



Third Quarter 2010 Financial Report

Finance Committee
November 23, 2010



3Q10 Balance Sheet Highlights

<i>(dollars in millions)</i>	9/30/10 Balance	12/31/09 Balance	Change	
			\$	%
Deposits on hand ⁽¹⁾	921	547	374	68
Projects in development ⁽²⁾	115	91	24	26
Member prepayment ⁽³⁾	44	21	23	110
Revolving line of credit ⁽⁴⁾	22	-	22	100

- (1) Increase in deposits is to support an increase in member activity primarily due to higher activity during warmer 2010 summer weather than 2009.
- (2) Increase due to spending on Advance Control Center (AC²) technology projects.
- (3) Decrease is due to utilization of the member prepayment at December 31, 2009 for January activity. There were lower member prepayments at September 30, 2010. These were used to satisfy member obligations on October 4, 2010.
- (4) At September 30, 2010, there was \$22 million outstanding on the revolving line of credit. PJM anticipates that this balance will be repaid in full by December 31, 2010.



3Q10 Change in Deferred Regulatory Liability

<i>\$ in millions)</i>	Three Months Ended September 30, 2010	Nine Months Ended September 30, 2010
Service Fees	67	186
Expenses, net	(47)	(143)
Change in Deferred Regulatory Liability	20	43



3Q10 Income Statement Highlights

<i>(dollars in millions)</i>	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009	Change	
			\$	%
Tax Expense/(benefit) ⁽¹⁾	-	(26)	(26)	(100)

(1) The tax benefit recorded in 2009 was a result of changes PJM made to its postretirement medical plan in second quarter 2009. PJM tax expense was \$0.5 million for the nine months ended September 30, 2010.



3Q10 Cash Flow Statement Highlights

<i>(dollars in millions)</i>	3Q10	3Q09	Change	
			\$	%
Operating Cash Flows ⁽¹⁾	-	(20)	20	100
Investing Cash Flows ⁽²⁾	(39)	(49)	(10)	(20)
Financing Cash Flows ⁽³⁾	410	(203)	613	302
<p>(1) The change in net cash used in operating activities was principally driven by changes in deferred income taxes. The variance in 2009 was due to a one-time tax adjustment as a result of the changes to the Company's postretirement medical plan.</p> <p>(2) Change in net cash used in investing activities was principally driven by the timing of capital expenditures.</p> <p>(3) Increase in net cash provided by financing activities was principally driven by customer deposits that increased during the nine months ended September 30, 2010 as compared with the deposit reduction due to converting to weekly billing during the nine months ended September 30, 2009.</p>				



3Q10 Key Financial Disclosure Highlights

Footnotes:

- Footnote 11 provides a summary of ongoing legal and regulatory matters.