

SMK Information Services
20770 West Dixie Highway
Aventura, Florida 33180
(305) 705-0551 ~ (305) 986-1331 ~ (Fax) 305-937-1445
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* * OFFER EXTENDED * *

Attention: Potomac Electric Power Co Shareholders

1/27/2004

SMK Information Service is pleased to announce an economic offer to purchase shares of Potomac Electric Power Co common stock through which shareholders holding fewer than 100 shares may conveniently sell all their shares or purchase enough additional shares to increase their holdings to 100 shares.

We realize the inconvenience and cost of commissions may deter you from selling or purchasing fewer than 100 shares. For this reason, SMK Information Services is offering you this opportunity to help you sell or purchase Potomac Electric Power Co common stock conveniently and economically.

To take part in this offer, please contact SMK Information Services at 305-986-1331 and inform us of your decision to sell or purchase through this special offer.

If you have any further questions concerning this program contact SMK at 305-986-1331, or if you would like public information about Potomac Electric Power Co, contact your broker or account representative.

***** OFFER TO PURCHASE *****

SMK Information Service offers to purchase shares of Potomac Electric Power Co common stock (Cusip # 737679100) (NYSE: POM) from holders of 1 or more shares, but fewer than 100 shares (1 – 99), held as of the record date 8/13/2003.

TERMS: Holders will receive the price per share determined at the close of business on the date of transfer less a processing fee of \$1.50 per share.

This offer will expire on 5/14/2004 (5:00 PM Eastern Time Zone). There is no protect period or withdrawal privilege available.

Holders may purchase shares to increase holdings to 100 shares at a deposit price per share determined at the close of business on the date of transfer plus a \$1.50 per share processing fee.

SMK Information Services reserves the rights to extend, amend, and/or terminate the program at any time with or without notice, as well as the right to reject or waive any irregularities of any transmittal not in proper order. The offer is only being made to holders of less than 100 shares of Potomac Electric Power Co common stock as of 8/13/2003. The program is not being made to, nor will tenders be accepted from, any shareholder in any jurisdiction in which the program would not comply with the laws of such jurisdiction. All processing fees collected during this program will be used to offset the program's expenses. Such expenses include but are not limited to SMK Information Services management fees, printing, postage, data processing, telephone, stock transfer, inspection of tenders, curing of defects, check issuance, and broker related costs. SMK Information Services does not make any recommendation as to your participation in this program. Shares held in any Potomac Electric Power Co sponsored employee benefit plan are excluded from this program.

**TO PARTICIPATE, PLEASE CALL SMK INFORMATION SERVICES OR
YOUR BROKER ACCOUNT REPRESENTATIVE**

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QUESTIONS AND ANSWERS

Q: How do I sell my Potomac Electric Power Co Shares?

A: To sell your shares, you must contact your broker or account representative and inform them of your decision to sell through this special program. If you decide to sell, you must sell all of your shares.

Q: How do I purchase Potomac Electric Power Co shares?

A: To purchase enough shares of stock to reach exactly 100 shares, you must contact your broker or account representative and have them communicate with us as to the number of shares to be purchased on your behalf. The purchase price is equal to the price per share determined at the at the close of business on the date of transfer, or the price paid on date order placed (whichever is greater), plus a \$1.50 per share processing fee, multiplied by the difference between the total shares you own and 100 shares.

Q: What will I be paid for Potomac Electric Power Co shares?

A: You will receive a market-based price per share, which will be uniformly applied (and determined at the close of business on the date of transfer) to all shareholders participating in the program from 8/13/2003, through 5/14/2004, (the "program period"). The price you will be paid is the settlement price on the trade date, minus the processing fee of \$1.50 per share. Therefore, the actual price for the Program Period cannot be guaranteed in advanced and your authorization to sell or buy shares cannot be revoked.

Q: What is the price of Potomac Electric Power Co common stock?

A: Potomac Electric Power Co common stock is listed on the NYSE and trades under the stock symbol of "POM". The market price is listed in the Wall Street Journal under "POM". The closing price as reported 8/13/2003 was \$16.99.

Q: When will I receive my money or new shares?

A: SMK Information Services, as paying agent will distribute the sales proceeds or newly purchased shares to your broker/bank, or to a broker depository for forwarding purposes, approximately five business days after delivery of the stocks. Please allow time for the broker/bank to credit your account with the proceeds.

Q: How much time do I have to participate?

A: This program will expire on 5/14/2004. You may participate in this offering at any time up to the expiration date of the offering. If the program is extended, the terms within any extension period may vary from the terms in the Program Period.

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