INTRODUCTION TO PEPCO ENERGY SERVICES, INC.

Pepco Energy Services, a wholly owned subsidiary of Pepco Holdings, Inc. (PHI), is a Fortune 500 energy-focused company and has successfully completed over $750 Million worth of energy performance contracts for over 300 clients – including higher education institutions, primary and secondary schools, hospitals, and local and federal governments. Pepco Energy Services is further distinguished as having been awarded the single, largest performance contract ever by the Federal Government: a $62 Million project that was completed for the five military installations that comprise the Military District of Washington (located in DC, MD and VA). This project will provide over $200 Million in guaranteed savings during the 19-year contract term.

Pepco Energy Services provides both energy suppliers and energy users, such as municipalities, utilities, cooperatives and aggregators, with an array of energy management services including risk management and acquisition and management of power generation assets. Pepco Energy Services is the sixth largest electricity retail marketer in the United States, serving approximately 3,900 megawatts of load and is uniquely qualified to meet our customers' energy needs.

Pepco Energy’s accreditation by the National Association of Energy Services Companies (NAESCO) is testimony to our organizational capability and staying power as an industry leader. For over 100 years, our parent company, PHI, has provided energy and associated services to Washington, DC.

ESPC APPROACH

Pepco Energy provides a creative approach to financing Energy Service Performance Contracts (ESPCs).

We have helped over 300 clients save more than $750 million in energy using innovative performance contracting solutions by:

- Conducting Due-Diligence Analysis On Energy Utilization
- Creating High Performance Solutions to Energy Inefficiency
- Upgrading and Investing In Building Energy Infrastructure
- Superior Project Management
- Development of on-site Generation, Cogeneration, and Renewable Energy Strategies
- Post Project Implementation Involvement

ESPC EXPERIENCE

Military District of Washington, Ft Belvoir, VA

Scope of Service: As prime contractor, Pepco Energy successfully coordinated the simultaneous design, construction, and commissioning activities at the five US Army bases with the goal of minimizing the impact on the activities and mission of the base. The commitment to quality work and experience resulted in the on time delivery of the scope of work, and the award of additional task orders under the contract, most recently in August 2007. This commitment to quality continues with Pepco Energy providing preventive maintenance, O&M and warranty services over the 19-year contract term.

Investment $5 Million

Annual Savings: $6.3 Million in energy and water utility savings

North Carolina Department of Administration, Raleigh, NC

Scope of Service: Pepco Energy served as prime contractor in this design-build, energy performance contract for the State of North Carolina. Coordination with the NC DOA facilities to tie in 21 government office
buildings with a central underground chilled water supply system, add DDC controls, independent pressure valves, replace cooling coils in two penthouses, add VFDs and replace motors without affecting the environmental comfort level in the state government office buildings. Work performed in occupied areas was conducted at night and on weekends.

Pepco Energy installed 8,000 feet of below ground chilled water piping to state government buildings in the downtown streets of Raleigh without affecting traffic patterns or access to buildings.

Investment: $21.5 Million
Annual Savings: $2.4 Million in energy and water utility savings

National Institutes of Health (NIH), Bethesda, Maryland

Scope of Service: A unique partnership with Pepco Energy resulted in the development of one of the largest cogeneration power plants ever built for the federal government. Pepco Energy both constructed and operates this new $38 million facility which it plans to operate and maintain through 2014. The 23-megawatt gas-fired cogeneration plant will reduce future CO2 emissions by approximately 100,000 tons per year and cut estimated annual energy-related savings costs by $55 million over 15 years. Additionally, it will provide NIH with 180,000 pounds per hour of dry, saturated steam to the NIH steam distribution system.

Investment: $62 Million
Annual Savings: $8.7 Million in energy savings

Atlantic City Convention Center

Scope of Service: Under a 20-year power purchase agreement, the Atlantic City Convention & Visitors Authority hired a private company, Pepco Energy Services of Arlington, Va., to install a 2.37-megawatt rooftop solar power system.

The solar power system is the largest single-roof solar power array installation in the United States.

The solar power system covers two-thirds of the main roof of the convention center or about 266,000 square feet.

The total savings realized by Atlantic City Convention Center as a result of the solar project will be nearly $4.4 million in electricity costs over the 20-year contract.

Investment: $18 Million
Annual Savings: $4.4 Million in energy savings

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