

2008 COMMUNITY INVOLVEMENT REPORT

Caring for Our Communities and Making a Difference

In 2008, Atlantic City Electric and our employees contributed to a myriad of causes, initiatives and activities to benefit the residents and communities of southern New Jersey.

Employees Giving Back

Atlantic City Electric employees give back to the community on both company and personal time often using their own financial and individual resources. Through our employee Volunteer Incentive Program, or VIP, the company tracked more than 15,000 hours of volunteer service in 2008.

The number of employee volunteer hours most likely exceeds our calculations because many of the hours spent serving as troop leaders, firefighters, mentors and coaches are undocumented. Atlantic City Electric employees are part of the community. They work as hard in it as they do for it.



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GREETINGS! It is a privilege to present Atlantic City Electric's 2008 Community Involvement Report, which highlights our objectives, outreach, volunteerism, contributions and renewed focus on smart energy use and protecting the environment.

Safety is at the core of everything we do. It is the leading priority for every employee -- from our line crews who work around the clock to our Emergency Services Partnership Program (ESPP) that provides resources and education to first responders, community groups and customers. Our ESPP also donates life-saving equipment, such as smoke alarms, to fire officials throughout our service territory for community distribution.

We know that more than a half million people in the Garden State rely on us to help power their daily lives. And we've been doing it for well over a century. Through more than 900 dedicated workers, we plan, maintain, and continually upgrade our system to ensure reliability.

But when unplanned events occur -- rest assured that Atlantic City Electric system operators, line and trouble crews, customer care specialists and others work quickly to safely restore power.

We understand the changing needs and challenges that face our customers. We recognize and stand ready to help during this period of a tough economy, rising energy prices and increasing environmental vulnerabilities.

To that end, Atlantic City Electric offers a variety of bill payment options and energy conservation resources for our customers. We have budget billing, direct debit and other programs. And we have a free interactive Web tool -- "My Account" -- that helps customers find ways to save on their monthly bills, calculate home energy improvements and earn about energy.

Additionally, being aware of the needs of our less fortunate neighbors, we help causes such as the Community Food Bank -- Southern Branch, American Red Cross and Special Olympics New Jersey.

To meet current and future energy and environmental challenges we have proposed and are implementing our, "Blueprint for the Future." The Blueprint is a combination of energy efficiency programs and new technologies that protect the environment and help our customers save money on their electricity bills.

We are phasing in the installation of "smart meters" to help customers track and manage their electricity use and to develop a "smart grid" to improve reliability. Moreover, we are transforming our fleet of vehicles to more environmentally friendly technologies.

Because we are sensitive to the needs of our most vulnerable customers, we plan to strengthen our involvement with community-based organizations.

I invite you to read our report and visit our Web page: atlanticcityelectric.com to learn more.



Kind regards,

A handwritten signature in black ink that reads "Kenneth J. Parker". The signature is fluid and cursive.

Kenneth J. Parker
Region President
Atlantic City Electric -- A PHI Company

Atlantic City Electric, a regulated electric utility company, is a wholly owned subsidiary of Pepco Holdings, Inc. (PHI), headquartered in Washington, D.C. We provide safe, reliable and affordable electric service to nearly 545,000 customers in Salem, Gloucester, Cumberland, Camden, Burlington, Atlantic, Cape May and Ocean Counties in New Jersey.

We achieved significant service milestones in 2008. We delivered more than 10 million megawatt hours of electricity, connected 6,094 new customers, produced nearly 6 and a half million customer bills and answered more than 1 million calls.

Serving the Community

At some point in each of our lives, we have all known someone affected by tragedy, illness or misfortune. That's why we take special pride in lending our skills, expertise and time by serving on leadership, advisory and financial boards of several nonprofit organizations.



Our leadership holds several positions including:

- American Heart Association Executive Committee
- Ronald McDonald House of Southern New Jersey
- United Way of Salem County
- South Jersey Cultural Alliance
- American Red Cross – Atlantic, Cape May and Cumberland counties
- Hispanic Institute
- Special Olympics New Jersey

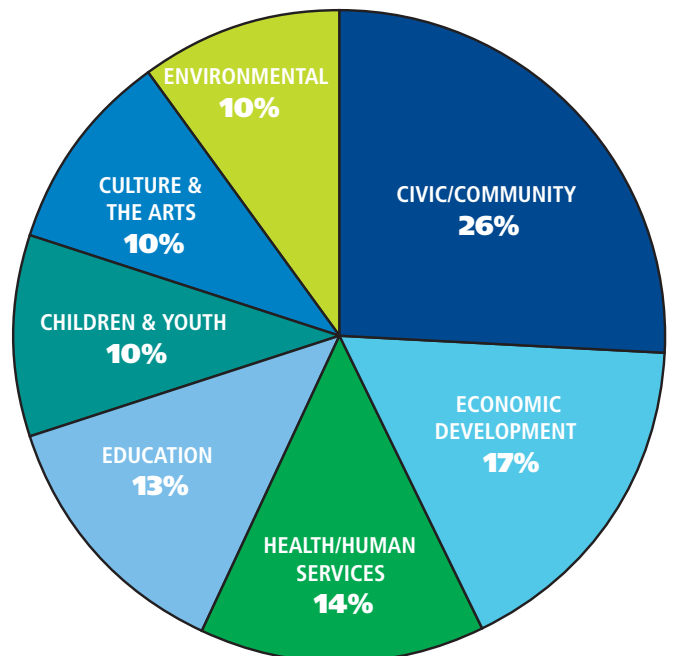
Sponsoring Regional Efforts

We have had longstanding relationships and dedication to many health, safety and environmental causes in southern New Jersey including:

- Southern New Jersey Spring Heart Walk
- New Jersey Emergency Preparedness Conference
- New Jersey State Firemen's Conference
- New Jersey Division of Fire Safety Student Poster Contest
- Clean Ocean Action Spring and Fall Beach Sweeps



Charitable Contributions





Supporting Our Neighbors

We support hundreds of nonprofit organizations in South Jersey through fund raising, volunteering, in-kind and monetary donations.

An abbreviated list includes:

Susan Komen Breast Cancer Foundation
 Literacy Volunteers
 United Way (8 counties)
 Big Brothers, Big Sisters
 Boy Scouts
 Girl Scouts
 American Cancer Society
 The ARC
 First Responders
 Local Hospitals
 Rotary Clubs
 Kiwanis Clubs
 Chambers of Commerce
 Colleges and Universities
 Local Fire Companies
 Police and Law Enforcement
 Elementary and Secondary Schools
 Conserve Wildlife Foundation New Jersey

Acknowledging Efforts

Atlantic City Electric appreciates the recognition for our contributions and activities. However, we think it's also important to acknowledge the efforts of others. As part of ESPP, we presented our first Annual Merit of Excellence Award for Commitment to Public Safety to Lt. Nick Massa of the New Jersey State Police.

And we presented our first two employees with Volunteer of the Year Awards. The recipients were Cathy Long and Gary Haes who work in our Carneys Point and Pleasantville Operations facilities.



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Receiving Recognition

In 2008 Atlantic City Electric and parent company Pepco Holdings, Inc., received recognition from the following organizations for varying levels of participation, sponsorship and contribution.

The ALS Association, Greater Philadelphia Chapter
 American Heart Association
 International Wildlife Federation
 March of Dimes Walk America
 Top 60 Diversity Elite – Hispanic Business Magazine
 Best Employer for Workers Over 50 – AARP
 Tree Line USA Utility – National Arbor Day Foundation

Protecting the Environment

Our company is fully committed to environmental protection and preservation from the parent company through our local district offices. As part of an Earth Week celebration, we joined with local leaders in breaking ground for the nation's first "Green" Habitat for Humanity home in Atlantic City.

We made a significant contribution to the New Jersey Audubon Society to support restoration of forest and wetland habitats for wildlife and volunteered in a number of Garden State green efforts.



Learn more about PHI's environmental activities by downloading or viewing a copy of our 2008 Annual Environmental Sustainability Report at pepcoholdings.com.

Atlantic City Electric cares for the communities we serve and plans to continue making a positive difference in the lives of our customers.



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