF INCOME
For the Year Ended December 31, 2002
(Millions of dollars)

| Potomac Nevada Corporation Consolidated* | Eliminations Reclasses & Consolidations | Potomac Nevada Corporation Parent* | Potomac Capital Joint Leasing Corporation Consolidated* | Potomac Nevada Leasing Corporation* | PCI Engine Trading, Ltd.* | Potomac Delaware Leasing Corporation Consolidated* |
|---|---|--|--|--|---------------------------------|--|
|---|---|--|--|--|---------------------------------|--|

Operating Revenue

Pepco
Connectiv Power Delivery
Connectiv Energy
Pepco Energy Services
Other Non-Regulated

Total Operating Revenue

Operating Expenses

Fuel and purchased energy
Other operation and maintenance
Depreciation and amortization
Other taxes

Total Operating Expenses

Operating Income

Other Income (Expenses)

Interest and dividend income
Interest expense
Loss from Equity Investments
Other Income

Total Other (Expenses)

**Preferred Stock Dividend Requirements of
Subsidiaries**

Income Tax Expense

Net Income

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

POTOMAC DELAWARE LEASING CORPORATION AND SUBSIDIARIES
CONSOLIDATING STATEMENTS OF INCOME
For the Year Ended December 31, 2002
(Millions of dollars)

| Potomac Delaware Leasing Corporation Consolidated* | Eliminations Reclasses & Consolidations | Potomac Delaware Leasing Corporation Parent* | Potomac Equipment Leasing Corp.* | Potomac Leasing Associates, LP* |
|--|---|--|---|------------------------------------|
|--|---|--|---|------------------------------------|

Operating Revenue

Pepco
Conectiv Power Delivery
Conectiv Energy
Pepco Energy Services
Other Non-Regulated
Total Operating Revenue

Operating Expenses

Fuel and purchased energy
Other operation and maintenance
Depreciation and amortization
Other taxes
Total Operating Expenses

Operating Income

Other Income (Expenses)

Interest and dividend income
Interest expense
Loss from Equity Investments
Other Income
Total Other (Expenses)

**Preferred Stock Dividend Requirements of
Subsidiaries**

Income Tax Expense

Net Income

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

POTOMAC CAPITAL JOINT LEASING CORPORATION AND SUBSIDIARIES
CONSOLIDATING STATEMENTS OF INCOME
For the Year Ended December 31, 2002
(Millions of dollars)

| | Potomac Capital Joint Leasing Corporation Consolidated* | Eliminations Reclasses & Consolidations | Potomac Capital Joint Leasing Corporation Parent* | Aircraft International Management Co.* | PCI Holdings, Inc.* | PCI Nevada Investments* |
|--|--|---|--|---|------------------------|----------------------------|
| Operating Revenue | | | | | | |
| | Pepco | | | | | |
| | Conectiv Power Delivery | | | | | |
| | Conectiv Energy | | | | | |
| | Pepco Energy Services | | | | | |
| | Other Non-Regulated | | | | | |
| | Total Operating Revenue | | | | | |
| Operating Expenses | | | | | | |
| | Fuel and purchased energy | | | | | |
| | Other operation and maintenance | | | | | |
| | Depreciation and amortization | | | | | |
| | Other taxes | | | | | |
| | Total Operating Expenses | | | | | |
| Operating Income | | | | | | |
| Other Income (Expenses) | | | | | | |
| | Interest and dividend income | | | | | |
| | Interest expense | | | | | |
| | Loss from Equity Investments | | | | | |
| | Other Income | | | | | |
| | Total Other (Expenses) | | | | | |
| Preferred Stock Dividend Requirements of Subsidiaries | | | | | | |
| Income Tax Expense | | | | | | |
| Net Income | | | | | | |

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

PEPCO ENTERPRISES, INC.
CONSOLIDATED STATEMENTS OF INCOME
For the Year Ended December 31, 2002
(Millions of dollars)

| | Pepco Enterprises, Inc Consolidated* | Eliminations Reclasses & Consolidations | Pepco Enterprises, Inc. Parent* | W.A. CHESTER LLC* | SEVERN CONSTRUCTION LLC* | SEVERN CABLE LLC* |
|--|--|---|---------------------------------------|----------------------|--------------------------------|----------------------|
|--|--|---|---------------------------------------|----------------------|--------------------------------|----------------------|

Operating Revenue

Pepco
Conectiv Power Delivery
Conectiv Energy
Pepco Energy Services
Other Non-Regulated
Total Operating Revenue

Operating Expenses

Fuel and purchased energy
Other operation and maintenance
Depreciation and amortization
Other taxes
Total Operating Expenses

Operating Income

Other Income (Expenses)

Interest and dividend income
Interest expense
Loss from Equity Investments
Other income
Total Other (Expenses)

**Preferred Stock Dividend Requirements of
Subsidiaries**

Income Tax Expense(Benefit)

Net Income

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

PEPCO COMMUNICATIONS, INC.
CONSOLIDATED STATEMENTS OF INCOME
For the Year Ended December 31, 2002
(Millions of dollars)

| | Pepco Communications, Inc. Consolidated 5mths* | Pepco Communications, Inc. Consolidated 7mths* | Pepco Communications, Inc. Consolidated* | Eliminations Reclasses & Consolidations | Pepco Communications, Inc. Parent* | Pepco Communications, LLC* |
|--|---|---|--|---|--|----------------------------------|
| Operating Revenue | | | | | | |
| Pepco | | | | | | |
| Conectiv Power Delivery | | | | | | |
| Conectiv Energy | | | | | | |
| Pepco Energy Services | | | | | | |
| Other Non-Regulated | | | | | | |
| Total Operating Revenue | | | | | | |
| Operating Expenses | | | | | | |
| Fuel and purchased energy | | | | | | |
| Other operation and maintenance | | | | | | |
| Depreciation and amortization | | | | | | |
| Other taxes | | | | | | |
| Total Operating Expenses | | | | | | |
| Operating Income | | | | | | |
| Other Income (Expenses) | | | | | | |
| Interest and dividend income | | | | | | |
| Interest expense | | | | | | |
| Loss from Equity Investments | | | | | | |
| Other income | | | | | | |
| Total Other (Expenses) | | | | | | |
| Preferred Stock Dividend Requirements of Subsidiaries | | | | | | |
| Income Tax Expense | | | | | | |
| Net Income | | | | | | |

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

CONECTIV
CONSOLIDATING STATEMENTS OF INCOME
For the Year Ended December 31, 2002
(Millions of Dollars)

| | Conectiv Consolidated 5mths | Conectiv Consolidated | Eliminations Reclasses & Consolidations | Conectiv Parent |
|--|-----------------------------------|--------------------------|--|--------------------|
| Operating Revenue | | | | |
| Electric | \$ 1,510.9 | \$ 3,016.5 | \$ 1.0 | \$ - |
| Gain on sales of electric generating plants | - | 15.8 | - | - |
| Gas | 143.5 | 386.6 | 3.8 | - |
| Other services | 206.0 | 439.2 | (860.9) | - |
| Total Operating Revenue | <u>1,860.4</u> | <u>3,858.1</u> | <u>(856.1)</u> | <u>-</u> |
| Operating Expenses | | | | |
| Electric fuel and purchased energy | 1,077.3 | 2,051.9 | (806.2) | - |
| Gas purchased | 126.1 | 313.4 | (46.1) | - |
| Other services' cost of sales | 184.8 | 383.6 | (12.6) | - |
| Merger-related costs | - | 75.4 | 27.6 | - |
| Other operation and maintenance | 230.8 | 516.9 | (24.1) | 23.1 |
| Loss on sale of leveraged leases | 2.1 | 19.7 | 54.7 | - |
| Impairment losses | 4.0 | 13.5 | - | - |
| Depreciation and amortization | 77.9 | 193.0 | 0.2 | - |
| Other taxes | 27.3 | 64.0 | - | 0.1 |
| Deferred electric service costs | - | (71.3) | - | - |
| Total Operating Expenses | <u>1,730.3</u> | <u>3,560.1</u> | <u>(806.5)</u> | <u>23.2</u> |
| Operating Income | 130.1 | 298.0 | (49.6) | (23.2) |
| Other Income (Expenses) | | | | |
| Interest and dividend income | 4.4 | 13.3 | (17.2) | 12.4 |
| Interest expense | (56.7) | (136.6) | 14.9 | (41.2) |
| Income (loss) from equity investments | (2.6) | (6.9) | - | - |
| Other income | 6.3 | 9.4 | (124.2) | 123.5 |
| Total Other Income (Expenses) | <u>(48.6)</u> | <u>(120.8)</u> | <u>(126.5)</u> | <u>94.7</u> |
| Preferred Stock Dividend Requirements Of Subsidiaries | 6.4 | 15.8 | 2.5 | - |
| Income Taxes | <u>31.4</u> | <u>70.6</u> | <u>(52.6)</u> | <u>(19.3)</u> |
| Net Income | <u>\$ 43.7</u> | <u>\$ 90.8</u> | <u>\$ (126.0)</u> | <u>\$ 90.8</u> |

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

CONECTIV
CONSOLIDATING STATEMENTS OF INCOME
For the Year Ended December 31, 2002
(Millions of Dollars)

| | Delmarva Power & Light Company Consolidated | Atlantic City Electric Company Consolidated | Conectiv Properties and Investments, Inc. Consolidated* | Conectiv Energy Holding Company Consolidated* |
|---|---|---|---|---|
| Operating Revenue | | | | |
| Electric | \$ 1,039.8 | \$ 1,082.4 | | |
| Gain on sales of electric generating plants | 11.6 | - | | |
| Gas | 178.1 | - | | |
| Other services | 11.1 | 2.3 | | |
| Total Operating Revenue | <u>1,240.6</u> | <u>1,084.7</u> | | |
| Operating Expenses | | | | |
| Electric fuel and purchased energy | 677.0 | 682.5 | | |
| Gas purchased | 124.9 | - | | |
| Other services' cost of sales | 10.3 | - | | |
| Merger-related costs | 9.7 | 38.1 | | |
| Other operation and maintenance | 178.7 | 243.6 | | |
| Loss on sale of leveraged leases | - | - | | |
| Impairment losses | - | 9.5 | | |
| Depreciation and amortization | 82.1 | 69.2 | | |
| Other taxes | 35.5 | 24.8 | | |
| Deferred electric service costs | - | (71.3) | | |
| Total Operating Expenses | <u>1,118.2</u> | <u>996.4</u> | | |
| Operating Income | 122.4 | 88.3 | | |
| Other Income (Expenses) | | | | |
| Interest and dividend income | 4.9 | 8.4 | | |
| Interest expense | (42.6) | (53.1) | | |
| Income (loss) from equity investments | - | - | | |
| Other income | 4.4 | 8.5 | | |
| Total Other Income (Expenses) | <u>(33.3)</u> | <u>(36.2)</u> | | |
| Preferred Stock Dividend Requirements Of Subsidiaries | 5.7 | 7.6 | | |
| Income Taxes | <u>33.7</u> | <u>16.3</u> | | |
| Net Income | <u>\$ 49.7</u> | <u>\$ 28.2</u> | | |

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

CONECTIV
CONSOLIDATING STATEMENTS OF INCOME
For the Year Ended December 31, 2002
(Millions of Dollars)

| | Atlantic Southern Properties, Inc.* | Conectiv Communications, Inc. Consolidated (Parent only)* | Conectiv Resource Partners, Inc.* | Conectiv Solutions LLC Consolidated* | Atlantic Generation, Inc. Consolidated* |
|--|--|--|---|---|--|
| Operating Revenue | | | | | |
| Electric | | | | | |
| Gain on sales of electric generating plants | | | | | |
| Gas | | | | | |
| Other services | | | | | |
| Total Operating Revenue | | | | | |
| Operating Expenses | | | | | |
| Electric fuel and purchased energy | | | | | |
| Gas purchased | | | | | |
| Other services' cost of sales | | | | | |
| Merger-related costs | | | | | |
| Other operation and maintenance | | | | | |
| Loss on sale of leveraged leases | | | | | |
| Impairment losses | | | | | |
| Depreciation and amortization | | | | | |
| Other taxes | | | | | |
| Deferred electric service costs | | | | | |
| Total Operating Expenses | | | | | |
| Operating Income | | | | | |
| Other Income (Expenses) | | | | | |
| Interest and dividend income | | | | | |
| Interest expense | | | | | |
| Income (loss) from equity investments | | | | | |
| Other income | | | | | |
| Total Other Income (Expenses) | | | | | |
| Preferred Stock Dividend Requirements Of Subsidiaries | | | | | |
| Income Taxes | | | | | |
| Net Income | | | | | |

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

DELMARVA POWER & LIGHT COMPANY
CONSOLIDATING STATEMENTS OF INCOME
For the Year Ended December 31, 2002
(Millions of Dollars)

| | Delmarva Power & Light Company Consolidated | Eliminations Reclasses & Consolidations | Delmarva Power & Light Company Parent | Delmarva Power Financing I |
|---|---|---|---|----------------------------------|
| Operating Revenue | | | | |
| Electric | \$ 1,039.8 | \$ - | \$ 1,039.8 | \$ - |
| Gain on sales of electric generating plants | 11.6 | - | 11.6 | - |
| Gas | 178.1 | - | 178.1 | - |
| Other services | 11.1 | - | 11.1 | - |
| Total Operating Revenue | <u>1,240.6</u> | <u>-</u> | <u>1,240.6</u> | <u>-</u> |
| Operating Expenses | | | | |
| Electric fuel and purchased energy | 677.0 | - | 677.0 | - |
| Gas purchased | 124.9 | - | 124.9 | - |
| Other services' cost of sales | 10.3 | 10.3 | - | - |
| Merger-related costs | 9.7 | 9.7 | - | - |
| Other operation and maintenance | 178.7 | (20.0) | 198.7 | - |
| Loss on sale of leveraged leases | - | - | - | - |
| Impairment losses | - | - | - | - |
| Depreciation and amortization | 82.1 | - | 82.1 | - |
| Other taxes | 35.5 | - | 35.5 | - |
| Deferred electric service costs | - | - | - | - |
| Total Operating Expenses | <u>1,118.2</u> | <u>-</u> | <u>1,118.2</u> | <u>-</u> |
| Operating Income | 122.4 | - | 122.4 | - |
| Other Income (Expenses) | | | | |
| Interest and dividend income | 4.9 | (1.2) | 0.2 | 5.9 |
| Interest expense | (42.6) | 1.2 | (43.8) | - |
| Income (loss) from equity investments | - | - | - | - |
| Other income | 4.4 | - | 4.6 | (0.2) |
| Total Other Income (Expenses) | <u>(33.3)</u> | <u>0.0</u> | <u>(39.0)</u> | <u>5.7</u> |
| Preferred Stock Dividend Requirements Of Subsidiaries | 5.7 | - | - | 5.7 |
| Income Taxes | 33.7 | - | 33.7 | - |
| Net Income | <u>49.7</u> | <u>0.0</u> | <u>49.7</u> | <u>-</u> |
| DIVIDENDS ON PREFERRED STOCK | 1.7 | - | 1.7 | - |
| EARNINGS (LOSS) APPLICABLE TO COMMON STOCK | <u>48.0</u> | <u>0.0</u> | <u>48.0</u> | <u>0.0</u> |

ATLANTIC CITY ELECTRIC COMPANY
CONSOLIDATING STATEMENTS OF INCOME
For the Year Ended December 31, 2002
(Millions of Dollars)

| | Atlantic City Electric Company Consolidated | Eliminations Reclasses & Consolidations | Atlantic City Electric Company Parent | Atlantic Capital I | Atlantic Capital II | Atlantic City Electric Transition Funding LLC |
|---|--|---|---|-----------------------|------------------------|---|
| Operating Revenue | | | | | | |
| Electric | \$ 1,082.4 | \$ - | \$ 1,081.7 | \$ - | \$ - | \$ 0.7 |
| Gain on sales of electric generating plants | - | 1.5 | (1.5) | - | - | - |
| Gas | - | - | - | - | - | - |
| Other services | 2.3 | (4.0) | 6.3 | - | - | - |
| Total Operating Revenue | <u>1,084.7</u> | <u>(2.5)</u> | <u>1,086.5</u> | <u>-</u> | <u>-</u> | <u>0.7</u> |
| Operating Expenses | | | | | | |
| Electric fuel and purchased energy | 682.5 | - | 686.5 | - | - | - |
| Gas purchased | - | (4.0) | - | - | - | - |
| Other services' cost of sales | - | - | - | - | - | - |
| Merger-related costs | 38.1 | 38.1 | - | - | - | - |
| Other operation and maintenance | 243.6 | (6.1) | 249.7 | - | - | - |
| Loss on sale of leveraged leases | - | - | - | - | - | - |
| Impairment losses | 9.5 | - | 9.5 | - | - | - |
| Depreciation and amortization | 69.2 | - | 69.2 | - | - | - |
| Other taxes | 24.8 | - | 24.8 | - | - | - |
| Deferred electric service costs | (71.3) | (30.5) | (40.8) | - | - | - |
| Total Operating Expenses | <u>996.4</u> | <u>(2.5)</u> | <u>998.9</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Operating Income | 88.3 | - | 87.6 | - | - | 0.7 |
| Other Income (Expenses) | | | | | | |
| Interest and dividend income | 8.4 | (7.9) | 8.4 | 6.0 | 1.9 | - |
| Interest expense | (53.1) | 7.9 | (60.3) | - | - | (0.7) |
| Income (loss) from equity investments | - | - | - | - | - | - |
| Other income | 8.5 | - | 8.8 | (0.2) | (0.1) | - |
| Total Other Income (Expenses) | <u>(36.2)</u> | <u>-</u> | <u>(43.1)</u> | <u>5.8</u> | <u>1.8</u> | <u>(0.7)</u> |
| Preferred Stock Dividend Requirements Of Subsidiaries | 7.6 | - | - | 5.8 | 1.8 | - |
| Income Taxes | <u>16.3</u> | <u>-</u> | <u>16.3</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Income | <u>28.2</u> | <u>-</u> | <u>28.2</u> | <u>-</u> | <u>(0.0)</u> | <u>-</u> |
| | | | | | | |
| DIVIDENDS ON PREFERRED STOCK | 0.7 | - | 0.7 | - | - | - |
| EARNINGS (LOSS) APPLICABLE TO COMMON STOCK | <u>27.5</u> | <u>\$0.0</u> | <u>\$27.5</u> | <u>\$0.0</u> | <u>(\$0.0)</u> | <u>\$0.0</u> |

CONNECTIV PROPERTIES AND INVESTMENTS, INC.
CONSOLIDATING STATEMENTS OF INCOME
For the Year Ended December 31, 2002
(Millions of Dollars)

| | Connectiv Properties and Investments, Inc. Consolidated* | Eliminations Reclasses & Consolidations | Connectiv Properties and Investments, Inc. Parent* | DCI I, Inc.* | DCI II, Inc.* | DCTC- Burney, Inc.* |
|--|--|---|---|--------------|---------------|---------------------------|
| Operating Revenue | | | | | | |
| Electric | | | | | | |
| Gain on sales of electric generating plants | | | | | | |
| Gas | | | | | | |
| Other services | | | | | | |
| Total Operating Revenue | | | | | | |
| Operating Expenses | | | | | | |
| Electric fuel and purchased energy | | | | | | |
| Gas purchased | | | | | | |
| Other services' cost of sales | | | | | | |
| Merger-related costs | | | | | | |
| Other operation and maintenance | | | | | | |
| Loss on sale of leveraged leases | | | | | | |
| Impairment losses | | | | | | |
| Depreciation and amortization | | | | | | |
| Other taxes | | | | | | |
| Deferred electric service costs | | | | | | |
| Total Operating Expenses | | | | | | |
| Operating Income | | | | | | |
| Other Income (Expenses) | | | | | | |
| Interest and dividend income | | | | | | |
| Interest expense | | | | | | |
| Income (loss) from equity investments | | | | | | |
| Other income | | | | | | |
| Total Other Income (Expenses) | | | | | | |
| Preferred Stock Dividend Requirements Of Subsidiaries | | | | | | |
| Income Taxes | | | | | | |
| Net loss | | | | | | |

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

Conectiv Energy Holding Company and Subsidiaries
 Consolidating Statement of Income
 For the Year Ended December 3, 2002
 (Millions of Dollars)

| | Conectiv Energy Holding Company Consolidated* | Eliminations Reclasses & Consolidations | Conectiv Energy Holding Company Parent* | Conectiv Energy Supply, Inc.* | Conectiv Operating Services Company* |
|--|---|---|--|-------------------------------------|---|
| Operating Revenue | | | | | |
| Electric | | | | | |
| Gain on sales of electric generating plants | | | | | |
| Gas | | | | | |
| Other services | | | | | |
| Total Operating Revenue | | | | | |
| Operating Expenses | | | | | |
| Electric fuel and purchased energy | | | | | |
| Gas purchased | | | | | |
| Other services' cost of sales | | | | | |
| Merger-related costs | | | | | |
| Other operation and maintenance | | | | | |
| Loss on sale of leveraged leases | | | | | |
| Impairment losses | | | | | |
| Depreciation and amortization | | | | | |
| Other taxes | | | | | |
| Deferred electric service costs | | | | | |
| Total Operating Expenses | | | | | |
| Operating Income | | | | | |
| Other Income (Expenses) | | | | | |
| Interest and dividend income | | | | | |
| Interest expense | | | | | |
| Income (loss) from equity investments | | | | | |
| Other income | | | | | |
| Total Other Income (Expenses) | | | | | |
| Preferred Stock Dividend Requirements Of Subsidiaries | | | | | |
| Income Taxes | | | | | |
| Net income | | | | | |

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

Conectiv Energy Holding Company and Subsidiaries
 Consolidating Statement of Income
 For the Year Ended December 3, 2002
 (Millions of Dollars)

| | Conectiv Atlantic Generation, LLC* | Conectiv Bethlehem, LLC* | Conectiv Delmarva Generation, Inc.* | Conectiv Mid-Merit, Inc.* | Conectiv Pennsylvania Generation, Inc.* |
|--|---|--------------------------------|--|---------------------------------|--|
| <hr/> | | | | | |
| Operating Revenue | | | | | |
| Electric | | | | | |
| Gain on sales of electric generating plants | | | | | |
| Gas | | | | | |
| Other services | | | | | |
| Total Operating Revenue | | | | | |
| Operating Expenses | | | | | |
| Electric fuel and purchased energy | | | | | |
| Gas purchased | | | | | |
| Other services' cost of sales | | | | | |
| Merger-related costs | | | | | |
| Other operation and maintenance | | | | | |
| Loss on sale of leveraged leases | | | | | |
| Impairment losses | | | | | |
| Depreciation and amortization | | | | | |
| Other taxes | | | | | |
| Deferred electric service costs | | | | | |
| Total Operating Expenses | | | | | |
| Operating Income | | | | | |
| Other Income (Expenses) | | | | | |
| Interest and dividend income | | | | | |
| Interest expense | | | | | |
| Income (loss) from equity investments | | | | | |
| Other income | | | | | |
| Total Other Income (Expenses) | | | | | |
| Preferred Stock Dividend Requirements Of Subsidiaries | | | | | |
| Income Taxes | | | | | |
| Net income | | | | | |

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

CONNECTIV SOLUTIONS LLC
CONSOLIDATING STATEMENTS OF INCOME
For the Year Ended December 31, 2002
(Millions of Dollars)

| | Connectiv Solutions LLC Consolidated* | Eliminations Reclasses & Consolidations | Connectiv Solutions LLC Parent* | ATE Investment, Inc. Consolidated* | Eliminations Reclasses & Consolidations | ATE Investment, Inc. Parent* | King Street Assurance Ltd* | Connectiv Services, Inc. Consolidated* |
|---|---|---|---------------------------------------|---------------------------------------|---|------------------------------------|----------------------------------|--|
| Operating Revenue | | | | | | | | |
| Electric | \$ - | \$ - | | | | | | |
| Gain on sales of electric generating plants | - | - | | | | | | |
| Gas | - | - | | | | | | |
| Other services | - | - | | | | | | |
| Total Operating Revenue | - | - | | | | | | |
| Operating Expenses | | | | | | | | |
| Electric fuel and purchased energy | - | - | | | | | | |
| Gas purchased | - | - | | | | | | |
| Other services' cost of sales | - | - | | | | | | |
| Merger-related costs | - | - | | | | | | |
| Other operation and maintenance | - | - | | | | | | |
| Loss on sale of leveraged leases | - | - | | | | | | |
| Impairment losses | - | - | | | | | | |
| Depreciation and amortization | - | - | | | | | | |
| Other taxes | - | - | | | | | | |
| Deferred electric service costs | - | - | | | | | | |
| Total Operating Expenses | - | - | | | | | | |
| Operating Income | - | - | | | | | | |
| Other Income (Expenses) | | | | | | | | |
| Interest and dividend income | - | - | | | | | | |
| Interest expense | 0.1 | 0.1 | | | | | | |
| Income (loss) from equity investments | - | - | | | | | | |
| Other income | 18.3 | 18.3 | | | | | | |
| Total Other Income (Expenses) | 18.4 | 18.4 | | | | | | |
| Preferred Stock Dividend Requirements Of | - | - | | | | | | |
| Income Taxes | - | - | | | | | | |
| Net loss | \$ 18.4 | \$ 18.4 | | | | | | |

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

CONNECTIV SERVICES, INC.
CONSOLIDATING STATEMENTS OF INCOME
For the Year Ended December 31, 2002
(Millions of Dollars)

| | Conectiv Services, Inc. Consolidated* | Eliminations Reclasses & Consolidations | Conectiv Services, Inc. Parent* | Conectiv Plumbing, L.L.C.* | Conectiv Thermal Systems, Inc. Consolidated* |
|--|---|---|---------------------------------------|----------------------------------|---|
| Operating Revenue | | | | | |
| Electric | | | | | |
| Gain on sales of electric generating plants | | | | | |
| Gas | | | | | |
| Other services | | | | | |
| Total Operating Revenue | | | | | |
| Operating Expenses | | | | | |
| Electric fuel and purchased energy | | | | | |
| Gas purchased | | | | | |
| Other services' cost of sales | | | | | |
| Merger-related costs | | | | | |
| Other operation and maintenance | | | | | |
| Loss on sale of leveraged leases | | | | | |
| Impairment losses | | | | | |
| Depreciation and amortization | | | | | |
| Other taxes | | | | | |
| Deferred electric service costs | | | | | |
| Total Operating Expenses | | | | | |
| Operating Income | | | | | |
| Other Income (Expenses) | | | | | |
| Interest and dividend income | | | | | |
| Interest expense | | | | | |
| Income (loss) from equity investments | | | | | |
| Other income | | | | | |
| Total Other Income (Expenses) | | | | | |
| Preferred Stock Dividend Requirements Of Subsidiaries | | | | | |
| Income Taxes | | | | | |
| Net loss | | | | | |

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

CONNECTIV THERMAL SYSTEMS, INC.
CONSOLIDATING STATEMENTS OF INCOME
For the Year Ended December 31, 2002
(Millions of Dollars)

| | Connectiv Thermal Systems, Inc. Consolidated* | Eliminations Reclasses & Consolidations | Connectiv Thermal Systems, Inc. Parent* | ATS Operating Services, Inc.* | Atlantic Jersey Thermal Systems, Inc.* | Thermal Energy Limited Partnership* |
|--|--|---|--|--|--|--|
| Operating Revenue | | | | | | |
| Electric | | | | | | |
| Gain on sales of electric generating plants | | | | | | |
| Gas | | | | | | |
| Other services | | | | | | |
| Total Operating Revenue | | | | | | |
| Operating Expenses | | | | | | |
| Electric fuel and purchased energy | | | | | | |
| Gas purchased | | | | | | |
| Other services' cost of sales | | | | | | |
| Merger-related costs | | | | | | |
| Other operation and maintenance | | | | | | |
| Loss on sale of leveraged leases | | | | | | |
| Impairment losses | | | | | | |
| Depreciation and amortization | | | | | | |
| Other taxes | | | | | | |
| Deferred electric service costs | | | | | | |
| Total Operating Expenses | | | | | | |
| Operating Income | | | | | | |
| Other Income (Expenses) | | | | | | |
| Interest and dividend income | | | | | | |
| Interest expense | | | | | | |
| Income (loss) from equity investments | | | | | | |
| Other income | | | | | | |
| Total Other Income (Expenses) | | | | | | |
| Preferred Stock Dividend Requirements Of Subsidiaries | | | | | | |
| Income Taxes | | | | | | |
| Net loss | | | | | | |

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

ATLANTIC GENERATION, INC.
CONSOLIDATING STATEMENTS OF INCOME
For the Year Ended December 31, 2002
(Millions of Dollars)

| | Atlantic Generation, Inc. Consolidated* | Eliminations Reclasses & Consolidations | Atlantic Generation, Inc. Parent* | Vineland Ltd., Inc.* | Vineland General, Inc.* | Binghampton Limited, Inc.* | Binghampton General, Inc.* | Pedrick General, Inc.* |
|---|---|---|---|-------------------------|----------------------------|-------------------------------|-------------------------------|------------------------------|
| Operating Revenue | | | | | | | | |
| Electric | | | | | | | | |
| Gain on sales of electric generating plants | | | | | | | | |
| Gas | | | | | | | | |
| Other services | | | | | | | | |
| Total Operating Revenue | | | | | | | | |
| Operating Expenses | | | | | | | | |
| Electric fuel and purchased energy/other services cost of sales | | | | | | | | |
| Gas purchased | | | | | | | | |
| Other services' cost of sales | | | | | | | | |
| Merger-related costs | | | | | | | | |
| Other operation and maintenance | | | | | | | | |
| Loss on sale of leveraged leases | | | | | | | | |
| Impairment losses | | | | | | | | |
| Depreciation and amortization | | | | | | | | |
| Other taxes | | | | | | | | |
| Deferred electric service costs | | | | | | | | |
| Total Operating Expenses | | | | | | | | |
| Operating Income | | | | | | | | |
| Other Income (Expenses) | | | | | | | | |
| Interest and dividend income | | | | | | | | |
| Interest expense | | | | | | | | |
| Income (loss) from equity investments | | | | | | | | |
| Other income | | | | | | | | |
| Total Other Income (Expenses) | | | | | | | | |
| Preferred Stock Dividend Requirements Of Subsidiaries | | | | | | | | |
| Income Taxes | | | | | | | | |
| Net loss | | | | | | | | |

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

PEPCO HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET
December 31, 2002
(Millions of dollars)

| | Total Pepco Holdings, Inc. | Eliminations Reclasses & Consolidations | Pepco Holdings, Inc. Parent | Potomac Electric Power Company Consolidated | Connectiv Consolidated | Pepco Energy Service, Inc. Consolidated* | Potomac Capital Investment Corporation Consolidated* | Pepco Communications, Inc. Consolidated* | PHI Service Company |
|--|----------------------------|---|-----------------------------|---|------------------------|--|--|--|---------------------|
| CURRENT ASSETS | | | | | | | | | |
| Cash and cash equivalents | \$ 98.8 | \$ - | \$ 5.6 | \$ 13.9 | \$ 66.8 | | | | \$ 1.3 |
| Marketable securities | 175.3 | - | - | - | 1.2 | | | | - |
| Accounts receivable, less allowance for uncollectible accounts | 1,118.5 | (642.3) | 900.5 | 373.4 | 668.6 | | | | 33.0 |
| Fuel, materials and supplies—at average cost | 254.9 | 72.3 | - | 37.8 | 123.1 | | | | - |
| Prepaid expenses and other | 54.4 | (5.6) | - | 10.2 | 27.3 | | | | 6.5 |
| Total Current Assets | 1,701.9 | (575.6) | 906.1 | 435.3 | 887.0 | | | | 40.8 |
| INVESTMENTS AND OTHER ASSETS | | | | | | | | | |
| Goodwill | 1,431.8 | 1,101.3 | - | - | 313.1 | | | | - |
| Regulatory assets, net | 1,175.5 | (15.9) | - | - | 1,191.4 | | | | - |
| Investment in finance leases | 1,091.6 | - | - | - | - | | | | - |
| Prepaid pension expense | 124.9 | (153.9) | - | 182.3 | 96.5 | | | | - |
| Investment in Consolidated companies | - | (3,703.2) | 3,703.2 | - | - | | | | - |
| Other | 536.0 | 13.3 | 12.8 | 108.5 | 173.8 | | | | 20.6 |
| Total Investments and Other Assets | 4,361.8 | (2,758.4) | 3,716.0 | 290.8 | 1,774.8 | | | | 20.6 |
| PROPERTY, PLANT AND EQUIPMENT | | | | | | | | | |
| Property, plant and equipment | 10,625.0 | (183.9) | 11.4 | 4,550.0 | 5,995.4 | | | | 87.1 |
| Accumulated depreciation | (3,827.0) | 2.5 | (2.4) | (1,739.7) | (2,025.8) | | | | (41.1) |
| Net Property, Plant and Equipment | 6,798.0 | (181.4) | 9.0 | 2,810.3 | 3,969.6 | | | | 46.0 |
| TOTAL ASSETS | \$ 12,881.7 | \$ (3,495.4) | \$ 4,631.1 | \$ 3,536.4 | \$ 6,631.4 | | | | \$ 107.6 |
| CURRENT LIABILITIES | | | | | | | | | |
| Short-term debt | \$ 1,377.4 | \$ (600.3) | \$ 149.0 | \$ 90.0 | \$ 1,404.2 | | | | \$ 42.9 |
| Accounts payable and accrued payroll | 638.8 | (41.9) | 6.4 | 167.4 | 368.1 | | | | 8.3 |
| Capital lease obligations due within one year | 15.8 | - | - | 15.6 | 0.2 | | | | - |
| Interest and taxes accrued | 83.4 | - | 21.5 | 57.6 | 15.2 | | | | 1.8 |
| Other | 501.2 | 4.0 | 1.2 | 164.4 | 255.4 | | | | 37.6 |
| Total Current Liabilities | 2,596.6 | (638.2) | 178.1 | 495.0 | 2,043.1 | | | | 90.6 |
| DEFERRED CREDITS | | | | | | | | | |
| Income taxes | 1,535.2 | (156.7) | (42.3) | 589.5 | 946.4 | | | | 9.2 |
| Investment tax credits | 69.0 | 0.1 | - | 22.6 | 46.3 | | | | - |
| Other | 432.0 | 133.9 | - | 44.0 | 231.5 | | | | 8.3 |
| Total Deferred Credits | 2,036.2 | (22.7) | (42.3) | 656.0 | 1,224.2 | | | | 17.5 |
| LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS | | | | | | | | | |
| Long-term debt | 4,712.8 | 2.5 | 1,499.5 | 1,083.5 | 1,824.3 | | | | - |
| Capital lease obligations | 119.6 | - | - | 118.7 | 0.6 | | | | - |
| Total Long-Term Debt and Capital Lease Obligations | 4,832.4 | 2.5 | 1,499.5 | 1,202.2 | 1,824.9 | | | | - |
| COMPANY OBLIGATED MANDATORILY REDEEMABLE PREFERRED SECURITIES OF SUBSIDIARY TRUST | 290.0 | - | - | 125.0 | 165.0 | | | | - |
| PREFERRED STOCK | | | | | | | | | |
| Serial preferred stock | 35.3 | - | - | 35.3 | - | | | | - |
| Redeemable serial preferred stock | 75.4 | - | - | 47.5 | 27.9 | | | | - |
| Total Preferred Stock | 110.7 | - | - | 82.8 | 27.9 | | | | - |
| COMMITMENTS AND CONTINGENCIES | | | | | | | | | |
| SHAREHOLDERS' EQUITY | | | | | | | | | |
| Common stock | 1.7 | - | 1.7 | - | - | | | | - |
| Premium on stock and other capital contributions | 2,212.0 | (2,071.9) | 2,212.0 | 507.6 | 1,130.8 | | | | - |
| Capital stock expense | (3.2) | 8.1 | (3.2) | (1.1) | (7.0) | | | | - |
| Accumulated other comprehensive loss | (52.9) | (3.6) | (52.8) | - | - | | | | - |
| Retained income | 838.2 | (769.6) | 838.1 | 468.9 | 222.5 | | | | (0.5) |
| Cost of shares of common stock in treasury | - | - | - | - | - | | | | - |
| Total Shareholders' Equity | 2,995.8 | (2,837.0) | 2,995.8 | 975.4 | 1,346.3 | | | | (0.5) |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | \$ 12,861.7 | \$ (3,495.4) | \$ 4,631.1 | \$ 3,536.4 | \$ 6,631.4 | | | | \$ 107.6 |

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

POTOMAC ELECTRIC POWER COMPANY AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET
December 31, 2002
(Millions of dollars)

| | Potomac Electric Power Company Consolidated | Eliminations Reclasses & Consolidations | Potomac Electric Power Company Parent | Edison Capital Reserves Corporation* |
|--|---|---|---|--|
| CURRENT ASSETS | | | | |
| Cash and cash equivalents | \$ 13.9 | | \$ 9.1 | |
| Marketable securities | - | | | |
| Accounts receivable, less allowance for uncollectible accounts | 373.4 | 0.3 | 263.1 | |
| Fuel, materials and supplies—at average cost | 37.8 | | 37.8 | |
| Prepaid expenses and other | 10.2 | (0.3) | 10.1 | |
| Total Current Assets | <u>435.3</u> | <u>-</u> | <u>320.1</u> | |
| INVESTMENTS AND OTHER ASSETS | | | | |
| Goodwill | - | | | |
| Regulatory assets, net | - | | | |
| Investment in finance leases | - | | | |
| Investment in subsidiaries | | (115.2) | 115.2 | |
| Prepaid pension expense | 182.3 | | 182.3 | |
| Other | 108.5 | - | 108.5 | |
| Total Investments and Other Assets | <u>290.8</u> | <u>(115.2)</u> | <u>406.0</u> | |
| PROPERTY, PLANT AND EQUIPMENT | | | | |
| Property, plant and equipment | 4,550.0 | | 4,550.0 | |
| Accumulated depreciation | (1,739.7) | - | (1,739.7) | |
| Net Property, Plant and Equipment | <u>2,810.3</u> | <u>-</u> | <u>2,810.3</u> | |
| TOTAL ASSETS | \$ 3,536.4 | \$ (115.2) | \$ 3,536.4 | |
| CURRENT LIABILITIES | | | | |
| Short-term debt | \$ 90.0 | | \$ 90.0 | |
| Accounts payable and accrued payroll | 167.4 | | 167.4 | |
| Capital lease obligations due within one year | 15.6 | | 15.6 | |
| Interest and taxes accrued | 57.6 | | 57.6 | |
| Other | 164.4 | 0.5 | 163.9 | |
| Total Current Liabilities | <u>495.0</u> | <u>0.5</u> | <u>494.5</u> | |
| DEFERRED CREDITS | | | | |
| Income taxes | 589.4 | | 589.4 | |
| Investment tax credits | 22.6 | | 22.6 | |
| Other | 44.0 | (0.5) | 44.5 | |
| Total Deferred Credits | <u>656.0</u> | <u>(0.5)</u> | <u>656.5</u> | |
| LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS | | | | |
| Long-term debt | 1,083.5 | | 1,083.5 | |
| Capital lease obligations | 118.7 | - | 118.7 | |
| Total Long-Term Debt and Capital Lease Obligations | <u>1,202.2</u> | <u>-</u> | <u>1,202.2</u> | |
| COMPANY OBLIGATED MANDATORILY REDEEMABLE PREFERRED SECURITIES OF SUBSIDIARY TRUST | | | | |
| | <u>125.0</u> | <u>-</u> | <u>125.0</u> | |
| PREFERRED STOCK | | | | |
| Serial preferred stock | 35.3 | | 35.3 | |
| Redeemable serial preferred stock | 47.5 | - | 47.5 | |
| Total Preferred Stock | <u>82.8</u> | <u>-</u> | <u>82.8</u> | |
| COMMITMENTS AND CONTINGENCIES | | | | |
| SHAREHOLDERS' EQUITY | | | | |
| Common stock | - | | | |
| Premium on stock and other capital contributions | 507.6 | | 507.6 | |
| Capital stock expense | (1.1) | | (1.1) | |
| Accumulated other comprehensive loss | - | | | |
| Retained income | 468.9 | (115.2) | 468.9 | |
| Cost of shares of common stock in treasury | - | - | - | |
| Total Shareholders' Equity | <u>975.4</u> | <u>(115.2)</u> | <u>975.4</u> | |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | \$ 3,536.4 | \$ (115.2) | \$ 3,536.4 | |

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

PEPCO ENERGY SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET
December 31, 2002
(Millions of dollars)

| | Pepco Energy Services, Inc. Consolidated* | Eliminations Reclasses & Consolidations | Pepco Energy Services, Inc. Parent* | PES Home Warranty Services of VA* | Potomac Power Resources, Inc.* | Pepco Building Services, Inc. Consolidated* |
|--|---|---|--|--|-----------------------------------|---|
| CURRENT ASSETS | | | | | | |
| Cash and cash equivalents | | | | | | |
| Marketable securities | | | | | | |
| Accounts receivable, less allowance for uncollectible accounts | | | | | | |
| Fuel, materials and supplies—at average cost | | | | | | |
| Prepaid expenses and other | | | | | | |
| Total Current Assets | | | | | | |
| INVESTMENTS AND OTHER ASSETS | | | | | | |
| Goodwill | | | | | | |
| Regulatory assets, net | | | | | | |
| Investment in finance leases | | | | | | |
| Prepaid pension expense | | | | | | |
| Other | | | | | | |
| Total Investments and Other Assets | | | | | | |
| PROPERTY, PLANT AND EQUIPMENT | | | | | | |
| Property, plant and equipment | | | | | | |
| Accumulated depreciation | | | | | | |
| Net Property, Plant and Equipment | | | | | | |
| TOTAL ASSETS | | | | | | |
| CURRENT LIABILITIES | | | | | | |
| Short-term debt | | | | | | |
| Accounts payable and accrued payroll | | | | | | |
| Capital lease obligations due within one year | | | | | | |
| Interest and taxes accrued | | | | | | |
| Other | | | | | | |
| Total Current Liabilities | | | | | | |
| DEFERRED CREDITS | | | | | | |
| Income taxes | | | | | | |
| Investment tax credits | | | | | | |
| Other | | | | | | |
| Total Deferred Credits | | | | | | |
| LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS | | | | | | |
| Long-term debt | | | | | | |
| Capital lease obligations | | | | | | |
| Total Long-Term Debt and Capital Lease Obligations | | | | | | |
| COMPANY OBLIGATED MANDATORILY REDEEMABLE PREFERRED SECURITIES OF SUBSIDIARY TRUST | | | | | | |
| PREFERRED STOCK | | | | | | |
| Serial preferred stock | | | | | | |
| Redeemable serial preferred stock | | | | | | |
| Total Preferred Stock | | | | | | |
| COMMITMENTS AND CONTINGENCIES | | | | | | |
| SHAREHOLDERS' EQUITY | | | | | | |
| Common stock | | | | | | |
| Premium on stock and other capital contributions | | | | | | |
| Capital stock expense | | | | | | |
| Accumulated other comprehensive loss | | | | | | |
| Retained income | | | | | | |
| Cost of shares of common stock in treasury | | | | | | |
| Total Shareholders' Equity | | | | | | |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | | |

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

PEPCO BUILDING SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET
December 31, 2002
(Millions of dollars)

| | Pepco Building Services, Inc. Consolidated* | Eliminations Reclassifications & Consolidations | Pepco Building Services, Inc. Parent* | MET Electrical Testing Company, Inc.* | Substation Testing Company, Inc.* | Seaboard Mechanical Services, Inc.* | Engineered Services, Inc.* | Unitamp, Inc.* | G&L Mechanical Services, Inc.* |
|--|---|---|---|---|--------------------------------------|---|-------------------------------|----------------|-----------------------------------|
| CURRENT ASSETS | | | | | | | | | |
| Cash and cash equivalents | | | | | | | | | |
| Marketable securities | | | | | | | | | |
| Accounts receivable, less allowance for uncollectible accounts | | | | | | | | | |
| Fuel, materials and supplies—at average cost | | | | | | | | | |
| Prepaid expenses and other | | | | | | | | | |
| Total Current Assets | | | | | | | | | |
| INVESTMENTS AND OTHER ASSETS | | | | | | | | | |
| Goodwill | | | | | | | | | |
| Regulatory assets, net | | | | | | | | | |
| Investment in finance leases | | | | | | | | | |
| Prepaid pension expense | | | | | | | | | |
| Other | | | | | | | | | |
| Total Investments and Other Assets | | | | | | | | | |
| PROPERTY, PLANT AND EQUIPMENT | | | | | | | | | |
| Property, plant and equipment | | | | | | | | | |
| Accumulated depreciation | | | | | | | | | |
| Net Property, Plant and Equipment | | | | | | | | | |
| TOTAL ASSETS | | | | | | | | | |
| CURRENT LIABILITIES | | | | | | | | | |
| Short-term debt | | | | | | | | | |
| Accounts payable and accrued payroll | | | | | | | | | |
| Capital lease obligations due within one year | | | | | | | | | |
| Interest and taxes accrued | | | | | | | | | |
| Other | | | | | | | | | |
| Total Current Liabilities | | | | | | | | | |
| DEFERRED CREDITS | | | | | | | | | |
| Income taxes | | | | | | | | | |
| Investment tax credits | | | | | | | | | |
| Other | | | | | | | | | |
| Total Deferred Credits | | | | | | | | | |
| LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS | | | | | | | | | |
| Long-term debt | | | | | | | | | |
| Capital lease obligations | | | | | | | | | |
| Total Long-Term Debt and Capital Lease Obligations | | | | | | | | | |
| COMPANY OBLIGATED MANDATORILY REDEEMABLE PREFERRED SECURITIES OF SUBSIDIARY TRUST | | | | | | | | | |
| PREFERRED STOCK | | | | | | | | | |
| Serial preferred stock | | | | | | | | | |
| Redeemable serial preferred stock | | | | | | | | | |
| Total Preferred Stock | | | | | | | | | |
| COMMITMENTS AND CONTINGENCIES | | | | | | | | | |
| SHAREHOLDERS' EQUITY | | | | | | | | | |
| Common stock | | | | | | | | | |
| Premium on stock and other capital contributions | | | | | | | | | |
| Capital stock expense | | | | | | | | | |
| Accumulated other comprehensive loss | | | | | | | | | |
| Retained income | | | | | | | | | |
| Cost of shares of common stock in treasury | | | | | | | | | |
| Total Shareholders' Equity | | | | | | | | | |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | | | | | |

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

POTOMAC CAPITAL INVESTMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET
December 31, 2002
(Millions of dollars)

| | Potomac Capital Investment Corporation Consolidated* | Eliminations Reclasses & Consolidations | Potomac Capital Investment Corporation Parent* | PCI Energy Corporation* | PCI-BT Investing LLC* | Edison Place LLC* | Potomac Nevada Investment, Inc.* | PCI Netherlands Corp.* | PCI Queensland Corp.* | Potomac Capital Markets Corp.* |
|--|---|---|---|----------------------------|--------------------------|----------------------|---|------------------------------|-----------------------------|---|
| CURRENT ASSETS | | | | | | | | | | |
| Cash and cash equivalents | | | | | | | | | | |
| Marketable securities | | | | | | | | | | |
| Accounts receivable, less allowance for uncollectible accounts | | | | | | | | | | |
| Intercompany Accounts receivable | | | | | | | | | | |
| Intercompany notes receivable | | | | | | | | | | |
| Fuel, materials and supplies—at average cost | | | | | | | | | | |
| Prepaid expenses and other | | | | | | | | | | |
| Total Current Assets | | | | | | | | | | |
| INVESTMENTS AND OTHER ASSETS | | | | | | | | | | |
| Goodwill | | | | | | | | | | |
| Regulatory assets, net | | | | | | | | | | |
| Intercompany investments | | | | | | | | | | |
| Investment in finance leases | | | | | | | | | | |
| Prepaid pension expense | | | | | | | | | | |
| Other | | | | | | | | | | |
| Total Investments and Other Assets | | | | | | | | | | |
| PROPERTY, PLANT AND EQUIPMENT | | | | | | | | | | |
| Property, plant and equipment | | | | | | | | | | |
| Accumulated depreciation | | | | | | | | | | |
| Net Property, Plant and Equipment | | | | | | | | | | |
| TOTAL ASSETS | | | | | | | | | | |
| CURRENT LIABILITIES | | | | | | | | | | |
| Short-term debt | | | | | | | | | | |
| Accounts payable and accrued payroll | | | | | | | | | | |
| Intercompany accounts payable | | | | | | | | | | |
| Intercompany notes payable | | | | | | | | | | |
| Capital lease obligations due within one year | | | | | | | | | | |
| Interest and taxes accrued | | | | | | | | | | |
| Other | | | | | | | | | | |
| Total Current Liabilities | | | | | | | | | | |
| DEFERRED CREDITS | | | | | | | | | | |
| Income taxes | | | | | | | | | | |
| Investment tax credits | | | | | | | | | | |
| Other | | | | | | | | | | |
| Total Deferred Credits | | | | | | | | | | |
| LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS | | | | | | | | | | |
| Long-term debt | | | | | | | | | | |
| Capital lease obligations | | | | | | | | | | |
| Total Long-Term Debt and Capital Lease Obligations | | | | | | | | | | |
| COMPANY OBLIGATED MANDATORILY REDEEMABLE PREFERRED SECURITIES OF SUBSIDIARY TRUST | | | | | | | | | | |
| PREFERRED STOCK | | | | | | | | | | |
| Serial preferred stock | | | | | | | | | | |
| Redeemable serial preferred stock | | | | | | | | | | |
| Total Preferred Stock | | | | | | | | | | |
| COMMITMENTS AND CONTINGENCIES | | | | | | | | | | |
| SHAREHOLDERS' EQUITY | | | | | | | | | | |
| Common stock | | | | | | | | | | |
| Premium on stock and other capital contributions | | | | | | | | | | |
| Capital stock expense | | | | | | | | | | |
| Accumulated other comprehensive loss | | | | | | | | | | |
| Retained income | | | | | | | | | | |
| Cost of shares of common stock in treasury | | | | | | | | | | |
| Total Shareholders' Equity | | | | | | | | | | |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | | | | | | |

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

POTOMAC CAPITAL INVESTMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET
December 31, 2002
(Millions of dollars)

| | Potomac Aircraft Leasing Corp.* | Potomac Harmans Corp.* | Harmans Building Associates* | Potomac Land Corporation* | Pepco Technologies LLC* | American Energy Corp.* | Friendly Skies, Inc. Consolidated* | AMP Funding, LLC Consolidated* | Potomac Nevada Corporation Consolidated* | Pepco Enterprises, Inc. Consolidated* |
|--|--|------------------------------|------------------------------------|------------------------------|-------------------------------|---------------------------|--|--------------------------------------|--|---|
| CURRENT ASSETS | | | | | | | | | | |
| Cash and cash equivalents | | | | | | | | | | |
| Marketable securities | | | | | | | | | | |
| Accounts receivable, less allowance for uncollectible accounts | | | | | | | | | | |
| Intercompany Accounts receivable | | | | | | | | | | |
| Intercompany notes receivable | | | | | | | | | | |
| Fuel, materials and supplies—at average cost | | | | | | | | | | |
| Prepaid expenses and other | | | | | | | | | | |
| Total Current Assets | | | | | | | | | | |
| INVESTMENTS AND OTHER ASSETS | | | | | | | | | | |
| Goodwill | | | | | | | | | | |
| Regulatory assets, net | | | | | | | | | | |
| Intercompany investments | | | | | | | | | | |
| Investment in finance leases | | | | | | | | | | |
| Prepaid pension expense | | | | | | | | | | |
| Other | | | | | | | | | | |
| Total Investments and Other Assets | | | | | | | | | | |
| PROPERTY, PLANT AND EQUIPMENT | | | | | | | | | | |
| Property, plant and equipment | | | | | | | | | | |
| Accumulated depreciation | | | | | | | | | | |
| Net Property, Plant and Equipment | | | | | | | | | | |
| TOTAL ASSETS | | | | | | | | | | |
| CURRENT LIABILITIES | | | | | | | | | | |
| Short-term debt | | | | | | | | | | |
| Accounts payable and accrued payroll | | | | | | | | | | |
| Intercompany accounts payable | | | | | | | | | | |
| Intercompany notes payable | | | | | | | | | | |
| Capital lease obligations due within one year | | | | | | | | | | |
| Interest and taxes accrued | | | | | | | | | | |
| Other | | | | | | | | | | |
| Total Current Liabilities | | | | | | | | | | |
| DEFERRED CREDITS | | | | | | | | | | |
| Income taxes | | | | | | | | | | |
| Investment tax credits | | | | | | | | | | |
| Other | | | | | | | | | | |
| Total Deferred Credits | | | | | | | | | | |
| LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS | | | | | | | | | | |
| Long-term debt | | | | | | | | | | |
| Capital lease obligations | | | | | | | | | | |
| Total Long-Term Debt and Capital Lease Obligations | | | | | | | | | | |
| COMPANY OBLIGATED MANDATORILY REDEEMABLE PREFERRED SECURITIES OF SUBSIDIARY TRUST | | | | | | | | | | |
| PREFERRED STOCK | | | | | | | | | | |
| Serial preferred stock | | | | | | | | | | |
| Redeemable serial preferred stock | | | | | | | | | | |
| Total Preferred Stock | | | | | | | | | | |
| COMMITMENTS AND CONTINGENCIES | | | | | | | | | | |
| SHAREHOLDERS' EQUITY | | | | | | | | | | |
| Common stock | | | | | | | | | | |
| Premium on stock and other capital contributions | | | | | | | | | | |
| Capital stock expense | | | | | | | | | | |
| Accumulated other comprehensive loss | | | | | | | | | | |
| Retained income | | | | | | | | | | |
| Cost of shares of common stock in treasury | | | | | | | | | | |
| Total Shareholders' Equity | | | | | | | | | | |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | | | | | | |

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

FRIENDLY SKIES, INC. AND SUBSIDIARIES
December 31, 2002
CONSOLIDATING BALANCE SHEET
(Millions of dollars)

| | Eliminations Reclasses & Consolidations | Friendly Skies, Inc. Parent* | PCI Air Management Corporation* |
|--|---|---------------------------------|---------------------------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | | | |
| Marketable securities | | | |
| Accounts receivable, less allowance for uncollectible accounts | | | |
| Intercompany Accounts receivable | | | |
| Intercompany notes receivable | | | |
| Fuel, materials and supplies—at average cost | | | |
| Prepaid expenses and other | | | |
| Total Current Assets | | | |
| INVESTMENTS AND OTHER ASSETS | | | |
| Goodwill | | | |
| Regulatory assets, net | | | |
| Intercompany investments | | | |
| Investment in finance leases | | | |
| Prepaid pension expense | | | |
| Other | | | |
| Total Investments and Other Assets | | | |
| PROPERTY, PLANT AND EQUIPMENT | | | |
| Property, plant and equipment | | | |
| Accumulated depreciation | | | |
| Net Property, Plant and Equipment | | | |
| TOTAL ASSETS | | | |
| CURRENT LIABILITIES | | | |
| Short-term debt | | | |
| Accounts payable and accrued payroll | | | |
| Intercompany accounts payable | | | |
| Intercompany notes payable | | | |
| Capital lease obligations due within one year | | | |
| Interest and taxes accrued | | | |
| Other | | | |
| Total Current Liabilities | | | |
| DEFERRED CREDITS | | | |
| Income taxes | | | |
| Investment tax credits | | | |
| Other | | | |
| Total Deferred Credits | | | |
| LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS | | | |
| Long-term debt | | | |
| Capital lease obligations | | | |
| Total Long-Term Debt and Capital Lease Obligations | | | |
| COMPANY OBLIGATED MANDATORILY REDEEMABLE PREFERRED SECURITIES OF SUBSIDIARY TRUST | | | |
| PREFERRED STOCK | | | |
| Serial preferred stock | | | |
| Redeemable serial preferred stock | | | |
| Total Preferred Stock | | | |
| COMMITMENTS AND CONTINGENCIES | | | |
| SHAREHOLDERS' EQUITY | | | |
| Common stock | | | |
| Premium on stock and other capital contributions | | | |
| Capital stock expense | | | |
| Accumulated other comprehensive loss | | | |
| Retained income | | | |
| Cost of shares of common stock in treasury | | | |
| Total Shareholders' Equity | | | |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | | |

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

AMP FUNDING, LLC AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET
December 31, 2002
(Millions of dollars)

| | AMP Funding, LLC Consolidated* | Eliminations Reclasses & Consolidations | AMP Funding, LLC Parent* | RAMP Investments, LLC* | PCI Air Management Partners, LLC* | PCI Ever, Inc.* |
|--|-----------------------------------|---|-----------------------------|------------------------------|---|-----------------|
| CURRENT ASSETS | | | | | | |
| Cash and cash equivalents | | | | | | |
| Marketable securities | | | | | | |
| Accounts receivable, less allowance for uncollectible accounts | | | | | | |
| Intercompany Accounts receivable | | | | | | |
| Intercompany notes receivable | | | | | | |
| Fuel, materials and supplies—at average cost | | | | | | |
| Prepaid expenses and other | | | | | | |
| Total Current Assets | | | | | | |
| INVESTMENTS AND OTHER ASSETS | | | | | | |
| Goodwill | | | | | | |
| Regulatory assets, net | | | | | | |
| Intercompany investments | | | | | | |
| Investment in finance leases | | | | | | |
| Prepaid pension expense | | | | | | |
| Other | | | | | | |
| Total Investments and Other Assets | | | | | | |
| PROPERTY, PLANT AND EQUIPMENT | | | | | | |
| Property, plant and equipment | | | | | | |
| Accumulated depreciation | | | | | | |
| Net Property, Plant and Equipment | | | | | | |
| TOTAL ASSETS | | | | | | |
| CURRENT LIABILITIES | | | | | | |
| Short-term debt | | | | | | |
| Accounts payable and accrued payroll | | | | | | |
| Intercompany accounts payable | | | | | | |
| Intercompany notes payable | | | | | | |
| Capital lease obligations due within one year | | | | | | |
| Interest and taxes accrued | | | | | | |
| Other | | | | | | |
| Total Current Liabilities | | | | | | |
| DEFERRED CREDITS | | | | | | |
| Income taxes | | | | | | |
| Investment tax credits | | | | | | |
| Other | | | | | | |
| Total Deferred Credits | | | | | | |
| LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS | | | | | | |
| Long-term debt | | | | | | |
| Capital lease obligations | | | | | | |
| Total Long-Term Debt and Capital Lease Obligations | | | | | | |
| COMPANY OBLIGATED MANDATORILY REDEEMABLE PREFERRED SECURITIES OF SUBSIDIARY TRUST | | | | | | |
| PREFERRED STOCK | | | | | | |
| Serial preferred stock | | | | | | |
| Redeemable serial preferred stock | | | | | | |
| Total Preferred Stock | | | | | | |
| COMMITMENTS AND CONTINGENCIES | | | | | | |
| SHAREHOLDERS' EQUITY | | | | | | |
| Common stock | | | | | | |
| Premium on stock and other capital contributions | | | | | | |
| Capital stock expense | | | | | | |
| Accumulated other comprehensive loss | | | | | | |
| Retained income | | | | | | |
| Cost of shares of common stock in treasury | | | | | | |
| Total Shareholders' Equity | | | | | | |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | | |

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

POTOMAC NEVADA CORPORATION AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET
December 31, 2002
(Millions of dollars)

| | Potomac Nevada Corporation Consolidated* | Eliminations Reclasses & Consolidations | Potomac Nevada Corporation Parent* | Potomac Capital Joint Leasing Corporation Consolidated* | Potomac Nevada Leasing Corporation* | PCI Engine Trading, Ltd.* | Potomac Delaware Leasing Corporation* |
|--|--|---|--|--|---|------------------------------|--|
| CURRENT ASSETS | | | | | | | |
| Cash and cash equivalents | | | | | | | |
| Marketable securities | | | | | | | |
| Accounts receivable, less allowance for uncollectible accounts | | | | | | | |
| Intercompany Accounts receivable | | | | | | | |
| Intercompany notes receivable | | | | | | | |
| Fuel, materials and supplies—at average cost | | | | | | | |
| Prepaid expenses and other | | | | | | | |
| Total Current Assets | | | | | | | |
| INVESTMENTS AND OTHER ASSETS | | | | | | | |
| Goodwill | | | | | | | |
| Regulatory assets, net | | | | | | | |
| Intercompany investments | | | | | | | |
| Investment in finance leases | | | | | | | |
| Prepaid pension expense | | | | | | | |
| Other | | | | | | | |
| Total Investments and Other Assets | | | | | | | |
| PROPERTY, PLANT AND EQUIPMENT | | | | | | | |
| Property, plant and equipment | | | | | | | |
| Accumulated depreciation | | | | | | | |
| Net Property, Plant and Equipment | | | | | | | |
| TOTAL ASSETS | | | | | | | |
| CURRENT LIABILITIES | | | | | | | |
| Short-term debt | | | | | | | |
| Accounts payable and accrued payroll | | | | | | | |
| Intercompany accounts payable | | | | | | | |
| Intercompany notes payable | | | | | | | |
| Capital lease obligations due within one year | | | | | | | |
| Interest and taxes accrued | | | | | | | |
| Other | | | | | | | |
| Total Current Liabilities | | | | | | | |
| DEFERRED CREDITS | | | | | | | |
| Income taxes | | | | | | | |
| Investment tax credits | | | | | | | |
| Other | | | | | | | |
| Total Deferred Credits | | | | | | | |
| LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS | | | | | | | |
| Long-term debt | | | | | | | |
| Capital lease obligations | | | | | | | |
| Total Long-Term Debt and Capital Lease Obligations | | | | | | | |
| COMPANY OBLIGATED MANDATORILY REDEEMABLE PREFERRED SECURITIES OF SUBSIDIARY TRUST | | | | | | | |
| PREFERRED STOCK | | | | | | | |
| Serial preferred stock | | | | | | | |
| Redeemable serial preferred stock | | | | | | | |
| Total Preferred Stock | | | | | | | |
| COMMITMENTS AND CONTINGENCIES | | | | | | | |
| SHAREHOLDERS' EQUITY | | | | | | | |
| Common stock | | | | | | | |
| Premium on stock and other capital contributions | | | | | | | |
| Capital stock expense | | | | | | | |
| Accumulated other comprehensive loss | | | | | | | |
| Retained income | | | | | | | |
| Cost of shares of common stock in treasury | | | | | | | |
| Total Shareholders' Equity | | | | | | | |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | | | |

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

POTOMAC DELAWARE LEASING CORPORATION AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET
December 31, 2002
(Millions of dollars)

| | Potomac Delaware Leasing Corporation Consolidated* | Eliminations Reclasses & Consolidations | Potomac Delaware Leasing Corporation Parent* | Potomac Equipment Leasing Corp.* | Potomac Leasing Associates, LP* |
|--|---|---|--|---|--|
| CURRENT ASSETS | | | | | |
| Cash and cash equivalents | | | | | |
| Marketable securities | | | | | |
| Accounts receivable, less allowance for uncollectible accounts | | | | | |
| Intercompany Accounts receivable | | | | | |
| Intercompany notes receivable | | | | | |
| Fuel, materials and supplies—at average cost | | | | | |
| Prepaid expenses and other | | | | | |
| Total Current Assets | | | | | |
| INVESTMENTS AND OTHER ASSETS | | | | | |
| Goodwill | | | | | |
| Regulatory assets, net | | | | | |
| Intercompany investment | | | | | |
| Investment in finance leases | | | | | |
| Prepaid pension expense | | | | | |
| Other | | | | | |
| Total Investments and Other Assets | | | | | |
| PROPERTY, PLANT AND EQUIPMENT | | | | | |
| Property, plant and equipment | | | | | |
| Accumulated depreciation | | | | | |
| Net Property, Plant and Equipment | | | | | |
| TOTAL ASSETS | | | | | |
| CURRENT LIABILITIES | | | | | |
| Short-term debt | | | | | |
| Accounts payable and accrued payroll | | | | | |
| Intercompany notes payable | | | | | |
| Capital lease obligations due within one year | | | | | |
| Interest and taxes accrued | | | | | |
| Other | | | | | |
| Total Current Liabilities | | | | | |
| DEFERRED CREDITS | | | | | |
| Income taxes | | | | | |
| Investment tax credits | | | | | |
| Other | | | | | |
| Total Deferred Credits | | | | | |
| LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS | | | | | |
| Long-term debt | | | | | |
| Capital lease obligations | | | | | |
| Total Long-Term Debt and Capital Lease Obligations | | | | | |
| COMPANY OBLIGATED MANDATORILY REDEEMABLE PREFERRED SECURITIES OF SUBSIDIARY TRUST | | | | | |
| PREFERRED STOCK | | | | | |
| Serial preferred stock | | | | | |
| Redeemable serial preferred stock | | | | | |
| Total Preferred Stock | | | | | |
| COMMITMENTS AND CONTINGENCIES | | | | | |
| SHAREHOLDERS' EQUITY | | | | | |
| Common stock | | | | | |
| Premium on stock and other capital contributions | | | | | |
| Capital stock expense | | | | | |
| Accumulated other comprehensive loss | | | | | |
| Retained income | | | | | |
| Cost of shares of common stock in treasury | | | | | |
| Total Shareholders' Equity | | | | | |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | |

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

POTOMAC CAPITAL JOINT LEASING CORPORATION AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET
December 31, 2002
(Millions of dollars)

| | Potomac Capital Joint Leasing Corporation Consolidated* | Eliminations Reclasses & Consolidations | Potomac Capital Joint Leasing Corporation Parent* | Aircraft International Management Co.* | PCI Holdings, Inc.* | PCI Nevada Investments* |
|--|--|---|--|---|------------------------|----------------------------|
| CURRENT ASSETS | | | | | | |
| Cash and cash equivalents | | | | | | |
| Marketable securities | | | | | | |
| Accounts receivable, less allowance for uncollectible accounts | | | | | | |
| Intercompany Accounts receivable | | | | | | |
| Intercompany notes receivable | | | | | | |
| Fuel, materials and supplies—at average cost | | | | | | |
| Prepaid expenses and other | | | | | | |
| Total Current Assets | | | | | | |
| INVESTMENTS AND OTHER ASSETS | | | | | | |
| Goodwill | | | | | | |
| Regulatory assets, net | | | | | | |
| Intercompany investment | | | | | | |
| Investment in finance leases | | | | | | |
| Prepaid pension expense | | | | | | |
| Other | | | | | | |
| Total Investments and Other Assets | | | | | | |
| PROPERTY, PLANT AND EQUIPMENT | | | | | | |
| Property, plant and equipment | | | | | | |
| Accumulated depreciation | | | | | | |
| Net Property, Plant and Equipment | | | | | | |
| TOTAL ASSETS | | | | | | |
| CURRENT LIABILITIES | | | | | | |
| Short-term debt | | | | | | |
| Accounts payable and accrued payroll | | | | | | |
| Intercompany accounts payable | | | | | | |
| Intercompany notes payable | | | | | | |
| Capital lease obligations due within one year | | | | | | |
| Interest and taxes accrued | | | | | | |
| Other | | | | | | |
| Total Current Liabilities | | | | | | |
| DEFERRED CREDITS | | | | | | |
| Income taxes | | | | | | |
| Investment tax credits | | | | | | |
| Other | | | | | | |
| Total Deferred Credits | | | | | | |
| LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS | | | | | | |
| Long-term debt | | | | | | |
| Capital lease obligations | | | | | | |
| Total Long-Term Debt and Capital Lease Obligations | | | | | | |
| COMPANY OBLIGATED MANDATORILY REDEEMABLE PREFERRED SECURITIES OF SUBSIDIARY TRUST | | | | | | |
| PREFERRED STOCK | | | | | | |
| Serial preferred stock | | | | | | |
| Redeemable serial preferred stock | | | | | | |
| Total Preferred Stock | | | | | | |
| COMMITMENTS AND CONTINGENCIES | | | | | | |
| SHAREHOLDERS' EQUITY | | | | | | |
| Common stock | | | | | | |
| Premium on stock and other capital contributions | | | | | | |
| Capital stock expense | | | | | | |
| Accumulated other comprehensive loss | | | | | | |
| Retained income | | | | | | |
| Cost of shares of common stock in treasury | | | | | | |
| Total Shareholders' Equity | | | | | | |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | | |

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

PEPCO ENTERPRISES, INC. AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET
December 31, 2002
(Millions of dollars)

| | Pepco Enterprises, Inc. Consolidated* | Eliminations Reclasses & Consolidations | Pepco Enterprises, Inc. Parent* | W.A. Chester LLC* | Severn Cable LLC* |
|--|--|---|---------------------------------------|----------------------|----------------------|
| CURRENT ASSETS | | | | | |
| Cash and cash equivalents | | | | | |
| Marketable securities | | | | | |
| Accounts receivable, less allowance for uncollectible accounts | | | | | |
| Intercompany Accounts receivable | | | | | |
| Intercompany notes receivable | | | | | |
| Fuel, materials and supplies—at average cost | | | | | |
| Prepaid expenses and other | | | | | |
| Total Current Assets | | | | | |
| INVESTMENTS AND OTHER ASSETS | | | | | |
| Goodwill | | | | | |
| Regulatory assets, net | | | | | |
| Investment in finance leases | | | | | |
| Prepaid pension expense | | | | | |
| Other | | | | | |
| Total Investments and Other Assets | | | | | |
| PROPERTY, PLANT AND EQUIPMENT | | | | | |
| Property, plant and equipment | | | | | |
| Accumulated depreciation | | | | | |
| Net Property, Plant and Equipment | | | | | |
| TOTAL ASSETS | | | | | |
| CURRENT LIABILITIES | | | | | |
| Short-term debt | | | | | |
| Accounts payable and accrued payroll | | | | | |
| Capital lease obligations due within one year | | | | | |
| Interest and taxes accrued | | | | | |
| Other | | | | | |
| Total Current Liabilities | | | | | |
| DEFERRED CREDITS | | | | | |
| Income taxes | | | | | |
| Investment tax credits | | | | | |
| Other | | | | | |
| Total Deferred Credits | | | | | |
| LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS | | | | | |
| Long-term debt | | | | | |
| Capital lease obligations | | | | | |
| Total Long-Term Debt and Capital Lease Obligations | | | | | |
| COMPANY OBLIGATED MANDATORILY REDEEMABLE PREFERRED SECURITIES OF SUBSIDIARY TRUST | | | | | |
| PREFERRED STOCK | | | | | |
| Serial preferred stock | | | | | |
| Redeemable serial preferred stock | | | | | |
| Total Preferred Stock | | | | | |
| COMMITMENTS AND CONTINGENCIES | | | | | |
| SHAREHOLDERS' EQUITY | | | | | |
| Common stock | | | | | |
| Premium on stock and other capital contributions | | | | | |
| Capital stock expense | | | | | |
| Accumulated other comprehensive loss | | | | | |
| Retained income | | | | | |
| Cost of shares of common stock in treasury | | | | | |
| Total Shareholders' Equity | | | | | |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | |

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

PEPCO COMMUNICATIONS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
December 31, 2002
(Millions of dollars)

| | Pepco Communications, Inc. Consolidated* | Eliminations Reclasses & Consolidations | Pepco Communications, Inc. Parent* | Pepco Communications, LLC* |
|--|--|---|--|----------------------------------|
| CURRENT ASSETS | | | | |
| Cash and cash equivalents | | | | |
| Marketable securities | | | | |
| Accounts receivable, less allowance for uncollectible accounts | | | | |
| Intercompany notes Receivable | | | | |
| Fuel, materials and supplies—at average cost | | | | |
| Prepaid expenses and other | | | | |
| Total Current Assets | | | | |
| INVESTMENTS AND OTHER ASSETS | | | | |
| Goodwill | | | | |
| Regulatory assets, net | | | | |
| Investment in finance leases | | | | |
| Prepaid pension expense | | | | |
| Investment in Consolidated companies | | | | |
| Other | | | | |
| Total Investments and Other Assets | | | | |
| PROPERTY, PLANT AND EQUIPMENT | | | | |
| Property, plant and equipment | | | | |
| Accumulated depreciation | | | | |
| Net Property, Plant and Equipment | | | | |
| TOTAL ASSETS | | | | |
| CURRENT LIABILITIES | | | | |
| Short-term debt | | | | |
| Intercompany Payable from Associated Companies | | | | |
| Accounts payable and accrued payroll | | | | |
| Capital lease obligations due within one year | | | | |
| Interest and taxes accrued | | | | |
| Other | | | | |
| Total Current Liabilities | | | | |
| DEFERRED CREDITS | | | | |
| Income taxes | | | | |
| Investment tax credits | | | | |
| Other | | | | |
| Total Deferred Credits | | | | |
| LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS | | | | |
| Long-term debt | | | | |
| Capital lease obligations | | | | |
| Total Long-Term Debt and Capital Lease Obligations | | | | |
| COMPANY OBLIGATED MANDATORILY REDEEMABLE PREFERRED SECURITIES OF SUBSIDIARY TRUST | | | | |
| PREFERRED STOCK | | | | |
| Serial preferred stock | | | | |
| Redeemable serial preferred stock | | | | |
| Total Preferred Stock | | | | |
| COMMITMENTS AND CONTINGENCIES | | | | |
| SHAREHOLDERS' EQUITY | | | | |
| Common stock | | | | |
| Premium on stock and other capital contributions | | | | |
| Capital stock expense | | | | |
| Accumulated other comprehensive loss | | | | |
| Retained income | | | | |
| Cost of shares of common stock in treasury | | | | |
| Total Shareholders' Equity | | | | |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | | | |

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

CONNECTIV AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET
December 31, 2002
(Millions of Dollars)

| | Connectiv Consolidated | Eliminations Reclassifications & Consolidations | Connectiv Parent | Deimarra Power & Light Company Consolidated | Atlantic City Electric Company Consolidated | Connectiv Properties and Investments, Inc. Consolidated* | Connectiv Energy Holding Company Consolidated* | Atlantic Southern Properties, Inc.* | Connectiv Communications, Inc. Consolidated (Parent only)* | Connectiv Solutions LLC Consolidated* | Atlantic Generation, Inc. Consolidated* |
|--|---------------------------|---|---------------------|---|---|--|--|---|---|---|--|
| CURRENT ASSETS | | | | | | | | | | | |
| Cash and cash equivalents | \$ 66.8 | \$ (431.9) | \$ - | \$ 109.7 | \$ 247.1 | | | | | | |
| Marketable securities | 1.2 | - | 0.4 | - | - | | | | | | |
| Accounts receivable, less allowance for uncollectible accounts | 668.6 | (3.3) | 2.3 | 168.7 | 159.0 | | | | | | |
| Accounts receivable from associated companies | - | (3.4) | 1.9 | - | - | | | | | | |
| Notes receivable from associated companies | - | (12.0) | - | - | - | | | | | | |
| Fuel, materials and supplies—at average cost | 123.1 | - | - | 25.4 | 30.0 | | | | | | |
| Prepaid expenses and other | 27.3 | (84.1) | 42.6 | 15.6 | 22.8 | | | | | | |
| Total Current Assets | 887.0 | (534.7) | 47.2 | 319.4 | 458.9 | | | | | | |
| INVESTMENTS AND OTHER ASSETS | | | | | | | | | | | |
| Goodwill | 313.1 | 261.3 | - | 48.5 | - | | | | | | |
| Regulatory assets, net | 1,191.4 | 0.1 | - | 99.3 | 1,092.0 | | | | | | |
| Investment in consolidated companies | - | (2,149.0) | 2,130.6 | - | - | | | | | | |
| Investment in finance leases | - | - | - | - | - | | | | | | |
| Prepaid pension expense | 96.5 | (103.2) | - | 192.8 | - | | | | | | |
| Other | 173.8 | - | 2.1 | 17.9 | 34.1 | | | | | | |
| Total Investments and Other Assets | 1,774.8 | (1,990.8) | 2,132.7 | 358.5 | 1,126.1 | | | | | | |
| PROPERTY, PLANT AND EQUIPMENT | | | | | | | | | | | |
| Property, plant and equipment | 5,995.4 | 0.1 | - | 2,120.5 | 1,836.0 | | | | | | |
| Accumulated depreciation | (2,025.8) | 0.1 | - | (824.0) | (756.2) | | | | | | |
| Net Property, Plant and Equipment | 3,969.6 | 0.2 | - | 1,296.5 | 1,079.8 | | | | | | |
| TOTAL ASSETS | \$ 6,631.4 | \$ (2,525.3) | \$ 2,179.9 | \$ 1,974.4 | \$ 2,664.8 | | | | | | |
| CURRENT LIABILITIES | | | | | | | | | | | |
| Short-term debt | \$ 1,404.2 | \$ 164.2 | \$ 250.0 | \$ 192.0 | \$ 107.2 | | | | | | |
| Accounts payable and accrued payroll | 368.1 | 27.9 | - | 66.3 | 75.1 | | | | | | |
| Accounts payable to associated companies | - | (31.2) | - | 17.5 | 12.9 | | | | | | |
| Notes payable to associated companies | - | (508.1) | 231.2 | - | - | | | | | | |
| Capital lease obligations due within one year | 0.2 | - | - | 0.2 | - | | | | | | |
| Interest and taxes accrued | 15.2 | (74.2) | - | 48.3 | 16.8 | | | | | | |
| Derivative instruments | 86.6 | - | - | - | - | | | | | | |
| Other | 166.8 | (4.1) | 1.3 | 61.8 | 77.3 | | | | | | |
| Total Current Liabilities | 2,043.1 | (525.5) | 482.5 | 386.1 | 289.3 | | | | | | |
| DEFERRED CREDITS | | | | | | | | | | | |
| Income taxes | 946.4 | (51.9) | 1.1 | 364.3 | 508.2 | | | | | | |
| Investment tax credits | 48.3 | - | - | 13.6 | 26.5 | | | | | | |
| Other postretirement benefits obligation | 84.3 | 38.0 | - | - | 38.5 | | | | | | |
| Other | 147.2 | (35.7) | - | 57.7 | 89.9 | | | | | | |
| Total Deferred Credits | 1,224.2 | (49.6) | 1.1 | 435.6 | 663.1 | | | | | | |
| LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS | | | | | | | | | | | |
| Long-term debt | 1,824.3 | 0.1 | 350.0 | 482.6 | 991.6 | | | | | | |
| Capital lease obligations | 0.6 | - | - | 0.6 | - | | | | | | |
| Total Long-Term Debt and Capital Lease Obligations | 1,824.9 | 0.1 | 350.0 | 483.2 | 991.6 | | | | | | |
| COMPANY OBLIGATED MANDATORILY REDEEMABLE PREFERRED SECURITIES OF SUBSIDIARY TRUST | | | | | | | | | | | |
| | 165.0 | - | - | 70.0 | 95.0 | | | | | | |
| PREFERRED STOCK | | | | | | | | | | | |
| Serial preferred stock | - | (21.7) | - | 21.7 | - | | | | | | |
| Redeemable serial preferred stock | 27.9 | (13.3) | - | - | 6.2 | | | | | | |
| Total Preferred Stock | 27.9 | (35.0) | - | 21.7 | 6.2 | | | | | | |
| COMMITMENTS AND CONTINGENCIES | | | | | | | | | | | |
| SHAREHOLDERS' EQUITY | | | | | | | | | | | |
| Common stock | - | (55.0) | - | - | 55.0 | | | | | | |
| Class A Common stock | - | - | - | - | - | | | | | | |
| Premium on stock and other capital contributions | 1,130.8 | (1,472.7) | 1,130.8 | 223.5 | 411.5 | | | | | | |
| Capital stock expense | (7.0) | 11.3 | (7.0) | (10.1) | (1.2) | | | | | | |
| Accumulated other comprehensive loss | - | - | - | - | - | | | | | | |
| Retained income | 222.5 | (398.9) | 222.5 | 364.4 | 153.9 | | | | | | |
| Cost of shares of common stock in treasury | - | - | - | - | - | | | | | | |
| Total Shareholders' Equity | 1,346.3 | (1,915.3) | 1,346.3 | 577.8 | 619.2 | | | | | | |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | \$ 6,631.4 | \$ (2,525.3) | \$ 2,179.9 | \$ 1,974.4 | \$ 2,664.8 | | | | | | |

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

DELMARVA POWER & LIGHT COMPANY AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET
December 31, 2002
(Millions of Dollars)

| | Delmarva Power & Light Company Consolidated | Eliminations Reclasses & Consolidations | Delmarva Power & Light Company Parent | Delmarva Power Financing I |
|--|---|---|---|-------------------------------|
| CURRENT ASSETS | | | | |
| Cash and cash equivalents | \$ 109.7 | \$ - | \$ 109.7 | \$ - |
| Marketable securities | - | - | - | - |
| Accounts receivable, net | 168.7 | - | 168.7 | - |
| Accounts receivable from associated companies | - | - | - | - |
| Notes receivable from associated companies | - | - | - | - |
| Fuel and materials | 25.4 | - | 25.4 | - |
| Prepaid expenses and other | 15.6 | 5.4 | 10.2 | - |
| Total Current Assets | <u>319.4</u> | <u>5.4</u> | <u>314.0</u> | <u>-</u> |
| INVESTMENTS AND OTHER ASSETS | | | | |
| Goodwill | 48.5 | - | 48.5 | - |
| Regulatory assets | 99.3 | - | 99.3 | - |
| Investment in consolidated companies | - | (74.3) | 2.2 | 72.1 |
| Prepaid pension expense | 192.8 | - | 192.8 | - |
| Other investments | 17.9 | - | 17.9 | - |
| Total Investments and Other Assets | <u>358.5</u> | <u>(74.3)</u> | <u>360.7</u> | <u>72.1</u> |
| PROPERTY, PLANT AND EQUIPMENT | | | | |
| Property, plant and equipment | 2,120.5 | - | 2,120.5 | - |
| Accumulated depreciation | (824.0) | - | (824.0) | - |
| Net Property, Plant and Equipment | <u>1,296.5</u> | <u>-</u> | <u>1,296.5</u> | <u>-</u> |
| TOTAL ASSETS | <u>\$ 1,974.4</u> | <u>\$ (68.9)</u> | <u>\$ 1,971.2</u> | <u>\$ 72.1</u> |
| CURRENT LIABILITIES | | | | |
| Short-term debt | \$ 192.0 | \$ - | \$ 192.0 | \$ - |
| Accounts payable | 66.3 | - | 66.3 | - |
| Accounts payable to associated companies | 17.5 | - | 17.5 | - |
| Notes payable to associated companies | - | - | - | - |
| Current capital lease obligation | 0.2 | - | 0.2 | - |
| Interest and taxes accrued | 48.3 | - | 48.3 | - |
| Derivative instruments | - | - | - | - |
| Other | 61.8 | - | 61.8 | - |
| Total Current Liabilities | <u>386.1</u> | <u>-</u> | <u>386.1</u> | <u>-</u> |
| DEFERRED CREDITS | | | | |
| Deferred income taxes, net | 364.3 | 5.4 | 358.9 | - |
| Deferred investment tax credits | 13.6 | - | 13.6 | - |
| Other Postretirement benefits obligation | - | - | - | - |
| Other | 57.7 | - | 57.7 | - |
| Total Deferred Credits | <u>435.6</u> | <u>5.4</u> | <u>430.2</u> | <u>-</u> |
| LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS | | | | |
| Long term debt | 482.6 | - | 482.6 | - |
| Advances from associated companies | - | (72.2) | 72.2 | - |
| Capital lease obligations | 0.6 | - | 0.6 | - |
| Total Long-Term Debt and Capital Lease Obligations | <u>483.2</u> | <u>(72.2)</u> | <u>555.4</u> | <u>-</u> |
| COMPANY OBLIGATED MANDATORILY REDEEMABLE PREFERRED SECURITIES OF SUBSIDIARY TRUST | | | | |
| | <u>70.0</u> | <u>-</u> | <u>-</u> | <u>70.0</u> |
| PREFERRED STOCK | | | | |
| Serial preferred stock | 21.7 | - | 21.7 | - |
| Redeemable serial preferred stock | - | - | - | - |
| Total Preferred Stock | <u>21.7</u> | <u>-</u> | <u>21.7</u> | <u>-</u> |
| COMMITMENTS AND CONTINGENCIES | | | | |
| SHAREHOLDERS' EQUITY | | | | |
| Common stock | - | (2.1) | - | 2.1 |
| Class A common stock | - | - | - | - |
| Premium on stock and other capital contributions | 223.5 | - | 223.5 | - |
| Capital Stock Expense | (10.1) | - | (10.1) | - |
| Retained income | 364.4 | - | 364.4 | - |
| Total Shareholders Equity | <u>577.8</u> | <u>(2.1)</u> | <u>577.8</u> | <u>2.1</u> |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | <u>\$ 1,974.4</u> | <u>\$ (68.9)</u> | <u>\$ 1,971.2</u> | <u>\$ 72.1</u> |

ATLANTIC CITY ELECTRIC COMPANY AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET
December 31, 2002
(Millions of Dollars)

| | Atlantic City Electric Company Consolidated | Eliminations Reclasses & Consolidations | Atlantic City Electric Company Parent | Atlantic Capital I | Atlantic Capital II | Atlantic City Electric Transition Funding LLC |
|--|---|---|--|-----------------------|------------------------|--|
| CURRENT ASSETS | | | | | | |
| Cash and cash equivalents | \$ 247.1 | \$ - | \$ 247.1 | \$ - | \$ - | \$ - |
| Marketable securities | - | - | - | - | - | - |
| Accounts receivable, net | 159.0 | - | 159.0 | - | - | - |
| Accounts receivable from associated companies | - | (12.7) | - | - | - | 12.7 |
| Notes receivable from associated companies | - | - | - | - | - | - |
| Fuel and materials | 30.0 | - | 30.0 | - | - | - |
| Prepaid expenses and other | 22.8 | - | 22.8 | - | - | - |
| Total Current Assets | <u>458.9</u> | <u>(12.7)</u> | <u>458.9</u> | <u>-</u> | <u>-</u> | <u>12.7</u> |
| INVESTMENTS AND OTHER ASSETS | | | | | | |
| Goodwill | - | - | - | - | - | - |
| Regulatory assets | 1,092.0 | - | 671.2 | - | - | 420.8 |
| Investment in consolidated companies | - | (103.1) | 5.1 | 72.2 | 25.8 | - |
| Prepaid pension costs | - | - | - | - | - | - |
| Other investments | 34.1 | - | 25.0 | - | - | 9.1 |
| Total Investments and Other Assets | <u>1,126.1</u> | <u>(103.1)</u> | <u>701.3</u> | <u>72.2</u> | <u>25.8</u> | <u>429.9</u> |
| PROPERTY, PLANT AND EQUIPMENT | | | | | | |
| Property, plant and equipment | 1,836.0 | - | 1,836.0 | - | - | - |
| Accumulated depreciation | (756.2) | - | (756.2) | - | - | - |
| Net Property, Plant and Equipment | <u>1,079.8</u> | <u>-</u> | <u>1,079.8</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| TOTAL ASSETS | <u>\$ 2,664.8</u> | <u>\$ (115.8)</u> | <u>\$ 2,240.0</u> | <u>\$ 72.2</u> | <u>\$ 25.8</u> | <u>\$ 442.6</u> |
| CURRENT LIABILITIES | | | | | | |
| Short-term debt | \$ 107.2 | \$ - | \$ 92.7 | \$ - | \$ - | \$ 14.5 |
| Accounts payable | 75.1 | - | 75.1 | - | - | - |
| Accounts payable from associated companies | 12.9 | (12.7) | 25.6 | - | - | - |
| Notes payable to associated companies | - | - | - | - | - | - |
| Current capital lease obligation | - | - | - | - | - | - |
| Interest and taxes accrued | 16.8 | - | 16.2 | - | - | 0.6 |
| Derivative instruments | - | - | - | - | - | - |
| Other | 77.3 | - | 77.3 | - | - | - |
| Total Current Liabilities | <u>289.3</u> | <u>(12.7)</u> | <u>286.9</u> | <u>-</u> | <u>-</u> | <u>15.1</u> |
| DEFERRED CREDITS | | | | | | |
| Deferred income taxes, net | 508.2 | - | 508.2 | - | - | - |
| Deferred investment tax credits | 26.5 | - | 26.5 | - | - | - |
| Pension benefit obligation | 46.6 | - | 46.6 | - | - | - |
| Other postretirement benefits obligation | 38.9 | - | 38.9 | - | - | - |
| Other | 43.3 | - | 43.3 | - | - | - |
| Total Deferred Credits | <u>663.5</u> | <u>-</u> | <u>663.5</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS | | | | | | |
| Long term debt | 991.6 | - | 566.3 | - | - | 425.3 |
| Advances from associated companies | - | (97.9) | 97.9 | - | - | - |
| Capital lease obligations | - | - | - | - | - | - |
| Total Long-Term Debt and Capital Lease Obligations | <u>991.6</u> | <u>(97.9)</u> | <u>664.2</u> | <u>-</u> | <u>-</u> | <u>425.3</u> |
| COMPANY OBLIGATED MANDATORILY REDEEMABLE PREFERRED SECURITIES OF SUBSIDIARY TRUST | | | | | | |
| | <u>95.0</u> | <u>-</u> | <u>-</u> | <u>70.0</u> | <u>25.0</u> | <u>-</u> |
| PREFERRED STOCK | | | | | | |
| Serial preferred stock | - | - | - | - | - | - |
| Redeemable serial preferred stock | 6.2 | - | 6.2 | - | - | - |
| Total Preferred Stock | <u>6.2</u> | <u>-</u> | <u>6.2</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| COMMITMENTS AND CONTINGENCIES | | | | | | |
| SHAREHOLDERS' EQUITY | | | | | | |
| Common stock | 55.0 | (3.0) | 55.0 | 2.2 | 0.8 | - |
| Class A common stock | - | - | - | - | - | - |
| Premium on stock and other capital contributions | 411.5 | (2.2) | 411.5 | - | - | 2.2 |
| Capital stock expense | (1.2) | - | (1.2) | - | - | - |
| Retained income | 153.9 | - | 153.9 | - | - | - |
| Total Shareholders Equity | <u>619.2</u> | <u>(5.2)</u> | <u>619.2</u> | <u>2.2</u> | <u>0.8</u> | <u>2.2</u> |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | <u>\$ 2,664.8</u> | <u>\$ (115.8)</u> | <u>\$ 2,240.0</u> | <u>\$ 72.2</u> | <u>\$ 25.8</u> | <u>\$ 442.6</u> |

CONNECTIV PROPERTIES AND INVESTMENTS, INC. AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET
December 31, 2002
(Millions of Dollars)

| | Connectiv Properties and Investments, Inc. Consolidated* | Eliminations Reclasses & Consolidations | Connectiv Properties and Investments, Inc. Parent* | DCI II, Inc.* | DCTC- Burney, Inc.* |
|--|--|---|---|------------------|------------------------|
| CURRENT ASSETS | | | | | |
| Cash and cash equivalents | | | | | |
| Marketable securities | | | | | |
| Accounts receivable, net | | | | | |
| Accounts receivable from associated companies | | | | | |
| Notes receivable from associated companies | | | | | |
| Fuel and materials | | | | | |
| Prepaid expenses and other | | | | | |
| Total Current Assets | | | | | |
| INVESTMENTS AND OTHER ASSETS | | | | | |
| Goodwill | | | | | |
| Regulatory assets | | | | | |
| Investment in consolidated companies | | | | | |
| Prepaid pension expense | | | | | |
| Other investments | | | | | |
| Total Investments and Other Assets | | | | | |
| PROPERTY, PLANT AND EQUIPMENT | | | | | |
| Property, plant and equipment | | | | | |
| Accumulated depreciation | | | | | |
| Net Property, Plant and Equipment | | | | | |
| TOTAL ASSETS | | | | | |
| CURRENT LIABILITIES | | | | | |
| Short-term debt | | | | | |
| Accounts payable | | | | | |
| Accounts payable to associated companies | | | | | |
| Notes payable to associated companies | | | | | |
| Current capital lease obligation | | | | | |
| Interest and Taxes accrued | | | | | |
| Derivative instruments | | | | | |
| Other | | | | | |
| Total Current Liabilities | | | | | |
| DEFERRED CREDITS | | | | | |
| Deferred income taxes, net | | | | | |
| Deferred investment tax credits | | | | | |
| Other postretirement benefits obligation | | | | | |
| Other | | | | | |
| Total Deferred Credits | | | | | |
| LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS | | | | | |
| Long term debt | | | | | |
| Advances from associated companies | | | | | |
| Capital lease obligations | | | | | |
| Total Long-Term Debt and Capital Lease Obligations | | | | | |
| COMPANY OBLIGATED MANDATORILY REDEEMABLE PREFERRED SECURITIES OF SUBSIDIARY TRUST | | | | | |
| PREFERRED STOCK | | | | | |
| Serial preferred stock | | | | | |
| Redeemable serial preferred stock | | | | | |
| Total Preferred Stock | | | | | |
| COMMITMENTS AND CONTINGENCIES | | | | | |
| SHAREHOLDERS' EQUITY | | | | | |
| Common stock | | | | | |
| Class A common stock | | | | | |
| Premium on stock and other capital contributions | | | | | |
| Capital stock expense | | | | | |
| Retained income | | | | | |
| Total Shareholders Equity | | | | | |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | |

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

CONNECTIV ENERGY HOLDING COMPANY AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET
December 31, 2002
(Millions of Dollars)

| Connectiv Energy Holding Company Consolidated* | Eliminations Reclasses & Consolidations | Connectiv Energy Holding Company Parent* | Connectiv Energy Supply, Inc.* | Connectiv Operating Services Company* | ACE REIT, Inc.* | Connectiv Atlantic Generation, LLC* | Connectiv Bethlehem, LLC* | Connectiv Delmarva Generation, Inc.* | Connectiv Mid-Merit, Inc.* | Connectiv Pennsylvania Generation, Inc.* |
|--|---|--|--------------------------------|---------------------------------------|-----------------|-------------------------------------|---------------------------|--------------------------------------|----------------------------|--|
|--|---|--|--------------------------------|---------------------------------------|-----------------|-------------------------------------|---------------------------|--------------------------------------|----------------------------|--|

CURRENT ASSETS

Cash and cash equivalents
Marketable securities
Accounts receivable, net
Accounts receivable from associated companies
Notes receivable
Fuel and materials
Prepaid expenses and other
Total Current Assets

INVESTMENTS AND OTHER ASSETS

Goodwill
Regulatory assets
Investments in consolidated companies
Prepaid pension expense
Other investments
Total Investments and Other Assets

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment
Accumulated depreciation
Net Property Plant and Equipment
TOTAL ASSETS

CURRENT LIABILITIES

Short-term debt
Accounts payable
Accounts payable to associated companies
Notes payable to associated companies
Current capital lease obligation
Interest and taxes accrued
Derivative instruments
Other
Total Current Liabilities

DEFERRED CREDITS

Deferred income taxes, net
Deferred investment tax credits
Other postretirement benefits obligation
Other
Total Deferred Credits

LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS

Long term debt
Capital lease obligations
Total Long-Term Debt and Capital Lease Obligations

COMPANY OBLIGATED MANDATORILY REDEEMABLE PREFERRED SECURITIES OF SUBSIDIARY TRUST

PREFERRED STOCK

Serial preferred stock
Redeemable serial preferred stock
Total Preferred Stock

COMMITMENTS AND CONTINGENCIES

SHAREHOLDERS' EQUITY

Common stock
Class A common stock
Premium on stock and other capital contributions
Capital stock expense
Accumulated other comprehensive loss
Retained income
Total Shareholders Equity

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY

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

CONECTIV SOLUTIONS LLC AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET
December 31, 2002
(Millions of Dollars)

| | Conectiv Solutions LLC Consolidated* | Eliminations Reclasses & Consolidations | Conectiv Solutions LLC Parent* | ATE Investment, Inc. Consolidated* | Eliminations Reclasses & Consolidations | ATE Investment, Inc. Parent* |
|--|--|---|--------------------------------------|---------------------------------------|---|------------------------------------|
| CURRENT ASSETS | | | | | | |
| Cash and cash equivalents | | | | | | |
| Marketable securities | | | | | | |
| Accounts receivable, net | | | | | | |
| Accounts receivable from associated companies | | | | | | |
| Notes receivable | | | | | | |
| Fuel and materials | | | | | | |
| Prepaid expenses and other | | | | | | |
| Total Current Assets | | | | | | |
| INVESTMENTS AND OTHER ASSETS | | | | | | |
| Goodwill | | | | | | |
| Regulatory assets | | | | | | |
| Investments in consolidated companies | | | | | | |
| Prepaid pension expense | | | | | | |
| Other investments | | | | | | |
| Total Investments and Other Assets | | | | | | |
| PROPERTY, PLANT AND EQUIPMENT | | | | | | |
| Property, plant and equipment | | | | | | |
| Accumulated depreciation | | | | | | |
| Net Property Plant and Equipment | | | | | | |
| TOTAL ASSETS | | | | | | |
| CURRENT LIABILITIES | | | | | | |
| Short-term debt | | | | | | |
| Accounts payable | | | | | | |
| Accounts payable to associated companies | | | | | | |
| Notes payable to associated companies | | | | | | |
| Current capital lease obligation | | | | | | |
| Interest and taxes accrued | | | | | | |
| Derivative instruments | | | | | | |
| Other | | | | | | |
| Total Current Liabilities | | | | | | |
| DEFERRED CREDITS | | | | | | |
| Deferred income taxes, net | | | | | | |
| Deferred investment tax credits | | | | | | |
| Other postretirement benefits obligation | | | | | | |
| Other | | | | | | |
| Total Deferred Credits | | | | | | |
| LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS | | | | | | |
| Long term debt | | | | | | |
| Capital lease obligations | | | | | | |
| Total Long-Term Debt and Capital Lease Obligations | | | | | | |
| COMPANY OBLIGATED MANDATORILY REDEEMABLE PREFERRED SECURITIES OF SUBSIDIARY TRUST | | | | | | |
| PREFERRED STOCK | | | | | | |
| Serial preferred stock | | | | | | |
| Redeemable serial preferred stock | | | | | | |
| Total Preferred Stock | | | | | | |
| COMMITMENTS AND CONTINGENCIES | | | | | | |
| SHAREHOLDERS' EQUITY | | | | | | |
| Common stock | | | | | | |
| Class A common stock | | | | | | |
| Premium on stock and other capital contributions | | | | | | |
| Capital stock expense | | | | | | |
| Accumulated other comprehensive loss | | | | | | |
| Retained deficit | | | | | | |
| Total Shareholders Equity | | | | | | |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | | |

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

CONNECTIV SOLUTIONS LLC AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET
December 31, 2002
(Millions of Dollars)

| King Street Assurance Ltd* | Connectiv Services, Inc. Consolidated* |
|----------------------------------|--|
|----------------------------------|--|

CURRENT ASSETS

Cash and cash equivalents
Marketable securities
Accounts receivable, net
Accounts receivable from associated companies
Notes receivable
Fuel and materials
Prepaid expenses and other
Total Current Assets

INVESTMENTS AND OTHER ASSETS

Goodwill
Regulatory assets
Investments in consolidated companies
Prepaid pension expense
Other investments
Total Investments and Other Assets

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment
Accumulated depreciation
Net Property Plant and Equipment

TOTAL ASSETS

CURRENT LIABILITIES

Short-term debt
Accounts payable
Accounts payable to associated companies
Notes payable to associated companies
Current capital lease obligation
Interest and taxes accrued
Derivative instruments
Other
Total Current Liabilities

DEFERRED CREDITS

Deferred income taxes, net
Deferred investment tax credits
Other postretirement benefits obligation
Other
Total Deferred Credits

LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS

Long term debt
Capital lease obligations
Total Long-Term Debt and Capital Lease Obligations

**COMPANY OBLIGATED MANDATORILY REDEEMABLE
PREFERRED SECURITIES OF SUBSIDIARY TRUST**

PREFERRED STOCK

Serial preferred stock
Redeemable serial preferred stock
Total Preferred Stock

COMMITMENTS AND CONTINGENCIES

SHAREHOLDERS' EQUITY

Common stock
Class A common stock
Premium on stock and other capital contributions
Capital stock expense
Accumulated other comprehensive loss
Retained deficit
Total Shareholders Equity

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY

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

CONNECTIV SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET
December 31, 2002
(Millions of Dollars)

| | Connectiv Services, Inc. Consolidated* | Eliminations Reclasses & Consolidations | Connectiv Services, Inc. Parent* | Connectiv Plumbing, L.L.C.* | Connectiv Thermal Systems, Inc. Consolidated* |
|---|--|---|--|-----------------------------------|--|
| CURRENT ASSETS | | | | | |
| Cash and cash equivalents | | | | | |
| Marketable securities | | | | | |
| Accounts receivable, net | | | | | |
| Accounts receivable from associated companies | | | | | |
| Notes receivable | | | | | |
| Fuel and materials | | | | | |
| Prepaid expenses and other | | | | | |
| Total Current Assets | | | | | |
| INVESTMENTS AND OTHER ASSETS | | | | | |
| Goodwill | | | | | |
| Regulatory assets | | | | | |
| Investments in consolidated companies | | | | | |
| Prepaid pension expense | | | | | |
| Other investments | | | | | |
| Total Investments and Other Assets | | | | | |
| PROPERTY, PLANT AND EQUIPMENT | | | | | |
| Property, plant and equipment | | | | | |
| Accumulated depreciation | | | | | |
| Net Property Plant and Equipment | | | | | |
| TOTAL ASSETS | | | | | |
| CURRENT LIABILITIES | | | | | |
| Short-term debt | | | | | |
| Accounts payable | | | | | |
| Accounts payable to associated companies | | | | | |
| Notes payable to associated companies | | | | | |
| Current capital lease obligation | | | | | |
| Interest and taxes accrued | | | | | |
| Derivative instruments | | | | | |
| Other | | | | | |
| Total Current Liabilities | | | | | |
| DEFERRED CREDITS | | | | | |
| Deferred income taxes, net | | | | | |
| Deferred investment tax credits | | | | | |
| Other postretirement benefits obligation | | | | | |
| Other | | | | | |
| Total Deferred Credits | | | | | |
| LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS | | | | | |
| Long term debt | | | | | |
| Capital lease obligations | | | | | |
| Total Long-Term Debt and Capital Lease Obligations | | | | | |
| COMPANY OBLIGATED MANDATORILY REDEEMABLE | | | | | |
| PR Redeemable Trust Preferred | | | | | |
| PREFERRED STOCK | | | | | |
| Serial preferred stock | | | | | |
| Redeemable serial preferred stock | | | | | |
| Total Preferred Stock | | | | | |
| COMMITMENTS AND CONTINGENCIES | | | | | |
| SHAREHOLDERS' EQUITY | | | | | |
| Common stock | | | | | |
| Class A common stock | | | | | |
| Premium on stock and other capital contributions | | | | | |
| Capital stock expense | | | | | |
| Retained deficit | | | | | |
| Total Shareholders Equity | | | | | |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | |

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

CONNECTIV THERMAL SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET
December 31, 2002
(Millions of Dollars)

| | Connectiv Thermal Systems, Inc. Consolidated* | Eliminations Reclasses & Consolidations | Connectiv Thermal Systems, Inc. Parent* | ATS Operating Services, Inc.* | AtlanticJersey Thermal Systems, Inc.* | Thermal Energy Limited Partnership* |
|--|---|---|---|----------------------------------|---|--|
| CURRENT ASSETS | | | | | | |
| Cash and cash equivalents | | | | | | |
| Marketable securities | | | | | | |
| Accounts receivable, net | | | | | | |
| Accounts receivable from associated companies | | | | | | |
| Notes receivable | | | | | | |
| Fuel and materials | | | | | | |
| Prepaid expenses and other | | | | | | |
| Total Current Assets | | | | | | |
| INVESTMENTS AND OTHER ASSETS | | | | | | |
| Goodwill | | | | | | |
| Regulatory assets | | | | | | |
| Investments in consolidated companies | | | | | | |
| Prepaid pension expense | | | | | | |
| Other investments | | | | | | |
| Total Investments and Other Assets | | | | | | |
| PROPERTY, PLANT AND EQUIPMENT | | | | | | |
| Property, plant and equipment | | | | | | |
| Accumulated depreciation | | | | | | |
| Net Property Plant and Equipment | | | | | | |
| TOTAL ASSETS | | | | | | |
| CURRENT LIABILITIES | | | | | | |
| Short-term debt | | | | | | |
| Accounts payable | | | | | | |
| Accounts payable to associated companies | | | | | | |
| Notes payable to associated companies | | | | | | |
| Current capital lease obligation | | | | | | |
| Interest and taxes accrued | | | | | | |
| Derivative instruments | | | | | | |
| Other | | | | | | |
| Total Current Liabilities | | | | | | |
| DEFERRED CREDITS | | | | | | |
| Deferred income taxes, net | | | | | | |
| Deferred investment tax credits | | | | | | |
| Other postretirement benefits obligation | | | | | | |
| Other | | | | | | |
| Total Deferred Credits | | | | | | |
| LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS | | | | | | |
| Long term debt | | | | | | |
| Capital lease obligations | | | | | | |
| Total Long-Term Debt and Capital Lease Obligations | | | | | | |
| COMPANY OBLIGATED MANDATORILY REDEEMABLE PREFERRED SECURITIES OF SUBSIDIARY TRUST | | | | | | |
| PREFERRED STOCK | | | | | | |
| Serial preferred stock | | | | | | |
| Redeemable serial preferred stock | | | | | | |
| Total Preferred Stock | | | | | | |
| COMMITMENTS AND CONTINGENCIES | | | | | | |
| SHAREHOLDERS' EQUITY | | | | | | |
| Common stock | | | | | | |
| Class A common stock | | | | | | |
| Premium on stock and other capital contributions | | | | | | |
| Capital stock expense | | | | | | |
| Retained deficit | | | | | | |
| Total Shareholders Equity | | | | | | |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | | |

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

ATLANTIC GENERATION, INC. AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET
December 31, 2002
(Millions of Dollars)

| | Atlantic Generation Inc. Consolidated* | Eliminations Reclasses & Consolidations | Atlantic Generation Inc. Parent | Vineland Ltd., Inc.* | Vineland General, Inc.* | Binghampton Limited, Inc.* | Binghampton General, Inc.* | Pedrick General, Inc.* |
|--|--|---|------------------------------------|-------------------------|----------------------------|-------------------------------|-------------------------------|---------------------------|
| CURRENT ASSETS | | | | | | | | |
| Cash and cash equivalents | | | | | | | | |
| Marketable securities | | | | | | | | |
| Accounts receivable, net | | | | | | | | |
| Accounts receivable from associated companies | | | | | | | | |
| Notes receivable | | | | | | | | |
| Fuel and materials | | | | | | | | |
| Prepaid expenses and other | | | | | | | | |
| Total Current Assets | | | | | | | | |
| INVESTMENTS AND OTHER ASSETS | | | | | | | | |
| Goodwill | | | | | | | | |
| Regulatory assets | | | | | | | | |
| Investments in consolidated companies | | | | | | | | |
| Prepaid pension expense | | | | | | | | |
| Other investments | | | | | | | | |
| Total Investments and Other Assets | | | | | | | | |
| PROPERTY, PLANT AND EQUIPMENT | | | | | | | | |
| Property, plant and equipment | | | | | | | | |
| Accumulated depreciation | | | | | | | | |
| Net Property Plant and Equipment | | | | | | | | |
| TOTAL ASSETS | | | | | | | | |
| CURRENT LIABILITIES | | | | | | | | |
| Short-term debt | | | | | | | | |
| Accounts payable | | | | | | | | |
| Accounts payable to associated companies | | | | | | | | |
| Notes payable to associated companies | | | | | | | | |
| Current capital lease obligation | | | | | | | | |
| Interest and taxes accrued | | | | | | | | |
| Derivative instruments | | | | | | | | |
| Other | | | | | | | | |
| Total Current Liabilities | | | | | | | | |
| DEFERRED CREDITS | | | | | | | | |
| Deferred income taxes, net | | | | | | | | |
| Deferred investment tax credits | | | | | | | | |
| Other postretirement benefits obligation | | | | | | | | |
| Other | | | | | | | | |
| Total Deferred Credits | | | | | | | | |
| LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS | | | | | | | | |
| Long term debt | | | | | | | | |
| Capital lease obligations | | | | | | | | |
| Total Long-Term Debt and Capital Lease Obligations | | | | | | | | |
| COMPANY OBLIGATED MANDATORILY REDEEMABLE PREFERRED SECURITIES OF SUBSIDIARY TRUST | | | | | | | | |
| PREFERRED STOCK | | | | | | | | |
| Serial preferred stock | | | | | | | | |
| Re Total Preferred Stock | | | | | | | | |
| COMMITMENTS AND CONTINGENCIES | | | | | | | | |
| SHAREHOLDERS' EQUITY | | | | | | | | |
| Common stock | | | | | | | | |
| Class A common stock | | | | | | | | |
| Premium on stock and other capital contributions | | | | | | | | |
| Capital stock expense | | | | | | | | |
| Retained deficit | | | | | | | | |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | | | | |
| Total Capitalization and Liabilities | | | | | | | | |

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

PEPCO HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2002
(Millions of Dollars)

| | Total Pepco Holdings, Inc. | Eliminations Reclasses & Consolidations | Pepco Holdings, Inc. Parent | Potomac Electric Power Company Consolidated | Conectiv Consolidated |
|--|----------------------------------|---|-----------------------------------|---|--------------------------|
| Net income | \$ 210.5 | \$ (106.6) | \$ 118.7 | \$ 134.1 | \$ 43.7 |
| Adjustments to reconcile net income to net cash from (used by) operating activities: | | | | | |
| Depreciation and amortization | 239.8 | (5.9) | 2.7 | 153.3 | 79.0 |
| Equity in loss (earnings) of subsidiaries | - | - | (138.1) | - | - |
| Gain on divestiture of generation assets | - | - | - | - | - |
| Deferred income taxes | - | (319.5) | - | 87.1 | 127.9 |
| Impairment losses | - | - | - | - | - |
| Changes in: | - | - | - | - | - |
| Accounts receivable | (75.3) | 110.5 | (1.5) | 9.6 | (125.8) |
| Regulatory assets, net | 34.8 | 9.1 | - | 25.7 | - |
| Prepaid expenses | 74.1 | 32.1 | - | 14.0 | 31.3 |
| Accounts payable and accrued payroll | 165.9 | (41.5) | 9.2 | 12.5 | 168.5 |
| Interest and taxes accrued, including Federal income tax refund | (57.1) | (50.9) | 21.5 | 73.6 | (110.3) |
| Net other operating activities, including divestiture related items in 2001 and 2000 | - | (34.6) | - | - | 34.6 |
| | <u>212.8</u> | <u>218.5</u> | <u>65.0</u> | <u>(48.6)</u> | <u>(12.5)</u> |
| Net Cash From (Used By) Operating Activities | <u>805.5</u> | <u>(188.8)</u> | <u>77.5</u> | <u>461.3</u> | <u>236.4</u> |
| INVESTING ACTIVITIES | | | | | |
| Acquisition of Conectiv, net of cash acquired | (1,075.6) | 59.1 | (1,134.7) | - | - |
| Net investment in property, plant and equipment | (503.8) | 2.6 | (11.4) | (194.7) | (297.4) |
| Proceeds from/changes in: | - | - | - | - | - |
| Divestiture of generation assets | - | - | - | - | - |
| Purchase of leveraged leases | (319.6) | (12.4) | - | (111.6) | - |
| Sales of marketable securities, net of purchases | 1.4 | 8.4 | - | 2.2 | - |
| Purchases of other investments, net of sales | (17.7) | (7.1) | - | (15.4) | - |
| Sale of aircraft | 4.0 | (11.8) | - | 4.1 | 11.7 |
| Net other investing activities | (9.1) | 16.8 | - | (8.9) | (9.2) |
| | <u>(1,920.4)</u> | <u>55.6</u> | <u>(1,146.1)</u> | <u>(324.3)</u> | <u>(294.9)</u> |
| Net Cash (Used By) From Investing Activities | | | | | |
| FINANCING ACTIVITIES | | | | | |
| Dividends paid on preferred and common stock | (135.3) | 456.6 | (54.4) | (494.9) | (42.6) |
| Redemption of preferred stock | (9.9) | - | - | (2.0) | (7.9) |
| Issuance of common stock | 105.7 | - | 105.7 | - | - |
| Reacquisition of the Company's common stock | (2.2) | - | - | (2.2) | - |
| Issuances of long-term debt | 1,974.2 | (34.4) | 1,500.0 | 34.3 | 440.0 |
| Reacquisitions of long-term debt | (415.2) | 37.5 | - | (128.4) | (242.8) |
| Notes payable to (receivable from) associated companies | - | 14.7 | (90.8) | - | 596.1 |
| Repayments of short-term debt, net of issuances | (684.8) | (9.5) | 149.0 | (43.2) | (671.2) |
| Cost of issuances and financings | (130.4) | (5.5) | (119.6) | - | (5.3) |
| Net other financing activities | (3.9) | (396.0) | 395.3 | (2.2) | (0.1) |
| | <u>698.2</u> | <u>63.4</u> | <u>1,074.2</u> | <u>(638.6)</u> | <u>66.2</u> |
| Net Cash From (Used By) Financing Activities | | | | | |
| Net (Decrease) Increase In Cash and Cash Equivalents | (416.7) | 68.3 | 5.6 | (501.6) | 7.7 |
| Cash and Cash Equivalents at Beginning of Period | 515.5 | (68.3) | - | 515.5 | 59.1 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | <u>\$ 98.8</u> | <u>\$ -</u> | <u>\$ 5.6</u> | <u>\$ 13.9</u> | <u>\$ 66.8</u> |

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

PEPCO HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2002
(Millions of Dollars)

| | Pepco Energy Services, Inc. Consolidated* | Potamac Capital Investment Corporation Consolidated* | Pepco Communications, Inc. Consolidated* | PHI Service Company \$ (0.1) |
|--|---|---|--|------------------------------------|
| Net income | | | | (0.1) |
| Adjustments to reconcile net income to net cash from (used by) operating activities: | | | | |
| Depreciation and amortization | | | | 5.4 |
| Equity in loss (earnings) of subsidiaries | | | | - |
| Gain on divestiture of generation assets | | | | - |
| Deferred income taxes | | | | - |
| Impairment losses | | | | - |
| Changes in: | | | | - |
| Accounts receivable | | | | - |
| Regulatory assets, net | | | | - |
| Prepaid expenses | | | | - |
| Accounts payable and accrued payroll | | | | - |
| Interest and taxes accrued, including Federal income tax refund | | | | - |
| Net other operating activities, including divestiture related items in 2001 and 2000 | | | | (4.0) |
| Net Cash From (Used By) Operating Activities | | | | <u>1.3</u> |
| INVESTING ACTIVITIES | | | | |
| Acquisition of Conectiv, net of cash acquired | | | | - |
| Net investment in property, plant and equipment | | | | - |
| Proceeds from/changes in: | | | | - |
| Divestiture of generation assets | | | | - |
| Purchase of leveraged leases | | | | - |
| Sales of marketable securities, net of purchases | | | | - |
| Purchases of other investments, net of sales | | | | - |
| Sale of aircraft | | | | - |
| Net other investing activities | | | | - |
| Net Cash (Used By) From Investing Activities | | | | <u>-</u> |
| FINANCING ACTIVITIES | | | | |
| Dividends paid on preferred and common stock | | | | - |
| Redemption of preferred stock | | | | - |
| Issuance of common stock | | | | - |
| Reacquisition of the Company's common stock | | | | - |
| Issuances of long-term debt | | | | - |
| Reacquisitions of long-term debt | | | | - |
| Notes payable to (receivable from) associated companies | | | | - |
| Repayments of short-term debt, net of issuances | | | | - |
| Cost of issuances and financings | | | | - |
| Net other financing activities | | | | - |
| Net Cash From (Used By) Financing Activities | | | | <u>-</u> |
| Net (Decrease) Increase In Cash and Cash Equivalents | | | | 1.3 |
| Cash and Cash Equivalents at Beginning of Period | | | | <u>-</u> |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | | | | <u>\$ 1.3</u> |

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

POTOMAC ELECTRIC POWER COMPANY
CONSOLIDATING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2002
(Millions of dollars)

| | Potomac Electric Power Company Consolidated | Eliminations Reclasses & Consolidations | Potomac Electric Power Company Parent | Pepco Energy Services, Inc. Consolidated* | Potomac Capital Investment Corporation Consolidated* | Edison Capital Reserves Corporation* |
|--|---|---|---|---|---|--|
| Net income * | \$ 139.1 | \$ (20.9) | \$ 139.1 | | | |
| Adjustments to reconcile net income to net cash from (used by) operating activities: | | | | | | |
| Depreciation and amortization | 153.3 | - | 148.4 | | | |
| Gain on divestiture of generation assets | - | - | - | | | |
| Net income from subsidiaries | - | 20.9 | (20.9) | | | |
| Dividends from Edison Reserve Corporation | - | (462.0) | 462.0 | | | |
| Deferred taxes | 87.1 | (1.3) | 47.1 | | | |
| Impairment losses | - | - | - | | | |
| Changes in: | | | | | | |
| Accounts receivable | 9.6 | 0.1 | 9.6 | | | |
| Regulatory assets, net | 25.7 | - | 25.7 | | | |
| Prepaid expenses | 14.0 | - | 14.0 | | | |
| Accounts payable and accrued payroll | 12.5 | - | (22.7) | | | |
| Interest and taxes accrued, including Federal income tax refund | 73.6 | - | 98.5 | | | |
| Net other operating activities, including divestiture related items in 2001 and 2000 | (48.6) | 1.1 | (22.0) | | | |
| Net Cash From (Used By) Operating Activities | 466.3 | (462.1) | 878.8 | | | |
| INVESTING ACTIVITIES | | | | | | |
| Acquisition of Conectiv, net of cash acquired | - | - | - | | | |
| Net investment in property, plant and equipment | (194.7) | - | (194.7) | | | |
| Proceeds from/changes in: | | | | | | |
| Divestiture of generation assets | - | - | - | | | |
| Purchase of leveraged leases | (111.6) | - | - | | | |
| Sales of marketable securities, net of purchases | 2.2 | - | - | | | |
| Purchases of other investments, net of sales | (15.4) | (0.1) | - | | | |
| Sale of aircraft | 4.1 | - | - | | | |
| Net other investing activities | (8.9) | (8.9) | - | | | |
| Net Cash (Used By) From Investing Activities | (324.3) | (9.0) | (194.7) | | | |
| FINANCING ACTIVITIES | | | | | | |
| Dividends paid on preferred and common stock | (499.9) | 460.7 | (498.6) | | | |
| Redemption of preferred stock | (2.0) | - | (2.0) | | | |
| Issuance of common stock | - | - | - | | | |
| Reacquisition of the Company's common stock | (2.2) | - | (2.2) | | | |
| Issuances of long-term debt | 34.3 | - | 34.3 | | | |
| Reacquisitions of long-term debt | (128.4) | 35.4 | (175.9) | | | |
| Repayments of short-term debt, net of issuances | (43.2) | (35.4) | (43.2) | | | |
| Cost of issuances and financings | - | - | - | | | |
| Net other financing activities | (2.2) | 1.5 | (3.0) | | | |
| Net Cash From (Used By) Financing Activities | (643.6) | 462.2 | (690.6) | | | |
| Net (Decrease) Increase In Cash and Cash Equivalents | (501.6) | (8.9) | (6.5) | | | |
| Cash and Cash Equivalents at Beginning of Period | 515.5 | - | 15.6 | | | |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | \$ 13.9 | \$ (8.9) | \$ 9.1 | | | |

Net income per stand alone financial statements differs to roll up to PHI by \$5m in respect of preferred dividends. The amount rolled up has been adjusted accordingly.

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

PEPCO ENERGY SERVICES, INC.
CONSOLIDATING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2002
(Millions of dollars)

| | Pepco Energy Services, Inc. Consolidated 5mths* | Pepco Energy Services, Inc. Consolidated 7mths* | Pepco Energy Services, Inc. Consolidated* | Eliminations Reclasses & Consolidations | Pepco Energy Services, Inc. Parent* | PES Home Warranty Services of VA* |
|--|--|--|---|---|--|--|
| Net income | | | | | | |
| Adjustments to reconcile net income to net cash from (used by) operating activities: | | | | | | |
| Depreciation and amortization | | | | | | |
| Gain on divestiture of generation assets | | | | | | |
| Impairment losses | | | | | | |
| Changes in: | | | | | | |
| Accounts receivable | | | | | | |
| Regulatory assets, net | | | | | | |
| Prepaid expenses | | | | | | |
| Accounts payable and accrued payroll | | | | | | |
| Interest and taxes accrued, including Federal income tax refund | | | | | | |
| Net other operating activities, including divestiture related items in 2001 and 2000 | | | | | | |
| Net Cash From (Used By) Operating Activities | | | | | | |
| INVESTING ACTIVITIES | | | | | | |
| Acquisition of Conectiv, net of cash acquired | | | | | | |
| Net investment in property, plant and equipment | | | | | | |
| Proceeds from/changes in: | | | | | | |
| Divestiture of generation assets | | | | | | |
| Purchase of leveraged leases | | | | | | |
| Sales of marketable securities, net of purchases | | | | | | |
| Purchases of other investments, net of sales | | | | | | |
| Sale of aircraft | | | | | | |
| Net other investing activities | | | | | | |
| Net Cash (Used By) From Investing Activities | | | | | | |
| FINANCING ACTIVITIES | | | | | | |
| Dividends paid on preferred and common stock | | | | | | |
| Redemption of preferred stock | | | | | | |
| Issuance of common stock | | | | | | |
| Reacquisition of the Company's common stock | | | | | | |
| Issuances of long-term debt | | | | | | |
| Reacquisitions of long-term debt | | | | | | |
| Repayments of short-term debt, net of issuances | | | | | | |
| Cost of issuances and financings | | | | | | |
| Net other financing activities | | | | | | |
| Net Cash From (Used By) Financing Activities | | | | | | |
| Net (Decrease) Increase In Cash and Cash Equivalents | | | | | | |
| Cash and Cash Equivalents at Beginning of Period | | | | | | |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | | | | | | |

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

PEPCO ENERGY SERVICES, INC.
CONSOLIDATING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2002
(Millions of dollars)

| | Potomac Power Resources, Inc.* | PES Landfill Gas Corporation* | Other Subsidiaries | Pepco Building Services, Inc. Consolidated* |
|--|---|-------------------------------------|-----------------------|---|
| Net income | | | | |
| Adjustments to reconcile net income to net cash from (used by) operating activities: | | | | |
| Depreciation and amortization | | | | |
| Gain on divestiture of generation assets | | | | |
| Impairment losses | | | | |
| Changes in: | | | | |
| Accounts receivable | | | | |
| Regulatory assets, net | | | | |
| Prepaid expenses | | | | |
| Accounts payable and accrued payroll | | | | |
| Interest and taxes accrued, including Federal income tax refund | | | | |
| Net other operating activities, including divestiture related items in 2001 and 2000 | | | | |
| Net Cash From (Used By) Operating Activities | | | | |
| INVESTING ACTIVITIES | | | | |
| Acquisition of Conectiv, net of cash acquired | | | | |
| Net investment in property, plant and equipment | | | | |
| Proceeds from/changes in: | | | | |
| Divestiture of generation assets | | | | |
| Purchase of leveraged leases | | | | |
| Sales of marketable securities, net of purchases | | | | |
| Purchases of other investments, net of sales | | | | |
| Sale of aircraft | | | | |
| Net other investing activities | | | | |
| Net Cash (Used By) From Investing Activities | | | | |
| FINANCING ACTIVITIES | | | | |
| Dividends paid on preferred and common stock | | | | |
| Redemption of preferred stock | | | | |
| Issuance of common stock | | | | |
| Reacquisition of the Company's common stock | | | | |
| Issuances of long-term debt | | | | |
| Reacquisitions of long-term debt | | | | |
| Repayments of short-term debt, net of issuances | | | | |
| Cost of issuances and financings | | | | |
| Net other financing activities | | | | |
| Net Cash From (Used By) Financing Activities | | | | |
| Net (Decrease) Increase In Cash and Cash Equivalents | | | | |
| Cash and Cash Equivalents at Beginning of Period | | | | |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | | | | |

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

PEPCO BUILDING SERVICES, INC.
CONSOLIDATING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2002
(Millions of dollars)

| | Pepco Building Services, Inc. Consolidated* | Eliminations Reclasses & Consolidations | Pepco Building Services, Inc. Parent* | MET Electrical Testing Company, Inc.* | Substation Testing Company, Inc.* |
|--|---|---|---|---|---|
| Net income | | | | | |
| Adjustments to reconcile net income to net cash from (used by) operating activities: | | | | | |
| Depreciation and amortization | | | | | |
| Gain on divestiture of generation assets | | | | | |
| Impairment losses | | | | | |
| Changes in: | | | | | |
| Accounts receivable | | | | | |
| Regulatory assets, net | | | | | |
| Prepaid expenses | | | | | |
| Accounts payable and accrued payroll | | | | | |
| Interest and taxes accrued, including Federal income tax refund | | | | | |
| Net other operating activities, including divestiture related items in 2001 and 2000 | | | | | |
| Net Cash From (Used By) Operating Activities | | | | | |
| INVESTING ACTIVITIES | | | | | |
| Acquisition of Conectiv, net of cash acquired | | | | | |
| Net investment in property, plant and equipment | | | | | |
| Proceeds from/changes in: | | | | | |
| Divestiture of generation assets | | | | | |
| Purchase of leveraged leases | | | | | |
| Sales of marketable securities, net of purchases | | | | | |
| Purchases of other investments, net of sales | | | | | |
| Sale of aircraft | | | | | |
| Net other investing activities | | | | | |
| Net Cash (Used By) From Investing Activities | | | | | |
| FINANCING ACTIVITIES | | | | | |
| Dividends paid on preferred and common stock | | | | | |
| Redemption of preferred stock | | | | | |
| Issuance of common stock | | | | | |
| Reacquisition of the Company's common stock | | | | | |
| Issuances of long-term debt | | | | | |
| Reacquisitions of long-term debt | | | | | |
| Repayments of short-term debt, net of issuances | | | | | |
| Cost of issuances and financings | | | | | |
| Net other financing activities | | | | | |
| Net Cash From (Used By) Financing Activities | | | | | |
| Net (Decrease) Increase In Cash and Cash Equivalents | | | | | |
| Cash and Cash Equivalents at Beginning of Period | | | | | |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | | | | | |

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

PEPCO BUILDING SERVICES, INC.
CONSOLIDATING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2002
(Millions of dollars)

| | Seaboard Mechanical Services, Inc.* | Engineered Services, Inc.* | Unitemp, Inc.* | G&L Mechanical Services, Inc.* |
|--|---|-------------------------------|----------------|-----------------------------------|
| Net income | | | | |
| Adjustments to reconcile net income to net cash from (used by) operating activities: | | | | |
| Depreciation and amortization | | | | |
| Gain on divestiture of generation assets | | | | |
| Impairment losses | | | | |
| Changes in: | | | | |
| Accounts receivable | | | | |
| Regulatory assets, net | | | | |
| Prepaid expenses | | | | |
| Accounts payable and accrued payroll | | | | |
| Interest and taxes accrued, including Federal income tax refund | | | | |
| Net other operating activities, including divestiture related items in 2001 and 2000 | | | | |
| Net Cash From (Used By) Operating Activities | | | | |
| INVESTING ACTIVITIES | | | | |
| Acquisition of Conectiv, net of cash acquired | | | | |
| Net investment in property, plant and equipment | | | | |
| Proceeds from/changes in: | | | | |
| Divestiture of generation assets | | | | |
| Purchase of leveraged leases | | | | |
| Sales of marketable securities, net of purchases | | | | |
| Purchases of other investments, net of sales | | | | |
| Sale of aircraft | | | | |
| Net other investing activities | | | | |
| Net Cash (Used By) From Investing Activities | | | | |
| FINANCING ACTIVITIES | | | | |
| Dividends paid on preferred and common stock | | | | |
| Redemption of preferred stock | | | | |
| Issuance of common stock | | | | |
| Reacquisition of the Company's common stock | | | | |
| Issuances of long-term debt | | | | |
| Reacquisitions of long-term debt | | | | |
| Repayments of short-term debt, net of issuances | | | | |
| Cost of issuances and financings | | | | |
| Net other financing activities | | | | |
| Net Cash From (Used By) Financing Activities | | | | |
| Net (Decrease) Increase In Cash and Cash Equivalents | | | | |
| Cash and Cash Equivalents at Beginning of Period | | | | |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | | | | |

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

POTOMAC CAPITAL INVESTMENT CORPORATION
CONSOLIDATING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2002
(Millions of dollars)

| | Potomac Capital Investment Corporation Consolidated 5mths* | Potomac Capital Investment Corporation Consolidated 7mths* | Potomac Capital Investment Corporation Consolidated* | Eliminations Reclasses & Consolidations | Potomac Capital Investment Corporation Parent* | PCI Energy Corporation* |
|--|--|--|---|---|--|----------------------------|
| Net income | | | | | | |
| Adjustments to reconcile net income to net cash from (used by) operating activities: | | | | | | |
| Depreciation and amortization | | | | | | |
| Undistributed loss from affiliate | | | | | | |
| Gain on divestiture of assets | | | | | | |
| Deferred income taxes | | | | | | |
| Impairment losses | | | | | | |
| Changes in: | | | | | | |
| Accounts receivable | | | | | | |
| Regulatory assets, net | | | | | | |
| Prepaid expenses | | | | | | |
| Accounts payable and accrued payroll | | | | | | |
| Interest and taxes accrued, including Federal income tax refund | | | | | | |
| Net other operating activities, including divestiture related items in 2001 and 2000 | | | | | | |
| Net Cash From (Used By) Operating Activities | | | | | | |
| INVESTING ACTIVITIES | | | | | | |
| Acquisition of Conectiv, net of cash acquired | | | | | | |
| Net investment in property, plant and equipment | | | | | | |
| Proceeds from/changes in: | | | | | | |
| Divestiture of generation assets | | | | | | |
| Purchase of leveraged leases | | | | | | |
| Sales of marketable securities, net of purchases | | | | | | |
| Purchases of other investments, net of sales | | | | | | |
| Sale of aircraft | | | | | | |
| Net other investing activities | | | | | | |
| Net Cash (Used By) From Investing Activities | | | | | | |
| FINANCING ACTIVITIES | | | | | | |
| Dividends paid on preferred and common stock | | | | | | |
| Redemption of preferred stock | | | | | | |
| Issuance of common stock | | | | | | |
| Reacquisition of the Company's common stock | | | | | | |
| Issuances of long-term debt | | | | | | |
| Reacquisitions of long-term debt | | | | | | |
| Notes payable to (receivable from) associated companies | | | | | | |
| Repayments of short-term debt, net of issuances | | | | | | |
| Cost of issuances and financings | | | | | | |
| Net other financing activities | | | | | | |
| Net Cash From (Used By) Financing Activities | | | | | | |
| Net (Decrease) Increase In Cash and Cash Equivalents | | | | | | |
| Cash and Cash Equivalents at Beginning of Period | | | | | | |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | | | | | | |

Note 1: represents Pepco Communications' closing cash balance at July 31, 2002. The investment was transferred in August 2002 to Pepco Holdings, Inc.

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

POTOMAC CAPITAL INVESTMENT CORPORATION
CONSOLIDATING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2002
(Millions of dollars)

| | PCI-BT Investing LLC* | Edison Place LLC* | Potomac Nevada Investment, Inc.* | PCI Netherlands Corp.* | PCI Queensland Corp.* | Potomac Capital Markets Corp.* | Potomac Aircraft Leasing Corp.* |
|--|-----------------------------|----------------------|-------------------------------------|---------------------------|--------------------------|-----------------------------------|---------------------------------------|
| Net income | | | | | | | |
| Adjustments to reconcile net income to net cash from (used by) operating activities: | | | | | | | |
| Depreciation and amortization | | | | | | | |
| Undistributed loss from affiliate | | | | | | | |
| Gain on divestiture of assets | | | | | | | |
| Deferred income taxes | | | | | | | |
| Impairment losses | | | | | | | |
| Changes in: | | | | | | | |
| Accounts receivable | | | | | | | |
| Regulatory assets, net | | | | | | | |
| Prepaid expenses | | | | | | | |
| Accounts payable and accrued payroll | | | | | | | |
| Interest and taxes accrued, including Federal income tax refund | | | | | | | |
| Net other operating activities, including divestiture related items in 2001 and 2000 | | | | | | | |
| Net Cash From (Used By) Operating Activities | | | | | | | |
| INVESTING ACTIVITIES | | | | | | | |
| Acquisition of Conectiv, net of cash acquired | | | | | | | |
| Net investment in property, plant and equipment | | | | | | | |
| Proceeds from/changes in: | | | | | | | |
| Divestiture of generation assets | | | | | | | |
| Purchase of leveraged leases | | | | | | | |
| Sales of marketable securities, net of purchases | | | | | | | |
| Purchases of other investments, net of sales | | | | | | | |
| Sale of aircraft | | | | | | | |
| Net other investing activities | | | | | | | |
| Net Cash (Used By) From Investing Activities | | | | | | | |
| FINANCING ACTIVITIES | | | | | | | |
| Dividends paid on preferred and common stock | | | | | | | |
| Redemption of preferred stock | | | | | | | |
| Issuance of common stock | | | | | | | |
| Reacquisition of the Company's common stock | | | | | | | |
| Issuances of long-term debt | | | | | | | |
| Reacquisitions of long-term debt | | | | | | | |
| Notes payable to (receivable from) associated companies | | | | | | | |
| Repayments of short-term debt, net of issuances | | | | | | | |
| Cost of issuances and financings | | | | | | | |
| Net other financing activities | | | | | | | |
| Net Cash From (Used By) Financing Activities | | | | | | | |
| Net (Decrease) Increase In Cash and Cash Equivalents | | | | | | | |
| Cash and Cash Equivalents at Beginning of Period | | | | | | | |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | | | | | | | |

Note 1: represents Pepco Communications' closing cash balance at July 31, 2002. The investment was transferred in August 2002 to Pepco Holdings, Inc.

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

POTOMAC CAPITAL INVESTMENT CORPORATION
 CONSOLIDATING STATEMENT OF CASH FLOWS
 For the Year Ended December 31, 2002
 (Millions of dollars)

| | Potomac Harmans Corp.* | Harmans Building Associates* | Potomac Land Corporation* | Pepco Technologies LLC* | American Energy Corp.* | Friendly Skies, Inc. Consolidated* | AMP Funding, LLC Consolidated* |
|--|------------------------------|------------------------------------|------------------------------|-------------------------------|---------------------------|--|-----------------------------------|
| Net income | | | | | | | |
| Adjustments to reconcile net income to net cash from (used by) operating activities: | | | | | | | |
| activities: | | | | | | | |
| Depreciation and amortization | | | | | | | |
| Undistributed loss from affiliate | | | | | | | |
| Gain on divestiture of assets | | | | | | | |
| Deferred income taxes | | | | | | | |
| Impairment losses | | | | | | | |
| Changes in: | | | | | | | |
| Accounts receivable | | | | | | | |
| Regulatory assets, net | | | | | | | |
| Prepaid expenses | | | | | | | |
| Accounts payable and accrued payroll | | | | | | | |
| Interest and taxes accrued, including Federal income tax refund | | | | | | | |
| Net other operating activities, including divestiture related items in 2001 and 2000 | | | | | | | |
| Net Cash From (Used By) Operating Activities | | | | | | | |
| INVESTING ACTIVITIES | | | | | | | |
| Acquisition of Conectiv, net of cash acquired | | | | | | | |
| Net investment in property, plant and equipment | | | | | | | |
| Proceeds from/changes in: | | | | | | | |
| Divestiture of generation assets | | | | | | | |
| Purchase of leveraged leases | | | | | | | |
| Sales of marketable securities, net of purchases | | | | | | | |
| Purchases of other investments, net of sales | | | | | | | |
| Sale of aircraft | | | | | | | |
| Net other investing activities | | | | | | | |
| Net Cash (Used By) From Investing Activities | | | | | | | |
| FINANCING ACTIVITIES | | | | | | | |
| Dividends paid on preferred and common stock | | | | | | | |
| Redemption of preferred stock | | | | | | | |
| Issuance of common stock | | | | | | | |
| Reacquisition of the Company's common stock | | | | | | | |
| Issuances of long-term debt | | | | | | | |
| Reacquisitions of long-term debt | | | | | | | |
| Notes payable to (receivable from) associated companies | | | | | | | |
| Repayments of short-term debt, net of issuances | | | | | | | |
| Cost of issuances and financings | | | | | | | |
| Net other financing activities | | | | | | | |
| Net Cash From (Used By) Financing Activities | | | | | | | |
| Net (Decrease) Increase In Cash and Cash Equivalents | | | | | | | |
| Cash and Cash Equivalents at Beginning of Period | | | | | | | |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | | | | | | | |

Note 1: represents Pepco Communications' closing cash balance at July 31, 2002. The investment was transferred in August 2002 to Pepco Holdings, Inc.

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

POTOMAC CAPITAL INVESTMENT CORPORATION
CONSOLIDATING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2002
(Millions of dollars)

| | Potomac Nevada Corporation Consolidated* | Pepco Enterprises, Inc. Consolidated* | Pepco Communications, Inc. Consolidated* |
|--|--|--|--|
| Net income | | | |
| Adjustments to reconcile net income to net cash from (used by) operating activities: | | | |
| Depreciation and amortization | | | |
| Undistributed loss from affiliate | | | |
| Gain on divestiture of assets | | | |
| Deferred income taxes | | | |
| Impairment losses | | | |
| Changes in: | | | |
| Accounts receivable | | | |
| Regulatory assets, net | | | |
| Prepaid expenses | | | |
| Accounts payable and accrued payroll | | | |
| Interest and taxes accrued, including Federal income tax refund | | | |
| Net other operating activities, including divestiture related items in 2001 and 2000 | | | |
| Net Cash From (Used By) Operating Activities | | | |
| INVESTING ACTIVITIES | | | |
| Acquisition of Conectiv, net of cash acquired | | | |
| Net investment in property, plant and equipment | | | |
| Proceeds from/changes in: | | | |
| Divestiture of generation assets | | | |
| Purchase of leveraged leases | | | |
| Sales of marketable securities, net of purchases | | | |
| Purchases of other investments, net of sales | | | |
| Sale of aircraft | | | |
| Net other investing activities | | | |
| Net Cash (Used By) From Investing Activities | | | |
| FINANCING ACTIVITIES | | | |
| Dividends paid on preferred and common stock | | | |
| Redemption of preferred stock | | | |
| Issuance of common stock | | | |
| Reacquisition of the Company's common stock | | | |
| Issuances of long-term debt | | | |
| Reacquisitions of long-term debt | | | |
| Notes payable to (receivable from) associated companies | | | |
| Repayments of short-term debt, net of issuances | | | |
| Cost of issuances and financings | | | |
| Net other financing activities | | | |
| Net Cash From (Used By) Financing Activities | | | |
| Net (Decrease) Increase In Cash and Cash Equivalents | | | |
| Cash and Cash Equivalents at Beginning of Period | | | |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | | | |

Note 1

Note 1: represents Pepco Communications' closing cash balance at July 31, 2002. The investment was transferred in August 2002 to Pepco Holdings, Inc.

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

FRIENDLY SKIES, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENTS OF CASH FLOWS
For the Year Ended December 31, 2002
(Millions of dollars)

| | Friendly Skies, Inc. Consolidated* | Eliminations Reclasses & Consolidations | Friendly Skies, Inc. Parent* | PCI Air Management Corporation* |
|--|--|---|---------------------------------|---------------------------------------|
| Net income | | | | |
| Adjustments to reconcile net income to net cash from (used by) operating activities: | | | | |
| Depreciation and amortization | | | | |
| Undistributed loss from affiliate | | | | |
| Gain on divestiture of generation assets | | | | |
| Deferred income taxes | | | | |
| Impairment losses | | | | |
| Changes in: | | | | |
| Accounts receivable | | | | |
| Regulatory assets, net | | | | |
| Prepaid expenses | | | | |
| Accounts payable and accrued payroll | | | | |
| Interest and taxes accrued, including Federal income tax refund | | | | |
| Net other operating activities, including divestiture related items in 2001 and 2000 | | | | |
| Net Cash From (Used By) Operating Activities | | | | |
| INVESTING ACTIVITIES | | | | |
| Acquisition of Conectiv, net of cash acquired | | | | |
| Net investment in property, plant and equipment | | | | |
| Proceeds from/changes in: | | | | |
| Divestiture of generation assets | | | | |
| Purchase of leveraged leases | | | | |
| Sales of marketable securities, net of purchases | | | | |
| Purchases of other investments, net of sales | | | | |
| Sale of aircraft | | | | |
| Net other investing activities | | | | |
| Net Cash (Used By) From Investing Activities | | | | |
| FINANCING ACTIVITIES | | | | |
| Dividends paid on preferred and common stock | | | | |
| Redemption of preferred stock | | | | |
| Issuance of common stock | | | | |
| Reacquisition of the Company's common stock | | | | |
| Issuances of long-term debt | | | | |
| Reacquisitions of long-term debt | | | | |
| Notes payable to (receivable from) associated companies | | | | |
| Repayments of short-term debt, net of issuances | | | | |
| Cost of issuances and financings | | | | |
| Net other financing activities | | | | |
| Net Cash From (Used By) Financing Activities | | | | |
| Net (Decrease) Increase In Cash and Cash Equivalents | | | | |
| Cash and Cash Equivalents at Beginning of Period | | | | |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | | | | |

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

AMP FUNDING, LLC AND SUBSIDIARIES
CONSOLIDATING STATEMENTS OF CASH FLOWS
For the Year Ended December 31, 2002
(Millions of dollars)

| | AMP Funding, LLC Consolidated* | Eliminations Reclasses & Consolidations | AMP Funding, LLC Parent* | RAMP Investments, LLC* | PCI Air Management Partners, LLC* | PCI Ever, Inc.* |
|--|--------------------------------------|---|-----------------------------|------------------------------|---|--------------------|
| Net income | | | | | | |
| Adjustments to reconcile net income to net cash from (used by) operating activities: | | | | | | |
| Depreciation and amortization | | | | | | |
| Undistributed loss from affiliate | | | | | | |
| Gain on divestiture of assets | | | | | | |
| Deferred income taxes | | | | | | |
| Impairment losses | | | | | | |
| Changes in: | | | | | | |
| Accounts receivable | | | | | | |
| Regulatory assets, net | | | | | | |
| Prepaid expenses | | | | | | |
| Accounts payable and accrued payroll | | | | | | |
| Interest and taxes accrued, including Federal income tax refund | | | | | | |
| Net other operating activities, including divestiture related items in 2001 and 2000 | | | | | | |
| Net Cash From (Used By) Operating Activities | | | | | | |
| INVESTING ACTIVITIES | | | | | | |
| Acquisition of Conectiv, net of cash acquired | | | | | | |
| Net investment in property, plant and equipment | | | | | | |
| Proceeds from/changes in: | | | | | | |
| Divestiture of generation assets | | | | | | |
| Purchase of leveraged leases | | | | | | |
| Sales of marketable securities, net of purchases | | | | | | |
| Purchases of other investments, net of sales | | | | | | |
| Sale of aircraft | | | | | | |
| Net other investing activities | | | | | | |
| Net Cash (Used By) From Investing Activities | | | | | | |
| FINANCING ACTIVITIES | | | | | | |
| Dividends paid on preferred and common stock | | | | | | |
| Redemption of preferred stock | | | | | | |
| Issuance of common stock | | | | | | |
| Reacquisition of the Company's common stock | | | | | | |
| Issuances of long-term debt | | | | | | |
| Reacquisitions of long-term debt | | | | | | |
| Notes payable to (receivable from) associated companies | | | | | | |
| Repayments of short-term debt, net of issuances | | | | | | |
| Cost of issuances and financings | | | | | | |
| Net other financing activities | | | | | | |
| Net Cash From (Used By) Financing Activities | | | | | | |
| Net (Decrease) Increase In Cash and Cash Equivalents | | | | | | |
| Cash and Cash Equivalents at Beginning of Period | | | | | | |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | | | | | | |

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

POTOMAC NEVADA CORPORATION AND SUBSIDIARIES
CONSOLIDATING STATEMENTS OF CASH FLOWS
For the Year Ended December 31, 2002
(Millions of dollars)

| | Potomac Nevada Corporation Consolidated* | Eliminations Reclasses & Consolidations | Potomac Nevada Corporation Parent* | Potomac Capital Joint Leasing Corporation Consolidated* | Potomac Nevada Leasing Corporation* | PCI Engine Trading, Ltd.* | Potomac Delaware Leasing Corporation Consolidated* |
|--|---|---|--|---|--|---------------------------------|--|
| Net income | | | | | | | |
| Adjustments to reconcile net income to net cash from (used by) operating activities: | | | | | | | |
| Depreciation and amortization | | | | | | | |
| Undistributed loss from affiliate | | | | | | | |
| Gain on divestiture of generation assets | | | | | | | |
| Deferred income taxes | | | | | | | |
| Impairment losses | | | | | | | |
| Changes in: | | | | | | | |
| Accounts receivable | | | | | | | |
| Regulatory assets, net | | | | | | | |
| Prepaid expenses | | | | | | | |
| Accounts payable and accrued payroll | | | | | | | |
| Interest and taxes accrued, including Federal income tax refund | | | | | | | |
| Net other operating activities, including divestiture related items in 2001 and 2000 | | | | | | | |
| Net Cash From (Used By) Operating Activities | | | | | | | |
| INVESTING ACTIVITIES | | | | | | | |
| Acquisition of Conectiv, net of cash acquired | | | | | | | |
| Net investment in property, plant and equipment | | | | | | | |
| Proceeds from/changes in: | | | | | | | |
| Divestiture of generation assets | | | | | | | |
| Purchase of leveraged leases | | | | | | | |
| Sales of marketable securities, net of purchases | | | | | | | |
| Purchases of other investments, net of sales | | | | | | | |
| Sale of aircraft | | | | | | | |
| Net other investing activities | | | | | | | |
| Net Cash (Used By) From Investing Activities | | | | | | | |
| FINANCING ACTIVITIES | | | | | | | |
| Dividends paid on preferred and common stock | | | | | | | |
| Redemption of preferred stock | | | | | | | |
| Issuance of common stock | | | | | | | |
| Reacquisition of the Company's common stock | | | | | | | |
| Issuances of long-term debt | | | | | | | |
| Reacquisitions of long-term debt | | | | | | | |
| Notes payable to (receivable from) associated companies | | | | | | | |
| Repayments of short-term debt, net of issuances | | | | | | | |
| Cost of issuances and financings | | | | | | | |
| Net other financing activities | | | | | | | |
| Net Cash From (Used By) Financing Activities | | | | | | | |
| Net (Decrease) Increase In Cash and Cash Equivalents | | | | | | | |
| Cash and Cash Equivalents at Beginning of Period | | | | | | | |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | | | | | | | |

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

POTOMAC DELAWARE LEASING CORPORATION AND SUBSIDIARIES
CONSOLIDATING STATEMENTS OF CASH FLOWS
For the Year Ended December 31, 2002
(Millions of dollars)

| | Potomac Delaware Leasing Corporation Consolidated* | Eliminations Reclasses & Consolidations | Potomac Delaware Leasing Corporation Parent* | Potomac Equipment Leasing Corp.* | Potomac Leasing Associates, LP* |
|--|--|---|--|---|------------------------------------|
| Net income | | | | | |
| Adjustments to reconcile net income to net cash from (used by) operating activities: | | | | | |
| Depreciation and amortization | | | | | |
| Undistributed loss from affiliate | | | | | |
| Gain on divestiture of assets | | | | | |
| Deferred income taxes | | | | | |
| Impairment losses | | | | | |
| Changes in: | | | | | |
| Accounts receivable | | | | | |
| Regulatory assets, net | | | | | |
| Prepaid expenses | | | | | |
| Accounts payable and accrued payroll | | | | | |
| Interest and taxes accrued, including Federal income tax refund | | | | | |
| Net other operating activities, including divestiture related items in 2001 and 2000 | | | | | |
| Net Cash From (Used By) Operating Activities | | | | | |
| INVESTING ACTIVITIES | | | | | |
| Acquisition of Conectiv, net of cash acquired | | | | | |
| Net investment in property, plant and equipment | | | | | |
| Proceeds from/changes in: | | | | | |
| Divestiture of generation assets | | | | | |
| Purchase of leveraged leases | | | | | |
| Sales of marketable securities, net of purchases | | | | | |
| Purchases of other investments, net of sales | | | | | |
| Sale of aircraft | | | | | |
| Net other investing activities | | | | | |
| Net Cash (Used By) From Investing Activities | | | | | |
| FINANCING ACTIVITIES | | | | | |
| Dividends paid on preferred and common stock | | | | | |
| Redemption of preferred stock | | | | | |
| Issuance of common stock | | | | | |
| Reacquisition of the Company's common stock | | | | | |
| Issuances of long-term debt | | | | | |
| Reacquisitions of long-term debt | | | | | |
| Notes payable to (receivable from) associated companies | | | | | |
| Repayments of short-term debt, net of issuances | | | | | |
| Cost of issuances and financings | | | | | |
| Net other financing activities | | | | | |
| Net Cash From (Used By) Financing Activities | | | | | |
| Net (Decrease) Increase In Cash and Cash Equivalents | | | | | |
| Cash and Cash Equivalents at Beginning of Period | | | | | |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | | | | | |

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

POTOMAC CAPITAL JOINT LEASING CORPORATION AND SUBSIDIARIES
CONSOLIDATING STATEMENTS OF CASH FLOWS
For the Year Ended December 31, 2002
(Millions of dollars)

| | Potomac Capital Joint Leasing Corporation Consolidated* | Eliminations Reclasses & Consolidations | Potomac Capital Joint Leasing Corporation Parent* | Aircraft International Management Co.* | PCI Holdings, Inc.* | PCI Nevada Investments* |
|--|---|---|--|---|------------------------|----------------------------|
| <i>Net income</i> | | | | | | |
| Adjustments to reconcile net income to net cash from (used by) operating activities: | | | | | | |
| Depreciation and amortization | | | | | | |
| Undistributed loss from affiliate | | | | | | |
| Gain on divestiture of assets | | | | | | |
| Deferred income taxes | | | | | | |
| Impairment losses | | | | | | |
| Changes in: | | | | | | |
| Accounts receivable | | | | | | |
| Regulatory assets, net | | | | | | |
| Prepaid expenses | | | | | | |
| Accounts payable and accrued payroll | | | | | | |
| Interest and taxes accrued, including Federal income tax refund | | | | | | |
| Net other operating activities, including divestiture related items in 2001 and 2000 | | | | | | |
| Net Cash From (Used By) Operating Activities | | | | | | |
| INVESTING ACTIVITIES | | | | | | |
| Acquisition of Conectiv, net of cash acquired | | | | | | |
| Net investment in property, plant and equipment | | | | | | |
| Proceeds from/changes in: | | | | | | |
| Divestiture of generation assets | | | | | | |
| Purchase of leveraged leases | | | | | | |
| Sales of marketable securities, net of purchases | | | | | | |
| Purchases of other investments, net of sales | | | | | | |
| Sale of aircraft | | | | | | |
| Net other investing activities | | | | | | |
| Net Cash (Used By) From Investing Activities | | | | | | |
| FINANCING ACTIVITIES | | | | | | |
| Dividends paid on preferred and common stock | | | | | | |
| Redemption of preferred stock | | | | | | |
| Issuance of common stock | | | | | | |
| Reacquisition of the Company's common stock | | | | | | |
| Issuances of long-term debt | | | | | | |
| Reacquisitions of long-term debt | | | | | | |
| Notes payable to (receivable from) associated companies | | | | | | |
| Repayments of short-term debt, net of issuances | | | | | | |
| Cost of issuances and financings | | | | | | |
| Net other financing activities | | | | | | |
| Net Cash From (Used By) Financing Activities | | | | | | |
| Net (Decrease) Increase In Cash and Cash Equivalents | | | | | | |
| Cash and Cash Equivalents at Beginning of Period | | | | | | |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | | | | | | |

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

PEPCO ENTERPRISES, INC.
CONSOLIDATING STATEMENTS OF CASH FLOWS
For the Year Ended December 31, 2002
(Millions of dollars)

| | Pepco Enterprises, Inc Consolidated* | Eliminations Reclasses & Consolidations | Pepco Enterprises, Inc Parent* | W.A. CHESTER LLC* | SEVERN CONSTRUCTION LLC* | SEVERN CABLE LLC* |
|--|--|---|--------------------------------------|----------------------|--------------------------------|----------------------|
| Net income | | | | | | |
| Adjustments to reconcile net income to net cash from (used by) operating activities: | | | | | | |
| Depreciation and amortization | | | | | | |
| Undistributed loss from affiliate | | | | | | |
| Gain on divestiture of generation assets | | | | | | |
| Deferred income taxes | | | | | | |
| Impairment losses | | | | | | |
| Changes in: | | | | | | |
| Accounts receivable | | | | | | |
| Regulatory assets, net | | | | | | |
| Prepaid expenses | | | | | | |
| Accounts payable and accrued payroll | | | | | | |
| Interest and taxes accrued, including Federal income tax refund | | | | | | |
| Net other operating activities, including divestiture related items in 2001 and 2000 | | | | | | |
| Net Cash From (Used By) Operating Activities | | | | | | |
| INVESTING ACTIVITIES | | | | | | |
| Acquisition of Conectiv, net of cash acquired | | | | | | |
| Net investment in property, plant and equipment | | | | | | |
| Proceeds from/changes in: | | | | | | |
| Divestiture of generation assets | | | | | | |
| Purchase of leveraged leases | | | | | | |
| Sales of marketable securities, net of purchases | | | | | | |
| Purchases of other investments, net of sales | | | | | | |
| Sale of aircraft | | | | | | |
| Net other investing activities | | | | | | |
| Net Cash (Used By) From Investing Activities | | | | | | |
| FINANCING ACTIVITIES | | | | | | |
| Dividends paid on preferred and common stock | | | | | | |
| Redemption of preferred stock | | | | | | |
| Issuance of common stock | | | | | | |
| Reacquisition of the Company's common stock | | | | | | |
| Issuances of long-term debt | | | | | | |
| Reacquisitions of long-term debt | | | | | | |
| Notes payable to (receivable from) associated companies | | | | | | |
| Repayments of short-term debt, net of issuances | | | | | | |
| Cost of issuances and financings | | | | | | |
| Net other financing activities | | | | | | |
| Net Cash From (Used By) Financing Activities | | | | | | |
| Net (Decrease) Increase In Cash and Cash Equivalents | | | | | | |
| Cash and Cash Equivalents at Beginning of Period | | | | | | |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | | | | | | |

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

PEPCO COMMUNICATIONS, INC.
CONSOLIDATING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2002
(Millions of dollars)

| | Pepco Communications, Inc. Consolidated 5mths* | Pepco Communications, Inc. Consolidated 7mths* | Pepco Communications, Inc. Consolidated* | Eliminations Reclasses & Consolidations | Pepco Communications , Inc. Parent* | Pepco Communications, LLC* |
|--|---|---|---|---|--|----------------------------------|
| Net income | | | | | | |
| Adjustments to reconcile net income to net cash from (used by) operating activities: | | | | | | |
| Depreciation and amortization | | | | | | |
| Undistributed loss from affiliate | | | | | | |
| Gain on divestiture of generation assets | | | | | | |
| Deferred income taxes | | | | | | |
| Impairment losses | | | | | | |
| Changes in: | | | | | | |
| Accounts receivable | | | | | | |
| Regulatory assets, net | | | | | | |
| Prepaid expenses | | | | | | |
| Accounts payable and accrued payroll | | | | | | |
| Interest and taxes accrued, including Federal income tax refund | | | | | | |
| Net other operating activities, including divestiture related items in 2001 and 2000 | | | | | | |
| Net Cash From (Used By) Operating Activities | | | | | | |
| INVESTING ACTIVITIES | | | | | | |
| Acquisition of Conectiv, net of cash acquired | | | | | | |
| Net investment in property, plant and equipment | | | | | | |
| Proceeds from/changes in: | | | | | | |
| Divestiture of generation assets | | | | | | |
| Purchase of leveraged leases | | | | | | |
| Sales of marketable securities, net of purchases | | | | | | |
| Purchases of other investments, net of sales | | | | | | |
| Sale of aircraft | | | | | | |
| Net other investing activities | | | | | | |
| Net Cash (Used By) From Investing Activities | | | | | | |
| FINANCING ACTIVITIES | | | | | | |
| Dividends paid on preferred and common stock | | | | | | |
| Redemption of preferred stock | | | | | | |
| Issuance of common stock | | | | | | |
| Reacquisition of the Company's common stock | | | | | | |
| Issuances of long-term debt | | | | | | |
| Reacquisitions of long-term debt | | | | | | |
| Notes payable to (receivable from) associated companies | | | | | | |
| Repayments of short-term debt, net of issuances | | | | | | |
| Cost of issuances and financings | | | | | | |
| Net other financing activities | | | | | | |
| Net Cash From (Used By) Financing Activities | | | | | | |
| Net (Decrease) Increase In Cash and Cash Equivalents | | | | | | |
| Cash and Cash Equivalents at Beginning of Period | | | | | | |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | | | | | | |

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

CONNECTIV
CONSOLIDATING STATEMENT OF CASH FLOW
For the Year Ended December 31, 2002
(Millions of dollars)

| | Connectiv Consolidated 5 mths | Connectiv Consolidated | Eliminations Reclasses & Consolidations | Connectiv Parent | Delmarva Power & Light Company Consolidated | Atlantic City Electric Company Consolidated | Connectiv Properties and Investments, Inc. Consolidated* |
|---|-------------------------------------|---------------------------|---|---------------------|--|--|--|
| Net income | \$ 43.7 | \$ 90.8 | \$ (126.0) | \$ 90.8 | \$ 49.7 | \$ 28.2 | |
| activities: | | | | | | | |
| Depreciation and amortization | 79.0 | 193.0 | 12.4 | - | 82.3 | 69.2 | |
| Equity in loss (earnings) of subsidiaries | - | - | 126.7 | (124.9) | - | - | |
| Gain on divestiture of generation assets | - | (15.8) | (5.3) | - | (11.6) | - | |
| Deferred income taxes | 127.9 | 68.8 | (44.7) | (0.8) | 67.9 | 46.6 | |
| Investment tax credit adjustments, net | (1.4) | - | 3.1 | - | (0.9) | (2.0) | |
| Pension expense credit | - | - | 10.2 | - | (10.2) | - | |
| Impairment losses | 4.0 | 13.5 | 3.9 | - | - | 9.6 | |
| Loss on sale of leveraged leases | 2.1 | 19.7 | 19.7 | - | - | - | |
| Deferred electric service costs and gas supply costs | - | (7.4) | 34.4 | - | - | (41.8) | |
| Changes in: | | | | | | | |
| Accounts receivable | (125.8) | (436.7) | (437.7) | 16.9 | 18.1 | 3.3 | |
| Inventories | (30.5) | 2.9 | 0.2 | - | 4.6 | 1.0 | |
| Regulatory assets, net | - | - | - | - | - | - | |
| Prepaid expenses | 31.3 | - | (42.8) | - | - | (3.1) | |
| Accounts payable and accrued payroll | 168.5 | 494.4 | 500.2 | (0.1) | (12.4) | 39.0 | |
| Interest and taxes accrued, including Federal income tax refund | (110.3) | 4.7 | 15.2 | (24.2) | (51.8) | 15.4 | |
| Other current assets and liabilities | 34.6 | 32.3 | 6.0 | - | (1.4) | 28.5 | |
| Other, net | 13.3 | 23.1 | (45.2) | 1.6 | 23.3 | 14.0 | |
| Net Cash From (Used By) Operating Activities | 236.4 | 483.3 | 30.3 | (40.7) | 157.6 | 207.9 | |
| INVESTING ACTIVITIES | | | | | | | |
| Acquisition of Connectiv, net of cash acquired | - | - | - | - | - | - | |
| Net investment in property, plant and equipment | (297.4) | (692.4) | (327.4) | - | (82.5) | (106.2) | |
| Proceeds from/changes in: | | | | | | | |
| Divestiture of generation assets | - | 10.0 | - | - | 10.0 | - | |
| Purchase of leveraged leases | - | - | (51.1) | - | - | - | |
| Sales of marketable securities, net of purchases | - | - | - | - | - | - | |
| Purchases of other investments, net of sales | - | - | 9.6 | - | - | - | |
| Proceeds from sale of other assets | 11.7 | 44.9 | 31.7 | - | 0.8 | 12.4 | |
| Net other investing activities | (9.2) | (8.8) | (18.9) | - | 0.2 | (2.1) | |
| Net Cash (Used By) From Investing Activities | (294.9) | (646.3) | (356.1) | - | (71.5) | (95.9) | |
| FINANCING ACTIVITIES | | | | | | | |
| Dividends paid on preferred and common stock | (42.6) | (98.2) | 22.1 | (20.3) | (64.5) | (35.5) | |
| Redemption of preferred stock | (7.9) | (20.4) | - | - | (7.9) | (12.5) | |
| Issuance of common stock | - | - | (1.4) | 1.4 | - | - | |
| Reacquisition of the Company's common stock | - | - | 53.0 | (1.7) | - | - | |
| Issuances of long-term debt | 440.0 | 736.0 | 150.0 | 100.0 | 46.0 | 440.0 | |
| Reacquisitions of long-term debt | (242.8) | (443.9) | (100.0) | - | (121.5) | (221.4) | |
| Notes payable to (receivable from) associated companies | 595.1 | 596.1 | 79.1 | 331.8 | - | - | |
| PHI money pool lendings | 109.6 | 109.6 | 207.4 | - | - | - | |
| Repayments of short-term debt, net of issuances | (780.8) | (678.0) | 112.0 | (744.9) | - | (45.0) | |
| Cost of issuances and financings | (5.3) | (24.1) | (16.0) | - | (3.3) | (4.8) | |
| Net other financing activities | (0.1) | (0.1) | 7.8 | - | (0.1) | - | |
| Net Cash From (Used By) Financing Activities | 66.2 | 177.0 | 514.0 | (333.7) | (151.3) | 120.8 | |
| Net (Decrease) Increase In Cash and Cash Equivalents | 7.7 | 14.0 | 188.2 | (374.4) | (65.2) | 232.8 | |
| Cash and Cash Equivalents at Beginning of Period | 59.1 | 52.8 | (620.1) | 374.4 | 174.9 | 14.3 | |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | \$ 66.8 | \$ 66.8 | \$ (431.9) | \$ - | \$ 109.7 | \$ 247.1 | |

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

CONNECTIV
CONSOLIDATING STATEMENT OF CASH FLOW
For the Year Ended December 31, 2002
(Millions of dollars)

| | Connectiv Energy Holding Company Consolidated* | Atlantic Southern Properties, Inc.* | Connectiv Communication s, Inc. Consolidated (Parent only)* | Connectiv Resource Partners, Inc.* | Connectiv Solutions LLC Consolidated* | Atlantic Generation, Inc. Consolidated* |
|---|---|---|---|--|---|---|
| Net income | | | | | | |
| activities: | | | | | | |
| Depreciation and amortization | | | | | | |
| Equity in loss (earnings) of subsidiaries | | | | | | |
| Gain on divestiture of generation assets | | | | | | |
| Deferred income taxes | | | | | | |
| Investment tax credit adjustments, net | | | | | | |
| Pension expense credit | | | | | | |
| Impairment losses | | | | | | |
| Loss on sale of leveraged leases | | | | | | |
| Deferred electric service costs and gas supply costs | | | | | | |
| Changes in: | | | | | | |
| Accounts receivable | | | | | | |
| Inventories | | | | | | |
| Regulatory assets, net | | | | | | |
| Prepaid expenses | | | | | | |
| Accounts payable and accrued payroll | | | | | | |
| Interest and taxes accrued, including Federal income tax refund | | | | | | |
| Other current assets and liabilities | | | | | | |
| Other, net | | | | | | |
| Net Cash From (Used By) Operating Activities | | | | | | |
| INVESTING ACTIVITIES | | | | | | |
| Acquisition of Connectiv, net of cash acquired | | | | | | |
| Net investment in property, plant and equipment | | | | | | |
| Proceeds from/changes in: | | | | | | |
| Divestiture of generation assets | | | | | | |
| Purchase of leveraged leases | | | | | | |
| Sales of marketable securities, net of purchases | | | | | | |
| Purchases of other investments, net of sales | | | | | | |
| Proceeds from sale of other assets | | | | | | |
| Net other investing activities | | | | | | |
| Net Cash (Used By) From Investing Activities | | | | | | |
| FINANCING ACTIVITIES | | | | | | |
| Dividends paid on preferred and common stock | | | | | | |
| Redemption of preferred stock | | | | | | |
| Issuance of common stock | | | | | | |
| Reacquisition of the Company's common stock | | | | | | |
| Issuances of long-term debt | | | | | | |
| Reacquisitions of long-term debt | | | | | | |
| Notes payable to (receivable from) associated companies | | | | | | |
| PHI money pool lendings | | | | | | |
| Repayments of short-term debt, net of issuances | | | | | | |
| Cost of issuances and financings | | | | | | |
| Net other financing activities | | | | | | |
| Net Cash From (Used By) Financing Activities | | | | | | |
| Net (Decrease) Increase In Cash and Cash Equivalents | | | | | | |
| Cash and Cash Equivalents at Beginning of Period | | | | | | |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | | | | | | |

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

DELMARVA POWER & LIGHT COMPANY AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2002
(Millions of Dollars)

| | Delmarva Power & Light Company Consolidated | Eliminations Reclasses & Consolidations | Delmarva Power & Light Company Parent | Delmarva Power Financing I |
|--|---|---|---|-------------------------------|
| Net income | \$ 49.7 | \$ - | \$ 49.7 | \$ - |
| Adjustments to reconcile net income to net cash from (used by) operating activities: | | | | |
| Depreciation and amortization | 82.3 | - | 82.3 | - |
| Gain on divestiture of generation assets | (11.6) | - | (11.6) | - |
| Deferred income taxes | 67.9 | - | 67.9 | - |
| Investment tax credit adjustments, net | (0.9) | - | (0.9) | - |
| Pension expense credit | (10.2) | - | (10.2) | - |
| Impairment losses | - | - | - | - |
| Loss on sale of leveraged leases | - | - | - | - |
| Deferred electric service costs and gas supply costs | - | - | - | - |
| Changes in: | | | | |
| Accounts receivable | 18.1 | - | 18.1 | - |
| Inventories | 4.6 | - | 4.6 | - |
| Regulatory assets, net | - | - | - | - |
| Prepaid expenses | - | - | - | - |
| Accounts payable and accrued payroll | (12.4) | - | (12.4) | - |
| Interest and taxes accrued, including Federal income tax refund | (51.8) | - | (51.8) | - |
| Other current assets and liabilities | (1.4) | - | (1.4) | - |
| Other, net | 23.3 | - | 23.3 | - |
| Net Cash From (Used By) Operating Activities | <u>157.6</u> | <u>-</u> | <u>157.6</u> | <u>-</u> |
| INVESTING ACTIVITIES | | | | |
| Acquisition of Conectiv, net of cash acquired | - | - | - | - |
| Net investment in property, plant and equipment | (82.5) | - | (82.5) | - |
| Proceeds from changes in: | | | | |
| Divestiture of generation assets | 10.0 | - | 10.0 | - |
| Purchase of leveraged leases | - | - | - | - |
| Sales of marketable securities, net of purchases | - | - | - | - |
| Purchases of other investments, net of sales | - | - | - | - |
| Proceeds from sale of other assets | 0.8 | - | 0.8 | - |
| Net other investing activities | 0.2 | - | 0.2 | - |
| Net Cash (Used By) From Investing Activities | <u>(71.5)</u> | <u>-</u> | <u>(71.5)</u> | <u>-</u> |
| FINANCING ACTIVITIES | | | | |
| Dividends paid on preferred and common stock | (64.5) | - | (64.5) | - |
| Redemption of preferred stock | (7.9) | - | (7.9) | - |
| Issuance of common stock | - | - | - | - |
| Reacquisition of the Company's common stock | - | - | - | - |
| Issuances of long-term debt | 46.0 | - | 46.0 | - |
| Reacquisitions of long-term debt | (121.5) | - | (121.5) | - |
| Notes payable to (receivable from) associated companies | - | - | - | - |
| PHI money pool lendings | - | - | - | - |
| Repayments of short-term debt, net of issuances | - | - | - | - |
| Cost of issuances and financings | (3.3) | - | (3.3) | - |
| Net other financing activities | (0.1) | - | (0.1) | - |
| Net Cash From (Used By) Financing Activities | <u>(151.3)</u> | <u>-</u> | <u>(151.3)</u> | <u>-</u> |
| Net (Decrease) Increase In Cash and Cash Equivalents | (65.2) | - | (65.2) | - |
| Cash and Cash Equivalents at Beginning of Period | 174.9 | - | 174.9 | - |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | <u>\$ 109.7</u> | <u>\$ -</u> | <u>\$ 109.7</u> | <u>\$ -</u> |

ATLANTIC CITY ELECTRIC COMPANY AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2002
(Millions of Dollars)

| | Atlantic City Electric Company Consolidated | Eliminations Reclasses & Consolidations | Atlantic City Electric Company Parent | Atlantic Capital I | Atlantic Capital II | Atlantic City Electric Transition Funding LLC |
|--|---|---|--|-----------------------|------------------------|--|
| Net income | \$ 28.2 | \$ - | \$ 28.2 | \$ - | \$ - | \$ - |
| Adjustments to reconcile net income to net cash from (used by) operating activities: | | | | | | |
| Depreciation and amortization | 69.2 | - | 69.2 | - | - | - |
| Gain on divestiture of generation assets | - | - | - | - | - | - |
| Deferred income taxes | 46.6 | - | 46.6 | - | - | - |
| Investment tax credit adjustments, net | (2.0) | - | (2.0) | - | - | - |
| Pension expense credit | - | - | - | - | - | - |
| Impairment losses | 9.6 | - | 9.6 | - | - | - |
| Loss on sale of leveraged leases | - | - | - | - | - | - |
| Deferred electric service costs and gas supply costs | (41.8) | - | (41.8) | - | - | - |
| Changes in: | | | | | | |
| Accounts receivable | 3.3 | 12.7 | 3.3 | - | - | (12.7) |
| Inventories | 1.0 | - | 1.0 | - | - | - |
| Regulatory assets, net | - | - | - | - | - | - |
| Prepaid expenses | (3.1) | - | (3.1) | - | - | - |
| Accounts payable and accrued payroll | 39.0 | - | 39.0 | - | - | - |
| Interest and taxes accrued, including Federal income tax refund | 15.4 | - | 15.4 | - | - | - |
| Other current assets and liabilities | 28.5 | - | 28.5 | - | - | - |
| Other, net | 14.0 | 427.7 | 14.0 | - | - | (427.7) |
| Net Cash From (Used By) Operating Activities | <u>207.9</u> | <u>440.4</u> | <u>207.9</u> | <u>-</u> | <u>-</u> | <u>(440.4)</u> |
| INVESTING ACTIVITIES | | | | | | |
| Acquisition of Conectiv, net of cash acquired | - | - | - | - | - | - |
| Net investment in property, plant and equipment | (106.2) | - | (106.2) | - | - | - |
| Proceeds from/changes in: | | | | | | |
| Divestiture of generation assets | - | - | - | - | - | - |
| Purchase of leveraged leases | - | - | - | - | - | - |
| Sales of marketable securities, net of purchases | - | - | - | - | - | - |
| Purchases of other investments, net of sales | - | - | - | - | - | - |
| Proceeds from sale of other assets | 12.4 | - | 12.4 | - | - | - |
| Net other investing activities | (2.1) | (0.6) | (2.1) | - | - | 0.6 |
| Net Cash (Used By) From Investing Activities | <u>(95.9)</u> | <u>(0.6)</u> | <u>(95.9)</u> | <u>-</u> | <u>-</u> | <u>0.6</u> |
| FINANCING ACTIVITIES | | | | | | |
| Dividends paid on preferred and common stock | (35.5) | - | (35.5) | - | - | - |
| Redemption of preferred stock | (12.5) | - | (12.5) | - | - | - |
| Issuance of common stock | - | - | - | - | - | - |
| Reacquisition of the Company's common stock | - | - | - | - | - | - |
| Issuances of long-term debt | 440.0 | (425.3) | 440.0 | - | - | 425.3 |
| Reacquisitions of long-term debt | (221.4) | - | (221.4) | - | - | - |
| Notes payable to (receivable from) associated companies | - | - | - | - | - | - |
| PHI money pool lendings | - | - | - | - | - | - |
| Repayments of short-term debt, net of issuances | (45.0) | (14.5) | (45.0) | - | - | 14.5 |
| Cost of issuances and financings | (4.8) | - | (4.8) | - | - | - |
| Net other financing activities | - | - | - | - | - | - |
| Net Cash From (Used By) Financing Activities | <u>120.8</u> | <u>(439.8)</u> | <u>120.8</u> | <u>-</u> | <u>-</u> | <u>439.8</u> |
| Net (Decrease) Increase In Cash and Cash Equivalents | 232.8 | - | 232.8 | - | - | - |
| Cash and Cash Equivalents at Beginning of Period | 14.3 | - | 14.3 | - | - | - |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | <u>\$ 247.1</u> | <u>\$ -</u> | <u>\$ 247.1</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

CONNECTIV PROPERTIES AND INVESTMENTS, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2002
(Millions of Dollars)

| | Connectiv Properties and Investments, Inc. Consolidated* | Eliminations Reclasses & Consolidations | Connectiv Properties and Investments, Inc. Parent* | DCI I, Inc.* | DCI II, Inc.* | DCTC- Burney, Inc.* |
|--|--|---|---|--------------|------------------|------------------------|
| Net income | | | | | | |
| Adjustments to reconcile net income to net cash from (used by) operating activities: | | | | | | |
| Depreciation and amortization | | | | | | |
| Equity in loss (earnings) of subsidiaries | | | | | | |
| Gain on divestiture of generation assets | | | | | | |
| Deferred income taxes | | | | | | |
| Investment tax credit adjustments, net | | | | | | |
| Pension expense credit | | | | | | |
| Impairment losses | | | | | | |
| Loss on sale of leveraged leases | | | | | | |
| Deferred electric service costs and gas supply costs | | | | | | |
| Changes in: | | | | | | |
| Accounts receivable | | | | | | |
| Inventories | | | | | | |
| Regulatory assets, net | | | | | | |
| Prepaid expenses | | | | | | |
| Accounts payable and accrued payroll | | | | | | |
| Interest and taxes accrued, including Federal income tax refund | | | | | | |
| Other current assets and liabilities | | | | | | |
| Other, net | | | | | | |
| Net Cash From (Used By) Operating Activities | | | | | | |
| INVESTING ACTIVITIES | | | | | | |
| Acquisition of Connectiv, net of cash acquired | | | | | | |
| Net investment in property, plant and equipment | | | | | | |
| Proceeds from/changes in: | | | | | | |
| Divestiture of generation assets | | | | | | |
| Purchase of leveraged leases | | | | | | |
| Sales of marketable securities, net of purchases | | | | | | |
| Purchases of other investments, net of sales | | | | | | |
| Proceeds from sale of other assets | | | | | | |
| Net other investing activities | | | | | | |
| Net Cash (Used By) From Investing Activities | | | | | | |
| FINANCING ACTIVITIES | | | | | | |
| Dividends paid on preferred and common stock | | | | | | |
| Redemption of preferred stock | | | | | | |
| Issuance of common stock | | | | | | |
| Reacquisition of the Company's common stock | | | | | | |
| Issuances of long-term debt | | | | | | |
| Reacquisitions of long-term debt | | | | | | |
| Notes payable to (receivable from) associated companies | | | | | | |
| PHI money pool lendings | | | | | | |
| Repayments of short-term debt, net of issuances | | | | | | |
| Cost of issuances and financings | | | | | | |
| Net other financing activities | | | | | | |
| Net Cash From (Used By) Financing Activities | | | | | | |
| Net (Decrease) Increase In Cash and Cash Equivalents | | | | | | |
| Cash and Cash Equivalents at Beginning of Period | | | | | | |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | | | | | | |

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

CONNECTIV ENERGY HOLDING COMPANY AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF CASH FLOWS
 For the Year Ended December 31, 2002
 (Millions of dollars)

| | Connectiv Energy Holding Company Consolidated* | Eliminations Reclasses & Consolidations | Connectiv Energy Holding Company Parent* | Connectiv Energy Supply, Inc.* | Connectiv Operating Services Company* | ACE REIT, Inc.* |
|--|---|--|---|---|--|----------------------------|
| Net income | | | | | | |
| Adjustments to reconcile net income to net cash from (used by) operating activities: | | | | | | |
| Depreciation and amortization | | | | | | |
| Equity in loss (earnings) of subsidiaries | | | | | | |
| Gain on divestiture of generation assets | | | | | | |
| Deferred income taxes | | | | | | |
| Investment tax credit adjustments, net | | | | | | |
| Pension expense credit | | | | | | |
| Impairment losses | | | | | | |
| Loss on sale of leveraged leases | | | | | | |
| Deferred electric service costs and gas supply costs | | | | | | |
| Changes in: | | | | | | |
| Accounts receivable | | | | | | |
| Inventories | | | | | | |
| Regulatory assets, net | | | | | | |
| Prepaid expenses | | | | | | |
| Accounts payable and accrued payroll | | | | | | |
| Interest and taxes accrued, including Federal income tax refund | | | | | | |
| Other current assets and liabilities | | | | | | |
| Other, net | | | | | | |
| Net Cash From (Used By) Operating Activities | | | | | | |
| INVESTING ACTIVITIES | | | | | | |
| Acquisition of Connectiv, net of cash acquired | | | | | | |
| Net investment in property, plant and equipment | | | | | | |
| Proceeds from changes in: | | | | | | |
| Divestiture of generation assets | | | | | | |
| Purchase of leveraged leases | | | | | | |
| Sales of marketable securities, net of purchases | | | | | | |
| Purchases of other investments, net of sales | | | | | | |
| Proceeds from sale of other assets | | | | | | |
| Net other investing activities | | | | | | |
| Net Cash (Used By) From Investing Activities | | | | | | |
| FINANCING ACTIVITIES | | | | | | |
| Dividends paid on preferred and common stock | | | | | | |
| Redemption of preferred stock | | | | | | |
| Issuance of common stock | | | | | | |
| Reacquisition of the Company's common stock | | | | | | |
| Issuances of long-term debt | | | | | | |
| Reacquisitions of long-term debt | | | | | | |
| Notes payable to (receivable from) associated companies | | | | | | |
| PHI money pool lendings | | | | | | |
| Repayments of short-term debt, net of issuances | | | | | | |
| Cost of issuances and financings | | | | | | |
| Net other financing activities | | | | | | |
| Net Cash From (Used By) Financing Activities | | | | | | |
| Net (Decrease) Increase In Cash and Cash Equivalents | | | | | | |
| Cash and Cash Equivalents at Beginning of Period | | | | | | |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | | | | | | |

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

CONNECTIV ENERGY HOLDING COMPANY AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF CASH FLOWS
 For the Year Ended December 31, 2002
 (Millions of dollars)

| | Conectiv Atlantic Generation, LLC* | Conectiv Bethlehem, LLC* | Conectiv Delmarva Generation, Inc.* | Conectiv Mid-Merit, Inc.* | Conectiv Pennsylvania Generation, Inc.* |
|--|---|--------------------------------|--|---------------------------------|--|
| Net income | | | | | |
| Adjustments to reconcile net income to net cash from (used by) operating activities: | | | | | |
| Depreciation and amortization | | | | | |
| Equity in loss (earnings) of subsidiaries | | | | | |
| Gain on divestiture of generation assets | | | | | |
| Deferred income taxes | | | | | |
| Investment tax credit adjustments, net | | | | | |
| Pension expense credit | | | | | |
| Impairment losses | | | | | |
| Loss on sale of leveraged leases | | | | | |
| Deferred electric service costs and gas supply costs | | | | | |
| Changes in: | | | | | |
| Accounts receivable | | | | | |
| Inventories | | | | | |
| Regulatory assets, net | | | | | |
| Prepaid expenses | | | | | |
| Accounts payable and accrued payroll | | | | | |
| Interest and taxes accrued, including Federal income tax refund | | | | | |
| Other current assets and liabilities | | | | | |
| Other, net | | | | | |
| Net Cash From (Used By) Operating Activities | | | | | |
| INVESTING ACTIVITIES | | | | | |
| Acquisition of Conectiv, net of cash acquired | | | | | |
| Net investment in property, plant and equipment | | | | | |
| Proceeds from/changes in: | | | | | |
| Divestiture of generation assets | | | | | |
| Purchase of leveraged leases | | | | | |
| Sales of marketable securities, net of purchases | | | | | |
| Purchases of other investments, net of sales | | | | | |
| Proceeds from sale of other assets | | | | | |
| Net other investing activities | | | | | |
| Net Cash (Used By) From Investing Activities | | | | | |
| FINANCING ACTIVITIES | | | | | |
| Dividends paid on preferred and common stock | | | | | |
| Redemption of preferred stock | | | | | |
| Issuance of common stock | | | | | |
| Reacquisition of the Company's common stock | | | | | |
| Issuances of long-term debt | | | | | |
| Reacquisitions of long-term debt | | | | | |
| Notes payable to (receivable from) associated companies | | | | | |
| PHI money pool lendings | | | | | |
| Repayments of short-term debt, net of issuances | | | | | |
| Cost of issuances and financings | | | | | |
| Net other financing activities | | | | | |
| Net Cash From (Used By) Financing Activities | | | | | |
| <i>Net (Decrease) Increase In Cash and Cash Equivalents</i> | | | | | |
| Cash and Cash Equivalents at Beginning of Period | | | | | |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | | | | | |

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

CONNECTIV SOLUTIONS LLC AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2002
(Millions of dollars)

| | Connectiv Solutions LLC Consolidated* | Eliminations Reclasses & Consolidations | Connectiv Solutions LLC Parent* | ATE Investment, Inc. Consolidated* | Eliminations Reclasses & Consolidations | ATE Investment, Inc. Parent* |
|--|---|---|---------------------------------------|---------------------------------------|---|------------------------------------|
| Net income | | | | | | |
| Adjustments to reconcile net income to net cash from (used by) operating activities: | | | | | | |
| Depreciation and amortization | | | | | | |
| Equity in loss (earnings) of subsidiaries | | | | | | |
| Gain on divestiture of generation assets | | | | | | |
| Deferred income taxes | | | | | | |
| Investment tax credit adjustments, net | | | | | | |
| Pension expense credit | | | | | | |
| Impairment losses | | | | | | |
| Loss on sale of leveraged leases | | | | | | |
| Deferred electric service costs and gas supply costs | | | | | | |
| Changes in: | | | | | | |
| Accounts receivable | | | | | | |
| Inventories | | | | | | |
| Regulatory assets, net | | | | | | |
| Prepaid expenses | | | | | | |
| Accounts payable and accrued payroll | | | | | | |
| Interest and taxes accrued, including Federal income tax refund | | | | | | |
| Other current assets and liabilities | | | | | | |
| Other, net | | | | | | |
| Net Cash From (Used By) Operating Activities | | | | | | |
| INVESTING ACTIVITIES | | | | | | |
| Acquisition of Connectiv, net of cash acquired | | | | | | |
| Net investment in property, plant and equipment | | | | | | |
| Proceeds from/changes in: | | | | | | |
| Divestiture of generation assets | | | | | | |
| Purchase of leveraged leases | | | | | | |
| Sales of marketable securities, net of purchases | | | | | | |
| Purchases of other investments, net of sales | | | | | | |
| Proceeds from sale of other assets | | | | | | |
| Net other investing activities | | | | | | |
| Net Cash (Used By) From Investing Activities | | | | | | |
| FINANCING ACTIVITIES | | | | | | |
| Dividends paid on preferred and common stock | | | | | | |
| Redemption of preferred stock | | | | | | |
| Issuance of common stock | | | | | | |
| Reacquisition of the Company's common stock | | | | | | |
| Issuances of long-term debt | | | | | | |
| Reacquisitions of long-term debt | | | | | | |
| Notes payable to (receivable from) associated companies | | | | | | |
| PHI money pool lendings | | | | | | |
| Repayments of short-term debt, net of issuances | | | | | | |
| Cost of issuances and financings | | | | | | |
| Net other financing activities | | | | | | |
| Net Cash From (Used By) Financing Activities | | | | | | |
| Net (Decrease) Increase In Cash and Cash Equivalents | | | | | | |
| Cash and Cash Equivalents at Beginning of Period | | | | | | |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | | | | | | |

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

CONNECTIV SOLUTIONS LLC AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2002
(Millions of dollars)

| King Street Assurance Ltd* | Connectiv Services, Inc. Consolidated* |
|----------------------------------|--|
|----------------------------------|--|

| | |
|--|--|
| Net income | |
| Adjustments to reconcile net income to net cash from (used by) operating activities: | |
| Depreciation and amortization | |
| Equity in loss (earnings) of subsidiaries | |
| Gain on divestiture of generation assets | |
| Deferred income taxes | |
| Investment tax credit adjustments, net | |
| Pension expense credit | |
| Impairment losses | |
| Loss on sale of leveraged leases | |
| Deferred electric service costs and gas supply costs | |
| Changes in: | |
| Accounts receivable | |
| Inventories | |
| Regulatory assets, net | |
| Prepaid expenses | |
| Accounts payable and accrued payroll | |
| Interest and taxes accrued, including Federal income tax refund | |
| Other current assets and liabilities | |
| Other, net | |
| Net Cash From (Used By) Operating Activities | |

INVESTING ACTIVITIES

| | |
|---|--|
| Acquisition of Connectiv, net of cash acquired | |
| Net investment in property, plant and equipment | |
| Proceeds from/changes in: | |
| Divestiture of generation assets | |
| Purchase of leveraged leases | |
| Sales of marketable securities, net of purchases | |
| Purchases of other investments, net of sales | |
| Proceeds from sale of other assets | |
| Net other investing activities | |
| Net Cash (Used By) From Investing Activities | |

FINANCING ACTIVITIES

| | |
|---|--|
| Dividends paid on preferred and common stock | |
| Redemption of preferred stock | |
| Issuance of common stock | |
| Reacquisition of the Company's common stock | |
| Issuances of long-term debt | |
| Reacquisitions of long-term debt | |
| Notes payable to (receivable from) associated companies | |
| PHI money pool lendings | |
| Repayments of short-term debt, net of issuances | |
| Cost of issuances and financings | |
| Net other financing activities | |
| Net Cash From (Used By) Financing Activities | |
| Net (Decrease) Increase In Cash and Cash Equivalents | |
| Cash and Cash Equivalents at Beginning of Period | |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | |

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

CONNECTIV SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2002
(Millions of Dollars)

| | Connectiv Services, Inc. Consolidated* | Eliminations Reclasses & Consolidations | Connectiv Services, Inc. Parent* | Connectiv Plumbing, L.L.C.* | Connectiv Thermal Systems, Inc. Consolidated* |
|--|--|---|--|-----------------------------------|---|
| Net income | | | | | |
| Adjustments to reconcile net income to net cash from (used by) operating activities: | | | | | |
| Depreciation and amortization | | | | | |
| Equity in loss (earnings) of subsidiaries | | | | | |
| Gain on divestiture of generation assets | | | | | |
| Deferred income taxes | | | | | |
| Investment tax credit adjustments, net | | | | | |
| Pension expense credit | | | | | |
| Impairment losses | | | | | |
| Loss on sale of leveraged leases | | | | | |
| Deferred electric service costs and gas supply costs | | | | | |
| Changes in: | | | | | |
| Accounts receivable | | | | | |
| Inventories | | | | | |
| Regulatory assets, net | | | | | |
| Prepaid expenses | | | | | |
| Accounts payable and accrued payroll | | | | | |
| Interest and taxes accrued, including Federal income tax refund | | | | | |
| Other current assets and liabilities | | | | | |
| Other, net | | | | | |
| Net Cash From (Used By) Operating Activities | | | | | |
| INVESTING ACTIVITIES | | | | | |
| Acquisition of Connectiv, net of cash acquired | | | | | |
| Net investment in property, plant and equipment | | | | | |
| Proceeds from/changes in: | | | | | |
| Divestiture of generation assets | | | | | |
| Purchase of leveraged leases | | | | | |
| Sales of marketable securities, net of purchases | | | | | |
| Purchases of other investments, net of sales | | | | | |
| Proceeds from sale of other assets | | | | | |
| Net other investing activities | | | | | |
| Net Cash (Used By) From Investing Activities | | | | | |
| FINANCING ACTIVITIES | | | | | |
| Dividends paid on preferred and common stock | | | | | |
| Redemption of preferred stock | | | | | |
| issuance of common stock | | | | | |
| Reacquisition of the Company's common stock | | | | | |
| Issuances of long-term debt | | | | | |
| Reacquisitions of long-term debt | | | | | |
| Notes payable to (receivable from) associated companies | | | | | |
| PHI money pool lendings | | | | | |
| Repayments of short-term debt, net of issuances | | | | | |
| Cost of issuances and financings | | | | | |
| Net other financing activities | | | | | |
| Net Cash From (Used By) Financing Activities | | | | | |
| Net (Decrease) Increase In Cash and Cash Equivalents | | | | | |
| Cash and Cash Equivalents at Beginning of Period | | | | | |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | | | | | |

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

CONNECTIV THERMAL SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2002
(Millions of Dollars)

| | Connectiv Thermal Systems, Inc. Consolidated* | Eliminations Reclasses & Consolidations | Connectiv Thermal Systems, Inc. Parent* | ATS Operating Services, Inc.* | Atlantic Jersey Thermal Systems, Inc.* | Thermal Energy Limited Partnership* |
|--|---|---|---|----------------------------------|--|--|
| Net income | | | | | | |
| Adjustments to reconcile net income to net cash from (used by) operating activities: | | | | | | |
| Depreciation and amortization | | | | | | |
| Equity in loss (earnings) of subsidiaries | | | | | | |
| Gain on divestiture of generation assets | | | | | | |
| Deferred income taxes | | | | | | |
| Investment tax credit adjustments, net | | | | | | |
| Pension expense credit | | | | | | |
| Impairment losses | | | | | | |
| Loss on sale of leveraged leases | | | | | | |
| Deferred electric service costs and gas supply costs | | | | | | |
| Changes in: | | | | | | |
| Accounts receivable | | | | | | |
| Inventories | | | | | | |
| Regulatory assets, net | | | | | | |
| Prepaid expenses | | | | | | |
| Accounts payable and accrued payroll | | | | | | |
| Interest and taxes accrued, including Federal income tax refund | | | | | | |
| Other current assets and liabilities | | | | | | |
| Other, net | | | | | | |
| <i>Net Cash From (Used By) Operating Activities</i> | | | | | | |
| INVESTING ACTIVITIES | | | | | | |
| Acquisition of Connectiv, net of cash acquired | | | | | | |
| Net investment in property, plant and equipment | | | | | | |
| Proceeds from/changes in: | | | | | | |
| Divestiture of generation assets | | | | | | |
| Purchase of leveraged leases | | | | | | |
| Sales of marketable securities, net of purchases | | | | | | |
| Purchases of other investments, net of sales | | | | | | |
| Proceeds from sale of other assets | | | | | | |
| Net other investing activities | | | | | | |
| <i>Net Cash (Used By) From Investing Activities</i> | | | | | | |
| FINANCING ACTIVITIES | | | | | | |
| Dividends paid on preferred and common stock | | | | | | |
| Redemption of preferred stock | | | | | | |
| Issuance of common stock | | | | | | |
| Reacquisition of the Company's common stock | | | | | | |
| Issuances of long-term debt | | | | | | |
| Reacquisitions of long-term debt | | | | | | |
| Notes payable to (receivable from) associated companies | | | | | | |
| PHI money pool lendings | | | | | | |
| Repayments of short-term debt, net of issuances | | | | | | |
| Cost of issuances and financings | | | | | | |
| Net other financing activities | | | | | | |
| <i>Net Cash From (Used By) Financing Activities</i> | | | | | | |
| Net (Decrease) Increase in Cash and Cash Equivalents | | | | | | |
| Cash and Cash Equivalents at Beginning of Period | | | | | | |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | | | | | | |

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

ATLANTIC GENERATION, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2002
(Millions of dollars)

| | Atlantic Generation, Inc. Consolidated* | Eliminations Reclasses & Consolidations | Atlantic Generation, Inc. Parent* | Vineland Ltd., Inc.* | Vineland General, Inc.* | Binghamton Limited, Inc.* |
|--|---|---|--------------------------------------|-------------------------|----------------------------|------------------------------|
| <hr/> | | | | | | |
| Net income | | | | | | |
| Adjustments to reconcile net income to net cash from (used by) operating activities: | | | | | | |
| Depreciation and amortization | | | | | | |
| Gain on divestiture of generation assets | | | | | | |
| Deferred income taxes | | | | | | |
| Investment tax credit adjustments, net | | | | | | |
| Pension expense credit | | | | | | |
| Impairment losses | | | | | | |
| Loss on sale of leveraged leases | | | | | | |
| Deferred electric service costs and gas supply costs | | | | | | |
| Changes in: | | | | | | |
| Accounts receivable | | | | | | |
| Inventories | | | | | | |
| Regulatory assets, net | | | | | | |
| Prepaid expenses | | | | | | |
| Accounts payable and accrued payroll | | | | | | |
| Interest and taxes accrued, including Federal income tax refund | | | | | | |
| Other current assets and liabilities | | | | | | |
| Other, net | | | | | | |
| Net Cash From (Used By) Operating Activities | | | | | | |
| | | | | | | |
| INVESTING ACTIVITIES | | | | | | |
| Acquisition of Conectiv, net of cash acquired | | | | | | |
| Net investment in property, plant and equipment | | | | | | |
| Proceeds from/changes in: | | | | | | |
| Divestiture of generation assets | | | | | | |
| Purchase of leveraged leases | | | | | | |
| Sales of marketable securities, net of purchases | | | | | | |
| Purchases of other investments, net of sales | | | | | | |
| Proceeds from sale of other assets | | | | | | |
| Net other investing activities | | | | | | |
| Net Cash (Used By) From Investing Activities | | | | | | |
| | | | | | | |
| FINANCING ACTIVITIES | | | | | | |
| Dividends paid on preferred and common stock | | | | | | |
| Redemption of preferred stock | | | | | | |
| Issuance of common stock | | | | | | |
| Reacquisition of the Company's common stock | | | | | | |
| Issuances of long-term debt | | | | | | |
| Reacquisitions of long-term debt | | | | | | |
| Notes payable to (receivable from) associated companies | | | | | | |
| PHI money pool lendings | | | | | | |
| Repayments of short-term debt, net of issuances | | | | | | |
| Cost of issuances and financings | | | | | | |
| Net other financing activities | | | | | | |
| Net Cash From (Used By) Financing Activities | | | | | | |
| Net (Decrease) Increase In Cash and Cash Equivalents | | | | | | |
| Cash and Cash Equivalents at Beginning of Period | | | | | | |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | | | | | | |

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

ATLANTIC GENERATION, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2002
(Millions of dollars)

| | Binghamton General, Inc.* | Pedrick General, Inc.* |
|--|------------------------------|---------------------------|
|--|------------------------------|---------------------------|

| | | |
|--|--|--|
| Net income | | |
| Adjustments to reconcile net income to net cash from (used by) operating activities: | | |
| Depreciation and amortization | | |
| Gain on divestiture of generation assets | | |
| Deferred income taxes | | |
| Investment tax credit adjustments, net | | |
| Pension expense credit | | |
| Impairment losses | | |
| Loss on sale of leveraged leases | | |
| Deferred electric service costs and gas supply costs | | |
| Changes in: | | |
| Accounts receivable | | |
| Inventories | | |
| Regulatory assets, net | | |
| Prepaid expenses | | |
| Accounts payable and accrued payroll | | |
| Interest and taxes accrued, including Federal income tax refund | | |
| Other current assets and liabilities | | |
| Other, net | | |
| Net Cash From (Used By) Operating Activities | | |

INVESTING ACTIVITIES

| | | |
|---|--|--|
| Acquisition of Conectiv, net of cash acquired | | |
| Net investment in property, plant and equipment | | |
| Proceeds from/changes in: | | |
| Divestiture of generation assets | | |
| Purchase of leveraged leases | | |
| Sales of marketable securities, net of purchases | | |
| Purchases of other investments, net of sales | | |
| Proceeds from sale of other assets | | |
| Net other investing activities | | |
| Net Cash (Used By) From Investing Activities | | |

FINANCING ACTIVITIES

| | | |
|---|--|--|
| Dividends paid on preferred and common stock | | |
| Redemption of preferred stock | | |
| Issuance of common stock | | |
| Reacquisition of the Company's common stock | | |
| Issuances of long-term debt | | |
| Reacquisitions of long-term debt | | |
| Notes payable to (receivable from) associated companies | | |
| PHI money pool lendings | | |
| Repayments of short-term debt, net of issuances | | |
| Cost of issuances and financings | | |
| Net other financing activities | | |
| Net Cash From (Used By) Financing Activities | | |
| Net (Decrease) Increase In Cash and Cash Equivalents | | |
| Cash and Cash Equivalents at Beginning of Period | | |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | | |

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

PEPCO HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF RETAINED EARNINGS
For the Year Ended December 31, 2002
(Millions of dollars)

| | Total Pepco Holdings, Inc. | Eliminations Reclasses & Consolidations | Pepco Holdings, Inc. Parent | Potomac Electric Power Company Consolidated | Connecticut Consolidated | Pepco Energy Services, Inc. Consolidated* |
|--|----------------------------------|---|-----------------------------------|---|-----------------------------|---|
| Retained earnings as of December 31, 2001 | \$ 974.1 | \$ (1,179.3) | \$ 974.1 | \$ 974.1 | \$ 209.4 | |
| Adjustment for Pepco pre merger results for period ended July 31, 2002 (net of dividends on common stock) | - | (29.1) | 29.1 | | | |
| Net income/(loss) | 210.5 | (167.3) | 118.7 | 134.1 | 90.8 | |
| Transfer of ownership of Potomac Capital Investment Corporation and Pepco Energy Service, Inc. | - | (54.2) | | 54.2 | - | |
| Premium on capital stock retired, net of expenses | - | (18.2) | | 18.2 | - | |
| Transfer of premium on treasury shares and related capital stock expense | - | (62.1) | | 62.1 | - | |
| Dividends on common stock | (130.6) | 510.2 | (68.0) | (494.8) | (78.0) | |
| Spin off subsidiaries to PHI | - | (48.6) | | - | 0.3 | |
| Cancellation of Pepco Treasury Stock | (215.8) | 279.0 | (215.8) | (279.0) | - | |
| Retained earnings as of December 31, 2002 | <u>\$ 838.2</u> | <u>\$ (769.6)</u> | <u>\$ 838.1</u> | <u>\$ 468.9</u> | <u>\$ 222.5</u> | |

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

PEPCO HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF RETAINED EARNINGS
For the Year Ended December 31, 2002
(Millions of dollars)

| | Potamac Capital Investment Corporation Consolidated* | Pepco Communications, Inc. Consolidated* | PHI Service Company |
|--|---|---|--------------------------------|
| Retained earnings as of December 31, 2001 | | | \$ - |
| Adjustment for Pepco pre merger results for period ended July 31, 2002 (net of dividends on common stock) | | | |
| Net income/(loss) | | | (0.1) |
| Transfer of ownership of Potamac Capital Investment Corporation and Pepco Energy Service, Inc. | | | - |
| Premium on capital stock retired, net of expenses | | | - |
| Transfer of premium on treasury shares and related capital stock expense | | | - |
| Dividends on common stock | | | - |
| Spin off subsidiaries to PHI | | | (0.4) |
| Cancellation of Pepco Treasury Stock | | | <u>-</u> |
| Retained earnings as of December 31, 2002 | | | <u>\$ (0.5)</u> |

* Filed under request for confidential treatment pursuant to
Rule 104(b) of the Public Utility Holding Company Act of 193

POTOMAC ELECTRIC POWER COMPANY
CONSOLIDATING STATEMENT OF RETAINED EARNINGS
For the Year Ended December 31, 2002
(Millions of dollars)

| | Potomac Electric Power Company Consolidated | Eliminations Reclasses & Consolidations | Potomac Electric Power Company Parent | Pepco Energy Services, Inc. Consolidated* | Potomac Capital Investment Corporation Consolidated* | Edison Capital Reserves Corporation* |
|--|---|---|---|---|---|--|
| Retained earnings as of December 31, 2001 | \$ 974.1 | \$ (152.3) | \$ 974.1 | | | |
| Net income/(loss) | 139.1 | (20.9) | 139.1 | | | |
| Dividends on common stock | (494.8) | - | (494.8) | | | |
| Dividends on preferred stock ** | (5.0) | - | (5.0) | | | |
| Transfer of ownership of Potomac Capital Investment Corporation and Pepco Energy Service, Inc. | 54.2 | 58.0 | 54.2 | | | |
| Premium on capital stock retired, net of expenses | 18.2 | - | 18.2 | | | |
| Transfer of premium on treasury shares and related capital stock expense | 62.1 | - | 62.1 | | | |
| Cancellation of Pepco Treasury Stock | (279.0) | - | (279.0) | | | |
| Retained earnings as of December 31, 2002 | <u>\$ 468.9</u> | <u>\$ (115.2)</u> | <u>\$ 468.9</u> | | | |

** - Offset against net income in roll up to Pepco Holdings

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

PEPCO ENERGY SERVICES, INC.
CONSOLIDATING STATEMENT OF RETAINED EARNINGS
For the Year Ended December 31, 2002
(Millions of dollars)

| | Pepco Energy Services, Inc. Consolidated* | Eliminations Reclasses & Consolidations | Pepco Energy Services, Inc. Parent* | PES Home Warranty Services of VA* | Potomac Power Resources, Inc.* | PES Landfill Gas Corporation* | Pepco Building Services, Inc. Consolidated* |
|---|--|--|--|--|---|--|--|
| Retained earnings as of December 31, 2001 | | | | | | | |
| Net income/(loss) | | | | | | | |
| Dividends on common stock | | | | | | | |
| Spin off subsidiary to PHI | | | | | | | |
| Retained earnings as of December 31, 2002 | | | | | | | |

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

PEPCO BUILDING SERVICES, INC.
 CONSOLIDATING STATEMENT OF RETAINED EARNINGS
 For the Year Ended December 31, 2002
 (Millions of dollars)

| | Pepco Building Services, Inc. Consolidated* | Eliminations Reclasses & Consolidations | Pepco Building Services, Inc. Parent* | MET Electrical Testing Company, Inc.* | Substation Test Company, Inc.* |
|--|--|--|--|--|---|
|--|--|--|--|--|---|

| | | | | | |
|---|--|--|--|--|--|
| Retained earnings as of December 31, 2001 | | | | | |
|---|--|--|--|--|--|

| | | | | | |
|-------------------|--|--|--|--|--|
| Net income/(loss) | | | | | |
|-------------------|--|--|--|--|--|

| | | | | | |
|---------------------------|--|--|--|--|--|
| Dividends on common stock | | | | | |
|---------------------------|--|--|--|--|--|

| | | | | | |
|----------------------------|--|--|--|--|--|
| Spin off subsidiary to PHI | | | | | |
|----------------------------|--|--|--|--|--|

| | | | | | |
|---|--|--|--|--|--|
| Retained earnings as of December 31, 2002 | | | | | |
|---|--|--|--|--|--|

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

PEPCO BUILDING SERVICES, INC.
CONSOLIDATING STATEMENT OF RETAINED EARNINGS
For the Year Ended December 31, 2002
(Millions of dollars)

| | Seaboard Mechanical Services, Inc.* | Engineered Services, Inc.* | Unitemp, Inc.* | G&L Mechanical Services, Inc.* |
|--|--|---------------------------------------|-----------------------|---|
|--|--|---------------------------------------|-----------------------|---|

Retained earnings as of December 31, 2001

Net income/(loss)

Dividends on common stock

Spin off subsidiary to PHI

Retained earnings as of December 31, 2002

* Filed under request for confidential treatment pursuant to
Rule 104(b) of the Public Utility Holding Company Act of 19

POTOMAC CAPITAL INVESTMENT CORPORATION
CONSOLIDATING STATEMENT OF RETAINED EARNINGS
For the Year Ended December 31, 2002
(Millions of dollars)

| | Potamac Capital Investment Corporation Consolidated* | Eliminations Reclasses & Consolidations | Potamac Capital Investment Corporation Parent* | PCI Energy Corporation* | PCI-BT Investing LLC* | Edison Place LLC* |
|---|---|--|---|------------------------------------|--------------------------------------|------------------------------|
| Retained earnings as of December 31, 2001 | | | | | | |
| Net income/(loss) | | | | | | |
| Dividends on common stock | | | | | | |
| Spin off subsidiary to PHI | | | | | | |
| Retained earnings as of December 31, 2002 | | | | | | |

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

POTOMAC CAPITAL INVESTMENT CORPORATION
CONSOLIDATING STATEMENT OF RETAINED EARNINGS
 For the Year Ended December 31, 2002
 (Millions of dollars)

| | Potomac Nevada Investment, Inc.* | PCI Netherlands Corp.* | PCI Queensland Corp.* | Potomac Capital Markets Corp.* | Potomac Aircraft Leasing Corp.* | Potomac Harmans Corp.* | Harmans Building Associates* |
|---|-------------------------------------|---------------------------|--------------------------|-----------------------------------|------------------------------------|------------------------------|------------------------------------|
| Retained earnings as of December 31, 2001 | | | | | | | |
| Net income/(loss) | | | | | | | |
| Dividends on common stock | | | | | | | |
| Spin off subsidiary to PHI | | | | | | | |
| Retained earnings as of December 31, 2002 | | | | | | | |

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

POTOMAC CAPITAL INVESTMENT CORPORATION
CONSOLIDATING STATEMENT OF RETAINED EARNINGS
For the Year Ended December 31, 2002
(Millions of dollars)

| | Potomac Land Corporation* | Pepco Technologies LLC* | American Energy Corp.* | Friendly Skies, Inc. Consolidated* | AMP Funding, LLC Consolidated* | Potomac Nevada Corporation Consolidated* |
|---|--------------------------------------|--|-----------------------------------|---|---|---|
| Retained earnings as of December 31, 2001 | | | | | | |
| Net income/(loss) | | | | | | |
| Dividends on common stock | | | | | | |
| Spin off subsidiary to PHI | | | | | | |
| Retained earnings as of December 31, 2002 | | | | | | |

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

POTOMAC CAPITAL INVESTMENT CORPORATION
CONSOLIDATING STATEMENT OF RETAINED EARNINGS
For the Year Ended December 31, 2002
(Millions of dollars)

| | Pepco Enterprises, Inc. Consolidated* | Pepco Communications, Inc. Consolidated* |
|--|--|---|
|--|--|---|

| | | |
|---|--|--|
| Retained earnings as of December 31, 2001 | | |
|---|--|--|

| | | |
|-------------------|--|--|
| Net income/(loss) | | |
|-------------------|--|--|

| | | |
|---------------------------|--|--|
| Dividends on common stock | | |
|---------------------------|--|--|

| | | |
|----------------------------|--|--|
| Spin off subsidiary to PHI | | |
|----------------------------|--|--|

| | | |
|---|--|--|
| Retained earnings as of December 31, 2002 | | |
|---|--|--|

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

FRIENDLY SKIES, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENTS OF RETAINED EARNINGS
For the Year Ended December 31, 2002
(Millions of dollars)

| | Friendly Skies, Inc. Consolidated* | Eliminations Reclasses & Consolidations | Friendly Skies, Inc. Parent* | PCI Air Management Corporation* |
|--|---|--|---|--|
|--|---|--|---|--|

| | | | | |
|---|--|--|--|--|
| Retained earnings as of December 31, 2001 | | | | |
|---|--|--|--|--|

| | | | | |
|-------------------|--|--|--|--|
| Net income/(loss) | | | | |
|-------------------|--|--|--|--|

| | | | | |
|---------------------------|--|--|--|--|
| Dividends on common stock | | | | |
|---------------------------|--|--|--|--|

| | | | | |
|----------------------------|--|--|--|--|
| Spin off subsidiary to PHI | | | | |
|----------------------------|--|--|--|--|

| | | | | |
|---|--|--|--|--|
| Retained earnings as of December 31, 2002 | | | | |
|---|--|--|--|--|

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

AMP FUNDING, LLC AND SUBSIDIARIES
CONSOLIDATING STATEMENTS OF RETAINED EARNINGS
For the Year Ended December 31, 2002
(Millions of dollars)

| | AMP Funding, LLC Consolidated* | Eliminations Reclasses & Consolidations | AMP Funding, LLC Parent* | RAMP Investments, LLC* | PCI Air Management Partners, LLC* | PCI Ever, Inc.* |
|--|--------------------------------------|---|-----------------------------|------------------------------|---|--------------------|
|--|--------------------------------------|---|-----------------------------|------------------------------|---|--------------------|

Retained earnings as of December 31, 2001

Net income/(loss)

Dividends on common stock

Spin off subsidiary to PHI

Retained earnings as of December 31, 2002

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

POTOMAC NEVADA CORPORATION AND SUBSIDIARIES
CONSOLIDATING STATEMENTS OF RETAINED EARNINGS
For the Year Ended December 31, 2002
(Millions of dollars)

| Potomac Nevada Corporation Consolidated* | Eliminations Reclasses & Consolidations | Potomac Nevada Corporation Parent* | Potomac Capital Joint Leasing Corporation Consolidated* | Potomac Nevada Leasing Corporation* | PCI Engine Trading, Ltd.* | Potomac Delaware Leasing Corporation Consolidated* |
|---|---|--|---|--|---------------------------------|--|
|---|---|--|---|--|---------------------------------|--|

Retained earnings as of December 31, 2001

Net income/(loss)

Dividends on common stock

Spin off subsidiary to PHI

Retained earnings as of December 31, 2002

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

POTOMAC DELAWARE LEASING CORPORATION AND SUBSIDIARIES
CONSOLIDATING STATEMENTS OF RETAINED EARNINGS
 For the Year Ended December 31, 2002
 (Millions of dollars)

| | Potomac Delaware Leasing Corporation Consolidated* | Eliminations Reclasses & Consolidations | Potomac Delaware Leasing Corporation Parent* | Potomac Equipment Leasing Corp.* | Potomac Leasing Associates, LP* |
|---|--|---|--|---|------------------------------------|
| Retained earnings as of December 31, 2001 | | | | | |
| Net income/(loss) | | | | | |
| Dividends on common stock | | | | | |
| Spin off subsidiary to PHI | | | | | |
| Retained earnings as of December 31, 2002 | | | | | |

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

POTOMAC CAPITAL JOINT LEASING CORPORATION AND SUBSIDIARIES
CONSOLIDATING STATEMENTS OF RETAINED EARNINGS
For the Year Ended December 31, 2002
(Millions of dollars)

| | Potomac Capital Joint Leasing Corporation Consolidated* | Eliminations Reclasses & Consolidations | Potomac Capital Joint Leasing Corporation Parent* | Aircraft International Management Co.* | PCI Holdings, Inc.* | PCI Nevada Investments* |
|---|--|--|--|---|--------------------------------|------------------------------------|
| Retained earnings as of December 31, 2001 | | | | | | |
| Net income/(loss) | | | | | | |
| Dividends on common stock | | | | | | |
| Spin off subsidiary to PHI | | | | | | |
| Retained earnings as of December 31, 2002 | | | | | | |

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

PEPCO ENTERPRISES INC
CONSOLIDATING STATEMENTS OF RETAINED EARNINGS
For the Year Ended December 31, 2002
(Millions of dollars)

| | Eliminations Reclasses & Consolidations | Pepco Enterprises, Inc Parent* | W.A. CHESTER LLC* | SEVERN CONSTRUCTION LLC* | SEVERN CABLE LLC* |
|---|---|--------------------------------------|----------------------|-----------------------------|----------------------|
| Retained earnings as of December 31, 2001 | | | | | |
| Net income/(loss) | | | | | |
| Dividends on common stock | | | | | |
| Spin off subsidiary to PHI | | | | | |
| Retained earnings as of December 31, 2002 | | | | | |

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

PEPCO COMMUNICATIONS, INC.
CONSOLIDATING STATEMENT OF RETAINED EARNINGS
(Millions of dollars)

| | Pepco Communications, Inc. Consolidated* | Eliminations Reclasses & Consolidations | Pepco Communications, Inc. Parent* | Pepco Communications, LLC* |
|--|--|---|--|----------------------------------|
|--|--|---|--|----------------------------------|

Retained earnings as of December 31, 2001

Net income/(loss)

Dividends on common stock

Spin off subsidiary to PHI

Retained earnings as of December 31, 2002

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

CONECTIV
CONSOLIDATING STATEMENT OF RETAINED EARNINGS
For the Year Ended December 31, 2002
(Millions of dollars)

| | Conectiv Consolidated | Eliminations Reclasses & Consolidations | Conectiv Parent | Delmarva Power & Light Company Consolidated | Atlantic City Electric Company Consolidated | Conectiv Properties and Investments, Inc. Consolidated* |
|---|--------------------------|---|--------------------|--|--|---|
| Retained earnings as of December 31, 2001 | \$ 209.4 | \$ (355.5) | \$ 209.4 | \$ 364.9 | \$ 156.2 | |
| Net income/(loss) | 90.8 | (126.0) | 90.8 | 49.7 | 28.2 | |
| Dividends on common stock | (78.0) | 78.2 | (78.0) | (48.5) | (29.7) | |
| Dividend on preferred stock | - | 4.8 | - | (1.7) | (0.7) | |
| Adjusting entries | - | 0.1 | - | - | (0.1) | |
| Spin off subsidiary to PHI | 0.3 | (0.5) | 0.3 | - | - | |
| Retained earnings as of December 31, 2002 | <u>\$ 222.5</u> | <u>\$ (398.9)</u> | <u>\$ 222.5</u> | <u>\$ 364.4</u> | <u>\$ 153.9</u> | |

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

CONNECTIV
CONSOLIDATING STATEMENT OF RETAINED EARNINGS
 For the Year Ended December 31, 2002
 (Millions of dollars)

| | Connectiv Energy Holding Company Consolidated* | Atlantic Southern Properties, Inc.* | Connectiv Communications, Inc. Consolidated (Parent only)* | Connectiv Resource Partners, Inc.* | Connectiv Solutions LLC Consolidated* | Atlantic Generation, Inc. Consolidated* |
|--|---|--|---|---|--|--|
|--|---|--|---|---|--|--|

Retained earnings as of December 31, 2001

Net income/(loss)

Dividends on common stock

Dividend on preferred stock

Adjusting entries

Spin off subsidiary to PHI

Retained earnings as of December 31, 2002

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

DELMARVA POWER & LIGHT COMPANY AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF RETAINED EARNINGS
For the Year Ended December 31, 2002
(Millions of Dollars)

| | Delmarva Power & Light Company Consolidated | Eliminations Reclasses & Consolidations | Delmarva Power & Light Company Parent | Delmarva Power Financing I |
|---|---|---|---|-------------------------------|
| Retained earnings as of December 31, 2001 | \$ 364.9 | \$ - | \$ 364.9 | \$ - |
| Net income/(loss) | 49.7 | - | 49.7 | - |
| Dividends on common stock | (48.5) | - | (48.5) | - |
| Dividend on preferred stock | (1.7) | - | (1.7) | - |
| Adjusting entries | - | - | - | - |
| Retained earnings as of December 31, 2002 | <u>\$ 364.4</u> | <u>\$ -</u> | <u>\$ 364.4</u> | <u>\$ -</u> |

ATLANTIC CITY ELECTRIC COMPANY AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF RETAINED EARNINGS
For the Year Ended December 31, 2002
(Millions of Dollars)

| | Atlantic City Electric Company Consolidated | Eliminations Reclasses & Consolidations | Atlantic City Electric Company Parent | Atlantic Capital I | Atlantic Capital II | Atlantic City Electric Transition Funding LLC |
|--|---|---|--|-----------------------|------------------------|--|
| Retained earnings as of December 31, 2001 | \$ 156.2 | \$ - | \$ 156.2 | \$ - | \$ - | \$ - |
| Net income/(loss) | 28.2 | - | 28.2 | - | (0.0) | - |
| Dividends on common stock | (29.7) | - | (29.7) | - | - | - |
| Dividend on preferred stock | (0.7) | - | (0.7) | - | - | - |
| Adjusting entries- preferred stock expense | (0.1) | - | (0.1) | - | - | - |
| Retained earnings as of December 31, 2002 | <u>\$ 153.9</u> | <u>\$ -</u> | <u>\$ 153.9</u> | <u>\$ -</u> | <u>\$ (0.0)</u> | <u>\$ -</u> |

CONNECTIV PROPERTIES AND INVESTMENTS, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF RETAINED EARNINGS
For the Year Ended December 31, 2002
 (Millions of Dollars)

| | Conectiv Properties and Investments, Inc. Consolidated* | Eliminations Reclasses & Consolidations | Conectiv Properties and Investments, Inc. Parent* | DCI I, Inc.* | DCI II, Inc.* | DCTC- Burney, Inc.* |
|---|---|---|--|--------------|------------------|------------------------|
| Retained earnings as of December 31, 2001 | | | | | | |
| Net income/(loss) | | | | | | |
| Dividends on common stock | | | | | | |
| Dividend on preferred stock | | | | | | |
| Adjusting entries | | | | | | |
| Retained earnings as of December 31, 2002 | | | | | | |

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

CONNECTIV ENERGY HOLDING COMPANY AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF RETAINED EARNINGS
 For the Year Ended December 31, 2002
 (Millions of dollars)

| | Conectiv Energy Holding Company Consolidated* | Eliminations Reclasses & Consolidations | Conectiv Energy Holding Company Parent* | Conectiv Energy Supply, Inc.* | Conectiv Operating Services Company* | ACE REIT, Inc.* | Conectiv Atlantic Generation, LLC* |
|---|---|---|--|--|---|--------------------|---|
| Retained earnings as of December 31, 2001 | | | | | | | |
| Net income/(loss) | | | | | | | |
| Dividends on common stock | | | | | | | |
| Dividend on preferred stock | | | | | | | |
| Adjusting entries | | | | | | | |
| Retained earnings as of December 31, 2002 | | | | | | | |

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

CONNECTIV ENERGY HOLDING COMPANY AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF RETAINED EARNINGS
For the Year Ended December 31, 2002
(Millions of dollars)

| | Connectiv Bethlehem, LLC* | Connectiv Delmarva Generation, Inc.* | Connectiv Mid-Merit, Inc.* | Connectiv Pennsylvania Generation, Inc.* |
|---|---------------------------------|---|----------------------------------|---|
| Retained earnings as of December 31, 2001 | | | | |
| Net income/(loss) | | | | |
| Dividends on common stock | | | | |
| Dividend on preferred stock | | | | |
| Adjusting entries | | | | |
| Retained earnings as of December 31, 2002 | | | | |

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

CONNECTIV SOLUTIONS LLC AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF RETAINED EARNINGS
For the Year Ended December 31, 2002
(Millions of Dollars)

| | Conectiv Solutions LLC Consolidated* | Eliminations Reclasses & Consolidations | Conectiv Solutions LLC Parent* | ATE Investment, Inc. Consolidated* | Eliminations Reclasses & Consolidations | ATE Investment, Inc. Parent* | King Street Assurance Ltd* | Conectiv Services, Inc. Consolidated* |
|---|--|---|--------------------------------------|--|---|------------------------------------|----------------------------------|---|
| Retained earnings as of December 31, 2001 | | | | | | | | |
| Net income/(loss) | | | | | | | | |
| Dividends on common stock | | | | | | | | |
| Dividend on preferred stock | | | | | | | | |
| Adjusting entries | | | | | | | | |
| Retained earnings as of December 31, 2002 | | | | | | | | |

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

CONECTIV SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF RETAINED EARNINGS
For the Year Ended December 31, 2002
(Millions of Dollars)

| | Conectiv Services, Inc. Consolidated* | Eliminations Reclasses & Consolidations | Conectiv Services, Inc. Parent* | Conectiv Plumbing, L.L.C.* | Conectiv Thermal Systems, Inc. Consolidated* |
|---|--|--|--|---|---|
| Retained earnings as of December 31, 2001 | | | | | |
| Net income/(loss) | | | | | |
| Dividends on common stock | | | | | |
| Dividend on preferred stock | | | | | |
| Adjusting entries | | | | | |
| Retained earnings as of December 31, 2002 | | | | | |

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

CONNECTIV THERMAL SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF RETAINED EARNINGS
For the Year Ended December 31, 2002
(Millions of dollars)

| | Conectiv Thermal Systems, Inc. Consolidated* | Eliminations Reclasses & Consolidations | Conectiv Thermal Systems, Inc. Parent* | ATS Operating Services, Inc.* | Atlantic Jersey Thermal Systems, Inc.* | Thermal Energy Limited Partnership* |
|---|--|---|--|----------------------------------|--|--|
| Retained earnings as of December 31, 2001 | | | | | | |
| Net income/(loss) | | | | | | |
| Dividends on common stock | | | | | | |
| Dividend on preferred stock | | | | | | |
| Adjusting entries | | | | | | |
| Retained earnings as of December 31, 2002 | | | | | | |

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

ATLANTIC GENERATION, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF RETAINED EARNINGS
For the Year Ended December 31, 2002
(Millions of Dollars)

| | Atlantic Generation, Inc. Consolidated* | Eliminations Reclasses & Consolidations | Atlantic Generation, Inc. Parent* | Vineland Ltd., Inc.* | Vineland General, Inc.* | Binghampton Limited, Inc.* | Binghampton General, Inc.* | Pedrick General, Inc.* |
|---|---|---|---|-------------------------|-------------------------------|-------------------------------|-------------------------------|---------------------------|
| Retained earnings as of December 31, 2001 | | | | | | | | |
| Net income/(loss) | | | | | | | | |
| Dividends on common stock | | | | | | | | |
| Dividend on preferred stock | | | | | | | | |
| Adjusting entries | | | | | | | | |
| Retained earnings as of December 31, 2002 | | | | | | | | |

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