



## 2013 Exelon Corporation Sustainability Report



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# Letter from CEO Chris Crane

As the leading competitive energy company in the United States, Exelon's sustainability performance is predicated on our ability to deliver low-carbon, reliable and cost-competitive energy products and services. In 2013, Exelon's operating performance was exemplary. Nuclear turned in one of its best years ever, with a capacity factor of 94.1 percent and record generation output. Exelon Power had a strong year as well, with our natural gas and hydro plants available 99 percent of the time the market demanded them. We are proud to report that Exelon's record-setting nuclear generation enabled our fleet to avoid an estimated 87 million metric tons of greenhouse gas (GHG) emissions for the nation in 2013. This is equivalent to more than 7 percent of the quantity of incremental emission reductions needed to support the United States' Copenhagen pledge to reduce national GHG emissions by 17 percent from 2005 levels. That performance, however, is not always properly priced in our current markets and under current energy policies. As the nation continues to pursue opportunities to reduce GHG emissions, we must not take current nuclear plant avoided emissions for granted. Exelon is working diligently on strategies to improve our ability to compete in current markets, and to promote competitive market structures that appropriately compensate clean energy production. We are acting aggressively on both the things we can control as well as the energy and environmental policy issues we must influence in order to improve value for our shareholders.

Each of our three utilities — ComEd, PECO and BGE — had its best operating year ever, tangible proof of the value of our size, scale and ability to leverage experience and resources. Operating performance in each utility improved over 2012 in all key metrics including safety, reliability, customer service and customer satisfaction. For each utility, customer satisfaction and outage

frequency are in the top quartile of similar companies in the United States. Constellation empowered more than 1.1 million customers in 46 states to shop for competitively priced electric power and natural gas, and offered customers innovative products and bundled solutions to meet their energy and energy management needs.

On the financial side, Exelon revised its dividend policy in 2013 to better fit our business model and strengthen our balance sheet for continued growth; we adjusted our hedging strategy to support more upside as markets recover; we cut costs, and are on track to achieve \$550 million annually in merger synergies related to our March 2012 merger with Constellation Energy.

Exelon is confronting its market challenges with a defined strategy for earnings growth, based on diversification of revenue streams, utility investment, optimization of our asset base and recovery of power market fundamentals. Execution of that strategy requires a disciplined, long-term view buttressed by the right near-term actions. To begin with, we believe in a supply-driven recovery of power prices, and we hold a portfolio position that will enable us to capitalize on our views of market recovery and earnings growth. Our balance sheet strength enables us to act on growth and diversification opportunities across the energy value chain whenever the time and price are right, and we are diligent in the identification and assessment of those opportunities.

Continuing our commitment to clean energy and our customers, we added 153 MW of new solar capacity in 2013 at the Antelope Valley Solar Ranch in California, and have more than 400 MW of natural gas, contracted wind and solar power and nuclear uprates in the development pipeline. The utilities will invest \$15 billion over the next five years in smart meter technology, transmission projects, gas infrastructure and electric system improvement projects, providing greater reliability and improved service for our customers and a stable return for the company. These investments will continue to provide Exelon employees and contractors with rewarding and

good-paying jobs and benefit our communities through local supply chain purchases of goods, services and materials, and tax payments to local, state and federal governments. In April 2014, we announced our planned acquisition of Pepco Holdings, Inc (PHI). This acquisition, which we expect to close in mid-2015, will complement our current utility base, provide substantial benefits to PHI customers and reinforce the stability of our earnings and dividend.

Due to a variety of factors, such as low natural gas prices and the unintended consequences of government subsidies for certain types of new generation, there is the potential for premature nuclear unit retirements in the United States. Since current energy policies and wholesale energy markets do not economically compensate nuclear units for the fuel diversity, reliability and GHG avoidance benefits that they provide, the sustained ability of the U.S. nuclear fleet to avoid GHG emissions is being challenged. Our nuclear plants had their best generating year ever in 2013, but despite that performance, some are facing these severe economic headwinds. We continue to educate the public and policymakers regarding the benefits of existing nuclear power and the risks to our national progress on GHG emission reductions if additional nuclear plants are forced into early retirement due to economics or inappropriate state, federal and/or market design policies. We are also assessing infrastructure, operational, commercial, policy and legal solutions to these market pricing issues. Putting in place the right energy and tax policies is clearly the best answer. But our obligation to our shareholders is clear. If we do not see a path to sustainable profitability in any of our plants, we will take steps to shut down those plants to avoid sustained losses.

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**“Exelon is confronting its market challenges with a defined strategy for earnings growth, based on diversification of revenue streams, utility investment, optimization of our asset base and recovery of power market fundamentals.”**

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**“We are proud to report that Exelon achieved its best-ever OSHA recordable rate in 2013 — a testament to a shared management and employee focus on safety.”**

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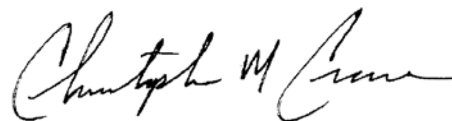
Exelon continues to support customer choice and competitive markets. We believe that government should play a major role in establishing GHG abatement goals for the nation, but that technology and capital investments to achieve national goals should be left to subsidy-free competitive markets that are best suited to ensuring that least cost compliance is achieved. We are excited to report that at the end of 2013 Exelon achieved, seven years early, its *Exelon 2020* GHG abatement goal to abate 17.5 million metric tons of GHG emissions by 2020. We are developing the next phase of our climate change response program during 2014, with a continued focus on managing GHG emissions from our internal operations, investing in our generation assets to keep grid emissions low, and continuing to invest in a resilient transmission and distribution system.

No discussion of sustainability is complete without including our people — our employees drive excellence. Diverse and inclusive teams bring perspectives that allow us to enhance and innovate, and we continue to invest in training and expand employee resources to foster an inclusive

workplace. We also launched new leadership development programs that will equip top talent with the skills necessary to lead us into the future. Finally, we are proud to report that Exelon achieved its best-ever OSHA recordable rate in 2013 — a testament to a shared management and employee focus on safety.

Our company and employees also contributed to the vibrancy and well-being of the communities in which we work through grants and community service. In 2013, Exelon provided nearly \$32.3 million in grants across our service territories, and our employees volunteered more than 96,000 hours to support more than 800 community projects and pledged \$5.9 million to nonprofit organizations across the Exelon service area.

Exelon is committed to advancing a clean energy future and will continue to advocate for market rules and structures that ensure fair treatment of clean, competitive, reliable generation. We are proud of our progress to date and confident we are taking the right steps to create a more sustainable future.



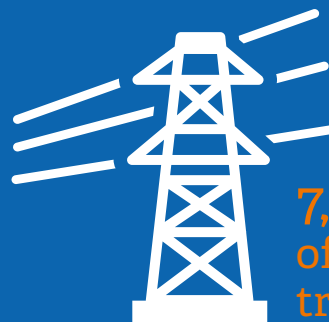
**Christopher M. Crane**

President and Chief Executive Officer

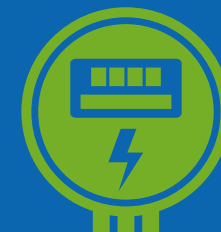


# About Exelon

**\$24.9 billion in operating revenues**



**7,407 miles**  
of electric  
transmission



**35,137**  
megawatts  
owned U.S.  
generating  
capacity

**\$79.9 billion in assets**

load  
served

- 192 billion**  
cubic feet  
(natural gas)
- 158 terawatt**  
hours  
(electric)



**1.2 million**  
natural gas  
customers



**6.6 million**  
electric  
customers

**1.1 million**  
competitive  
**retail**  
customers



**25,815**  
employees



Exelon Corporation (Exelon) is the leading U.S. competitive energy provider. Headquartered in Chicago, Exelon does business in 48 states, the District of Columbia and Canada. We participate in every stage of the energy value chain, from fuels production and conventional generation, to retail sales and energy management. Exelon is one of the largest competitive generators with approximately 35,000 megawatts (MW) of owned capacity, comprising one of the nation's cleanest and lowest-cost power generation fleets. Our utilities deliver electricity to more than 6.6 million customers in northern Illinois (ComEd), southeastern Pennsylvania (PECO) and central Maryland (BGE), with PECO and BGE also serving 1.2 million natural gas customers. The company's retail business unit, Constellation, provides energy products and services to 100,000 business, public sector and government customers and more than 1 million residential customers. Of the almost \$24.9 billion in revenues in 2013, approximately 59 percent was from our Generation business unit (including Constellation), 36 percent from regulated electric sales and distribution, and 5 percent from regulated gas sales and distribution. Exelon is a publicly traded company listed on the New York Stock Exchange under the symbol EXC.

On April 1, 2014, following Nuclear Regulatory Commission (NRC) license transfer approval, Exelon integrated into its operations the three commercial nuclear power plants previously operated by the Constellation Energy Nuclear Group (CENG), a joint venture between Exelon (formerly Constellation Energy) and Électricité de France (EDF), formed in 2009. Following this consolidation, Exelon Generation now operates 23 nuclear units with a total owned generating capacity of 19,262 MW.

## Financial Performance<sup>1</sup>

dollars in millions, except for earnings and dividends per share

	2011	2012 <sup>1</sup>	2013
Revenues	\$ 19,063	\$ 23,489	\$ 24,888
Operating expenses	14,583	21,018	21,242
Net income attributable to common shareholders	2,495	1,160	1,719
Total assets	54,995	78,561	79,924
Total liabilities	40,520	56,744	56,984
Total equity (includes noncontrolling interests, preferred securities and preference stock)	14,475	21,817	22,940
Earnings per common share (diluted) <sup>2</sup>	3.75	1.42	2.00
Dividends per common share (diluted)	2.10	2.10	1.46
Cash flow from operations	4,853	6,131	6,343
Payments to capital providers and the government	1,585	2,306	2,227
Dividends paid on common stock	1,393	1,716	1,249
Interest (net of amount capitalized)	649	761	866
Income taxes paid (net of refunds) <sup>3</sup>	(457)	(171)	112

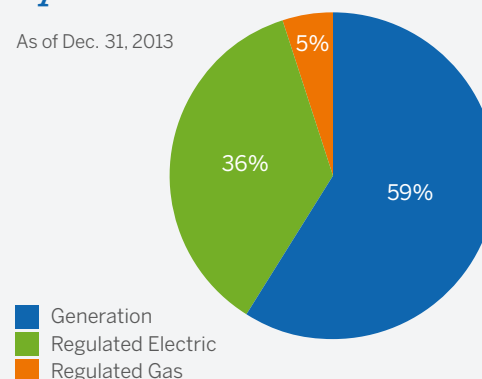
1 The 2012 financial results only include the operations of Constellation and BGE from the date of the merger with Constellation Energy (the Merger), March 12, 2012, through December 31, 2012.

2 Earnings represented are in accordance with GAAP.

3 Taxes Other Than Income is not included. In 2011, Exelon received a number of tax deductions based on guidance issued by the IRS for treatment of tax repairs, a special transfer made under the Nuclear Decommissioning Trust Fund Special Transfer and bonus depreciation deductions taken for qualifying property placed in service during 2011. This results in a net refund for the year. In 2012, the receipt of cash is primarily attributable to refunds received associated with legacy Constellation Energy and legacy Exelon federal tax returns partially offset by payments to the IRS for various settlements.

## Business Composition by Revenue

As of Dec. 31, 2013



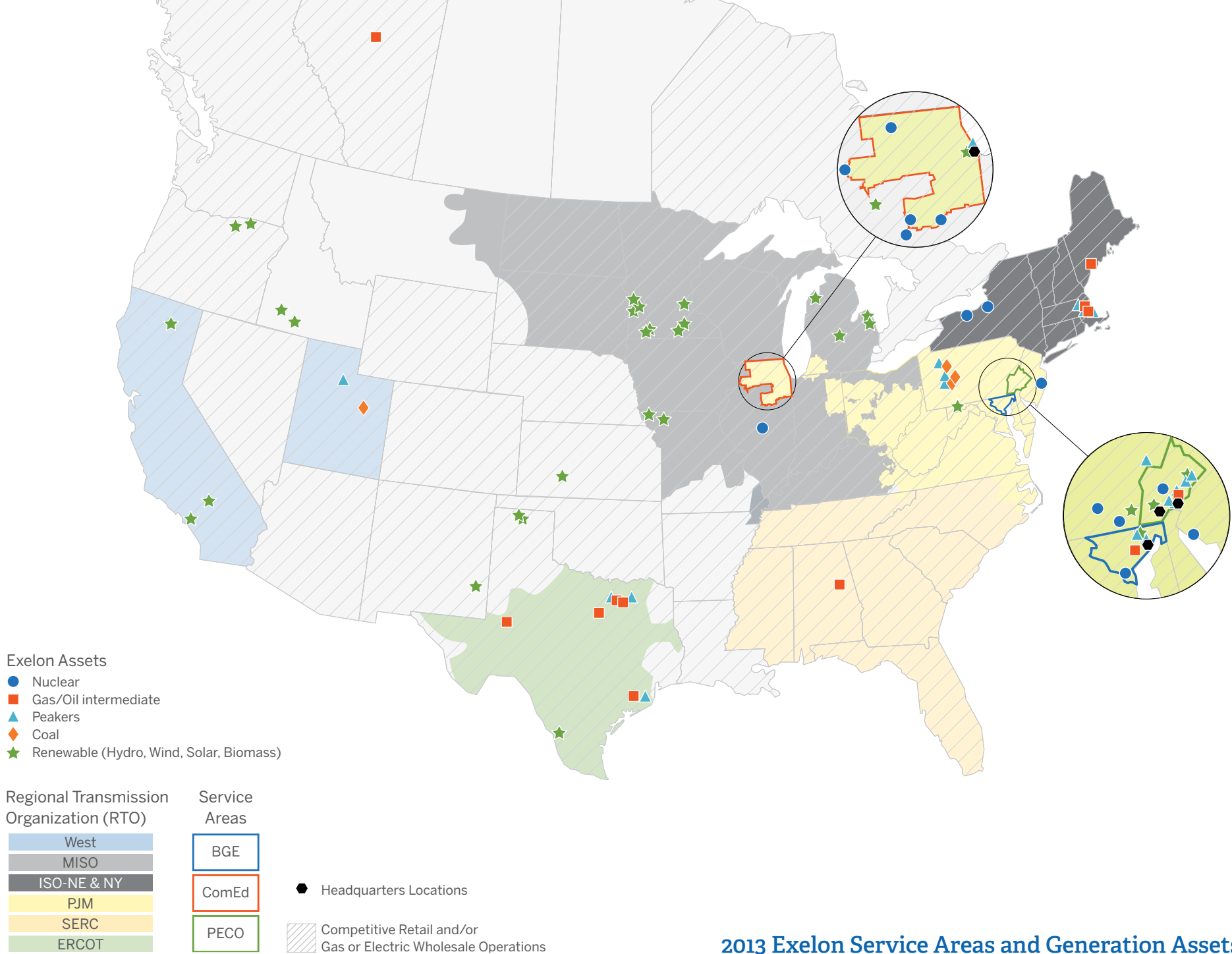
## Investment Grade Ratings

Credit Ratings<sup>1</sup>

	Moody's <sup>2</sup>	S&P	Fitch <sup>2</sup>
<b>Exelon</b>	Baa2	BBB-	BBB+
<b>ComEd</b>	A2	A-	A-
<b>PECO</b>	Aa3	A-	A
<b>BGE</b>	A3	A-	BBB+
<b>Generation</b>	Baa2	BBB	BBB+

1 Current senior unsecured ratings for Exelon, Exelon Generation and BGE and senior secured ratings for ComEd and PECO as of April 30, 2014.

2 Exelon and Exelon Generation have a negative outlook at Fitch and BGE has a positive outlook. All other ratings have a stable outlook.





# Driving Sustainability throughout Our Company



- Refreshed our materiality assessment and mapped our issues to our value chain in alignment with the Global Reporting Initiative (GRI) G4 guidelines
- Conducted a focused stakeholder engagement discussion on climate change and water resources, two key strategic issues
- Named to the North America Dow Jones Sustainability Index (DJSI) for the eighth consecutive year
- Included in the CDP's Global 500 Climate Disclosure Leadership Index and Climate Performance Leadership Index as the only U.S. utility for the second year in a row

We are committed to conducting our business in a way that minimizes environmental impacts and supports our employees and the communities in which we operate. From decisions regarding our generation mix to the energy efficiency improvement programs we offer our customers, we integrate sustainability into everything we do.

## Sustainability Governance

The Exelon Corporate Governance Committee, led by our Chief Sustainability Officer, oversees our sustainability strategy and performance. A listing of Governance Committee members and the Governance Committee charter are available on the [corporate website](#). To learn more about how we incorporate sustainability into our business strategy, please see the [Advancing Clean Energy section](#) of this report.

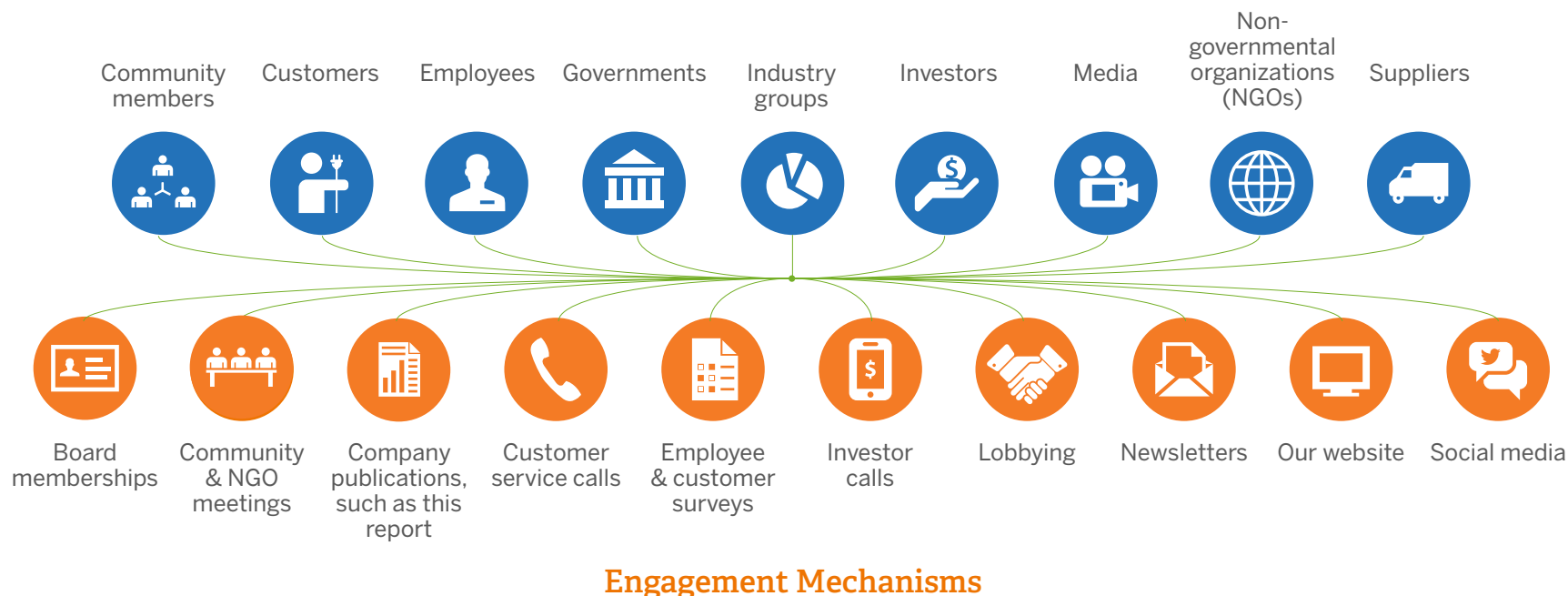
### Our Mission

Exelon's mission is to be the leading diversified energy company — by providing reliable, clean, affordable and innovative energy products.

### Our Vision

*Performance that drives progress.* At Exelon, we believe that reliable, clean and affordable energy is essential to a brighter, more sustainable future. That's why we're committed to providing innovation, best-in-class performance and thought leadership to help drive progress for our customers and the communities we serve.

## Our Stakeholders



## Stakeholder Engagement

We value the interests of all of our stakeholders and work to ensure that we address their concerns. Stakeholder engagement helps us to maintain high levels of customer service; provide safe, clean energy; maintain our license to operate in communities; and grow our company. Exelon identifies and works with diverse stakeholders, including key community partners, service providers, standard-setters and regulators, as well as those who face challenges. We regularly engage with each of our stakeholder groups through a variety of channels, and the feedback we receive informs our sustainability strategy and business plans. For example, in recent years, we

have increased outreach to customers via social media channels such as Twitter, LinkedIn and various apps.

In 2013, we collaborated with Ceres, a nonprofit advocacy organization, to collect feedback on our progress through a structured stakeholder feedback session facilitated by Exelon's draft sustainability report. In 2014, we focused our Ceres stakeholder discussion on two key strategic issues for Exelon, climate change and water resources. Please see the summary of our Ceres stakeholder discussions on [our website](#).

We also participate in a number of voluntary reporting initiatives including the DJSI and the Carbon Disclosure Project (CDP) Investor and Water surveys. We are pleased to report that in 2013, Exelon was included in the DJSI for the eighth consecutive year. Exelon was also named to the CDP's Global 500 Climate Disclosure Leadership Index and Climate Performance Leadership Index for the second year in a row. No other U.S.-based utility company appeared on both CDP indices. For additional information, view our response to the [Investor survey](#) and [Water survey](#).

## Materiality

Each year, we undertake a materiality analysis to determine Exelon's most important sustainability issues, which informs our strategy and the contents of this report. While we underwent a similar process as in previous years — consulting internal experts and collecting stakeholder feedback on prior reports — we expanded our analysis in 2013 to link material issues to our value chain in alignment with the new GRI G4 guidance. We also consolidated similar issues, resulting in a more concise list for 2013. While most issues remain the same, we have added 'economic viability of nuclear power,' given the current economic challenges facing nuclear power, and removed 'energy independence,' as fossil fuel in the electricity sector is sourced primarily from North America. This issue has also decreased in importance to stakeholders with the continued surge in domestic natural gas production.

Each of the material issues shown in the graphic on the following page was deemed important given our business strategy and stakeholder interests. Every material issue is discussed in more detail throughout this report.

### Voluntary Reporting Initiatives

MEMBER OF  
**Dow Jones  
Sustainability Indices**  
In Collaboration with RobecoSAM



Exelon has added the economic viability of nuclear power to our list of material issues for 2013.

## Material Issues across Our Value Chain

“✓” indicates where the issue is most material in the value chain



FUELS



CONVENTIONAL  
GENERATION



RENEWABLE  
GENERATION



ELECTRIC AND  
GAS UTILITIES



RETAIL



BEYOND  
THE METER

### Advancing Clean Energy

Climate Change	✓	✓	✓	✓		✓
Competitive Markets	✓	✓	✓	✓	✓	✓
Economic Viability of Nuclear Power		✓				
Financial Performance	✓	✓	✓	✓	✓	✓
Generation Efficiency		✓	✓			
Investments in Energy Infrastructure	✓	✓	✓	✓	✓	✓

### Better Serving Our Customers

Energy Affordability				✓	✓	
Innovative Products & Services		✓	✓		✓	✓
Service to Customers				✓	✓	✓

### Reducing Our Impacts on the Environment

Air Quality		✓	✓			
Habitat & Biodiversity		✓	✓	✓		
Nuclear Fuel Cycle		✓				
Waste Management		✓		✓	✓	
Water Management		✓	✓	✓		

### Fostering a Safe, Rewarding and Dynamic Workplace

Compensation & Benefits		✓	✓	✓	✓	✓
Diversity		✓	✓	✓	✓	✓
Employee Engagement		✓	✓	✓	✓	✓
Health, Safety and Wellness		✓	✓	✓	✓	✓
Labor Relations		✓	✓	✓	✓	✓
Training & Development		✓	✓	✓	✓	✓

### Creating Value for Communities

Community Giving		✓	✓	✓	✓	✓
Indirect Economic Impacts		✓	✓	✓		
Public Health & Safety	✓	✓	✓	✓	✓	✓

### Practicing Good Governance

Corporate Governance	✓	✓	✓	✓	✓	✓
Policy Engagement		✓	✓	✓	✓	✓
Stakeholder Engagement	✓	✓	✓	✓	✓	✓
Sustainable Supply Chain	✓	✓	✓	✓	✓	✓

# Advancing Clean Energy



- Produced a record **158.6 million megawatt-hours (MWh)** of low-carbon nuclear power
- Produced more than **5.8 million MWh from renewable sources** including owned wind, hydro and solar capacity
- Surpassed our *Exelon 2020* goal, **seven years ahead of schedule**, with the abatement of more than 18 million metric tons of carbon dioxide equivalents (CO<sub>2</sub>e)
- Evolved our corporate response to climate change to focus on reducing operational impacts, lowering electric sector GHG emissions and addressing infrastructure resiliency



Meeting global energy needs and those of future generations depends on the ability to provide low-carbon solutions that are affordable and reliable. At Exelon, we are advancing the production and delivery of clean, reliable and competitively priced forms of energy across the energy value chain. We are working with our communities and regulators to promote market rules and structures that ensure fair treatment of clean, competitive, reliable generation. We are optimizing our existing generation fleet and exploring a variety of new technologies as we seek to most efficiently and effectively meet electric demand. Through continued investments in our clean energy portfolio, transmission and distribution systems, and customer programs, we are building a sustainable energy future and responding to climate change issues in a way that fosters business value and supports continued environmental progress.

## Our Clean Energy Portfolio

Our nuclear fleet is the foundation of our low-carbon energy portfolio, accounting for 81 percent of our total owned generation output and more than 25 percent of the nation's nuclear power output. In 2013, our ownership share in nuclear power plants produced a record 158.6 million MWh with an Exelon-operated nuclear fleet capacity factor of 94.1 percent, making it one of the most efficient fleets in the world. Exelon also operates a fleet of other low-carbon resources, including combined cycle gas, landfill gas, wind, solar and hydroelectric plants. Exelon Generation demonstrated high levels of performance in 2013, with its gas and hydro units available 99.1 percent of the time the market demanded them and with strong wind and solar energy capture rates. We continued to invest in low-carbon



The Exelon-operated nuclear fleet achieved a 94.1 percent capacity factor in 2013.

generation like the 153 MW of new solar photovoltaic capacity added in 2013 at the Antelope Valley Solar Ranch One in California. Climate change may result in increased volatility in weather and demand patterns. As a result, we also foresee the need for a diversity of fuels to ensure reliable and resilient grid supply.

## 2013 Exelon-Owned Capacity and Generation

	Capacity <sup>1</sup>		Generation output <sup>2</sup>	
	MW	%	GWh	%
<b>Nuclear</b>	19,262	54.8	158,590	81.0
<b>Gas</b>	7,880	22.4	20,828	10.6
<b>Oil/Gas</b>	2,033	5.8	546	0.3
<b>Hydro</b>	1,935	5.5	1,993	1.0
<b>Wind</b>	1,298	3.7	3,638	1.9
<b>Coal</b>	1,298	3.7	9,350	4.8
<b>Oil</b>	1,006	2.9	40	0.0
<b>Solar</b>	359	1.0	620	0.3
<b>Landfill Gas</b>	66	0.2	226	0.1
<b>Total</b>	<b>35,137</b>	<b>100.0</b>	<b>195,831</b>	<b>100.0</b>

1 Capacity as of Dec. 31, 2013.

2 The GWh total includes the proportionate share of output where Generation has an undivided ownership interest in jointly owned generating plants and includes CENG at ownership share.

## Optimizing Our Portfolio

	2011	2012	2013
Nuclear Capacity Factor <sup>1</sup>	93.3%	92.7%	94.1%
Dispatch Match <sup>2</sup>	93.4%	97.0%	99.1%
Fossil Equivalent Forced Outage Rate <sup>3</sup>	5.1%	3.7%	1.5%
Hydro Equivalent Availability Factor <sup>4</sup>	95.2%	95.7%	96.0%
Wind/Solar Energy Capture <sup>5</sup>	91.8%	94.2%	93.7%

1 **Nuclear Capacity Factor:** Ratio of actual output of a plant over a period of time to output if the plant had operated at full average annual mean capacity for that time period. Capacity factor data presented is for Exelon-operated nuclear generation. During 2011, 2012 and 2013, Constellation Energy Nuclear Group (CENG)-operated facilities, of which Generation currently owns 50.01%, achieved respective capacity factors of 92.0%, 86.7% and 95.0%.

2 **Dispatch Match:** Expressed as a percentage, Dispatch Match reflects the unit's revenue capture when it is called upon for generation. Factors that adversely impact Dispatch Match include forced outages, derates and failure to operate to the desired generation signal. Dispatch Match excludes Maryland Clean Coal, Eddystone 1 and 2, Schuylkill 1, and Riverside 4 and 6 for all years.

3 **Fossil Equivalent Forced Outage Rate:** Measure of the portion of time a unit is in demand but is unavailable due to a forced outage. Historic 2011 data have been updated to reflect a combination of pre-merger Exelon and Constellation Energy fossil asset performance. Rate includes Maryland Clean Coal for 2011 through 2012.

4 **Hydro Equivalent Availability Factor:** Proportion of hours in a year that a unit is available to generate at full capacity.

5 **Wind/Solar Energy Capture:** Wind energy capture is the ratio of energy produced by wind turbine generators at a wind farm to total wind energy available during that time period. Solar energy capture is the ratio of energy produced by photovoltaic panels to total solar energy available during that time period. Wind/Solar Energy Capture includes City Solar Chicago starting in 2013.



Exelon seeks to optimize our conventional and renewable generation portfolio to ensure that power is available when demanded by the market.

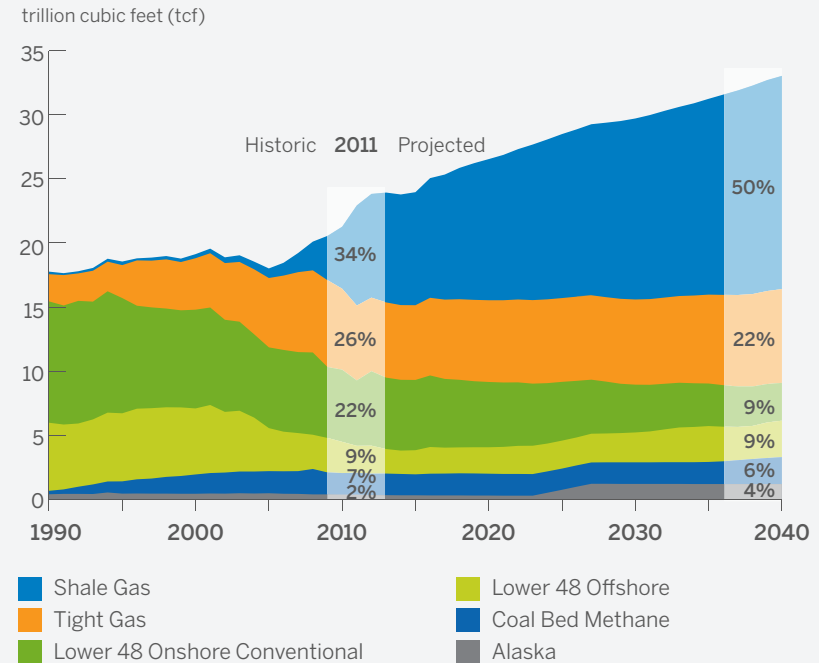
## The Changing Landscape for Electricity Generation

Since Exelon was formed, the electric industry has fundamentally changed:

- Domestic natural gas production has dramatically increased due to new drilling technologies, which is significantly suppressing natural gas and wholesale electric power prices.
- State renewable portfolio standards (RPS) and subsidies have increased development of renewable sources.
- The capital cost of wind and solar systems have continued to decline.
- New distributed generation technologies and demand response opportunities have continued to emerge.
- Demand has been suppressed due to a flat economy and increased energy efficiency deployment.
- Recent weather events have put a renewed focus on the importance of electric system resiliency and diversity of power generation resources.

As Exelon continues to invest in power generation, transmission and distribution systems, and customer programs, we seek opportunities to address these market dynamics in a manner that balances competing stakeholder and business priorities while maintaining our long-standing focus on climate change mitigation, adaptation and resiliency.

## U.S. Dry Gas Production



Data source: EIA Annual Energy Outlook – 2013

## The Value and Role of Nuclear Power

Nuclear energy plays a critical role in the U.S. energy mix due to its high reliability, low fuel costs and low GHG emissions per megawatt-hour produced relative to other forms of energy. Nuclear plants are designed to safely and reliably produce baseload electricity on the grid at full load 24 hours per day, unless offline for a short refueling outage during spring or fall “shoulder months” when power demand is low. This allows our nation to meet a large portion of the base level demand in the market that exists at all times of the day, particularly during periods of extreme heat or cold. Due to their design, nuclear plants cannot cycle up and down on an hourly basis as

market demand fluctuates. That role is fulfilled by intermediate and peaking fossil generation, with renewable generation contributing as it is available. The importance of reliable nuclear and fossil generation was very apparent when extreme cold periods caused by the “polar vortex” during the winter of 2013 created natural gas shortages in a number of Northeast and mid-Atlantic markets and intermittent resources were not available to support increased electric demand.

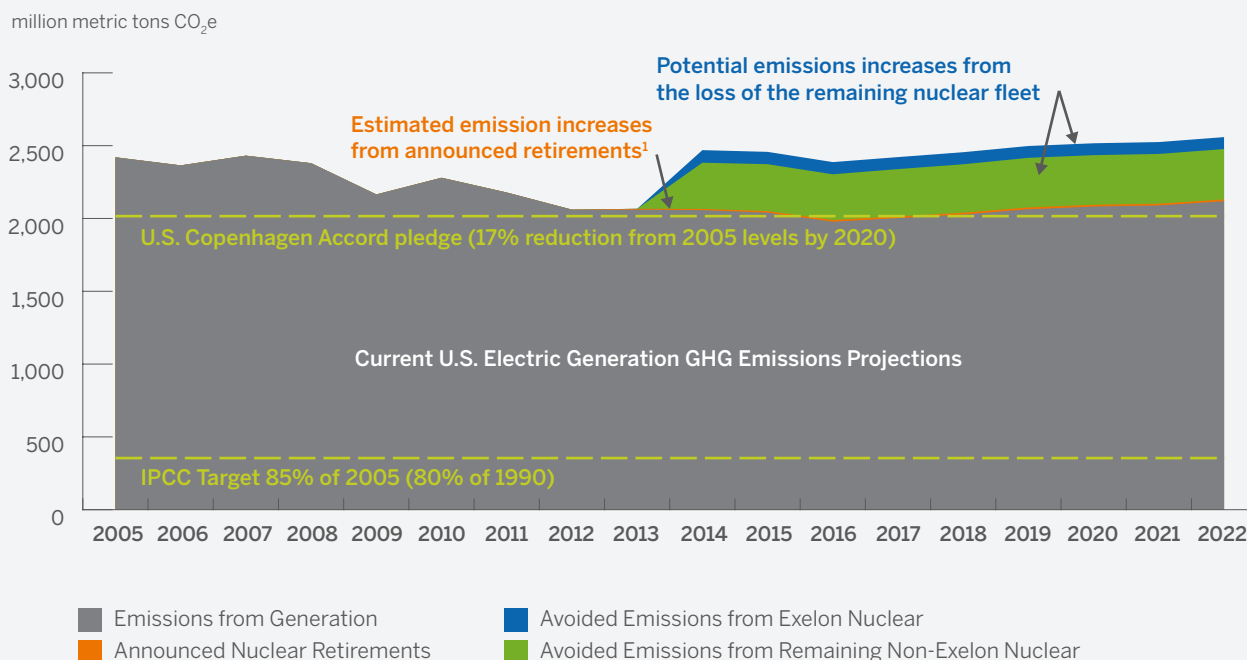
Nuclear power is also the nation’s largest source of virtually carbon-free energy, providing almost 20 percent of the nation’s total electricity and more than 60 percent of its low-carbon electricity. In 2013, U.S. electric industry GHG emissions

would have been approximately 87 million metric tons higher had Exelon's annual nuclear energy been replaced by GHG emissions from generation using the national grid average rate. Nationally, electric industry GHG emissions would have been 20 percent higher — the equivalent of almost 400 million metric tons annually — if all nuclear plants in the United States were replaced at the national average emission rate.

Nuclear power has a significant role to play in national GHG emissions management efforts. It is important that the United States ensures that market rules and policies reflect the value of all low-carbon resources, not only to maintain the current national energy mix but also to allow expansion into new technologies and maximize GHG emission reductions.

Continued operation of the nation's nuclear power plants is essential to maintaining progress towards the United States' Copenhagen Accord pledge to reduce national GHG emissions by 17 percent from 2005 levels by 2020. The U.S. Energy Information Agency (EIA) forecasts suggest a continued decline in national GHG emissions from 2005 through 2016, with emissions starting to increase again after 2016. This forecast assumes the continued operation of the nation's nuclear generation fleet. However, economic challenges such as low market prices and unfair market policies are compromising the viability of the nation's nuclear fleet and widening the gap to meet its Copenhagen Accord pledge.

## Reductions Required to Meet U.S. and Global Climate Goals (Electric Power Sector)



This graph displays historic and forecasted GHG emissions from the electric power generation industry from 2005 to 2022, based on 2013 U.S. EIA Annual Energy Outlook data. GHG emissions have declined from 2005 levels and, by 2016, will briefly meet the U.S. Copenhagen Accord commitment before rising again. The green-shaded area represents the incremental GHG emissions that would be created, estimated based on the national grid average GHG emissions rate, if all non-Exelon-operated nuclear plants retired before the end of their operating licenses and were replaced by other existing generation. The blue area represents additional emission increases if all Exelon nuclear units were retired. The orange area represents estimated emission increases from currently announced nuclear plant retirements.



## The Need for a Level Playing Field

A number of factors are creating unprecedented economic challenges for the nuclear sector. First and foremost, natural gas prices have fallen by more than 70 percent since 2008 due to the dramatic increase in unconventional natural gas production. With natural gas-fired generating units setting the market-clearing price for electricity in many regions of the country, wholesale power prices have commensurately declined since 2008. Load growth is also depressed due to both slow economic growth and increased energy efficiency programs.

In addition to declines in electricity commodity prices and sluggish economic conditions, wholesale energy prices are pushed even lower in some regions of the country due to an overabundance of subsidized wind generation. Wind providers are able to bid into the market at a greatly reduced or sometimes even negative price due to the federal production tax credit that subsidizes the cost of producing renewable energy, whether or not there is demand at the time it is produced. More than 30 states have

also adopted some form of a renewable portfolio standard that requires a certain amount of electricity be provided from renewable resources. As a result of these subsidies and mandates, market prices are being distorted, especially during off-peak hours when the market can become flooded with energy in excess of demand.

For example, renewable forms of generation, such as wind and solar, contribute to the generation load, but produce power intermittently based on the availability of the wind and the sun. Generation from these resources may or may not coincide with when the electric power is needed. In some regions, this forces nuclear units, which cannot be turned off for a few hours at a time, to operate in the face of artificially low and even negative power prices. While well-intentioned, this patchwork of government policies is having the unintended consequence of negatively impacting the economic viability of some of the nation's largest, most reliable and lowest-emitting power plants.



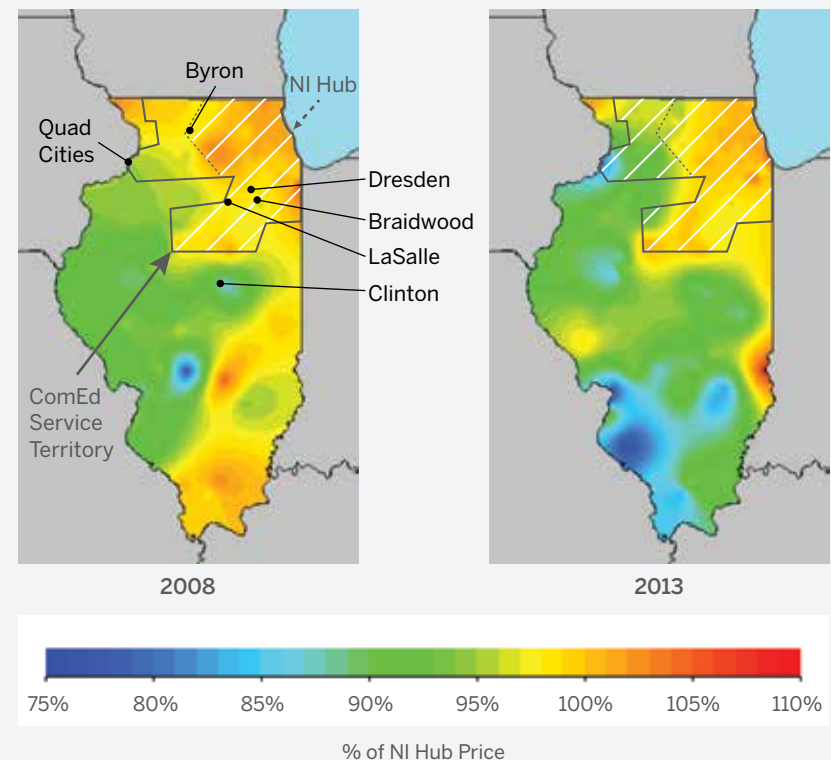
Exelon added 153 megawatts of utility-scale solar to its portfolio in 2013.

## The Unintended Consequences of Energy Subsidies in Illinois

In Illinois, subsidized wind development and limited transmission capability has had a significant impact on the state's energy market. For example, in 2008, wholesale power prices across Illinois were fairly uniform. By 2013, however, prices diverged significantly across the state, particularly on the west side, where wind power imports overloaded the local transmission system and depressed power prices. The wind operators benefit from production tax credits, worth roughly \$35 per MWh on a pre-tax basis, which now provide the majority of value for wind plants and make wind operators insensitive to energy prices. Nuclear generators in Illinois, conversely, rely almost entirely on energy markets for revenue and are experiencing declining revenues due to the effects of the production tax credit. These factors are threatening the economic viability of some highly reliable, low-carbon generation resources, because they cannot compete when some forms of generation in the market are being subsidized to produce regardless of market demand or other electric system considerations. Should existing nuclear resources be lost, they will need to be replaced by reliable fossil-fired generation, resulting in increased national GHG emissions at a time when our nation needs to maintain existing emission levels and seek further emission reductions. Additionally, existing nuclear production costs per megawatt-hour are lower than existing or new fossil units, meaning that in addition to potential emission increases, production costs to replace lost nuclear capacity would be higher, resulting in elevated energy prices for customers.

## Illinois Energy Prices from 2008–2013

In 2008, most energy prices across Illinois were within 10 percent of the PJM Northern Illinois Hub (NI Hub) average market price. Since 2012, many places in Illinois have diverged from the NI Hub. For example, power prices at the node where Exelon's Quad Cities nuclear plant is located in the northwest side of the state are now 25 to 30 percent less than the NI Hub price. Although Exelon benefits from PTC tax credits for certain wind projects, the market distortions caused by continued subsidization of wind generation through the PTC are expected to further negatively affect markets where Exelon operates. We believe the country needs to move beyond outdated production subsidy policies that are harming existing reliable, low-carbon generation resources and allow the market to determine the most economical clean energy solutions based on market rules and structures.

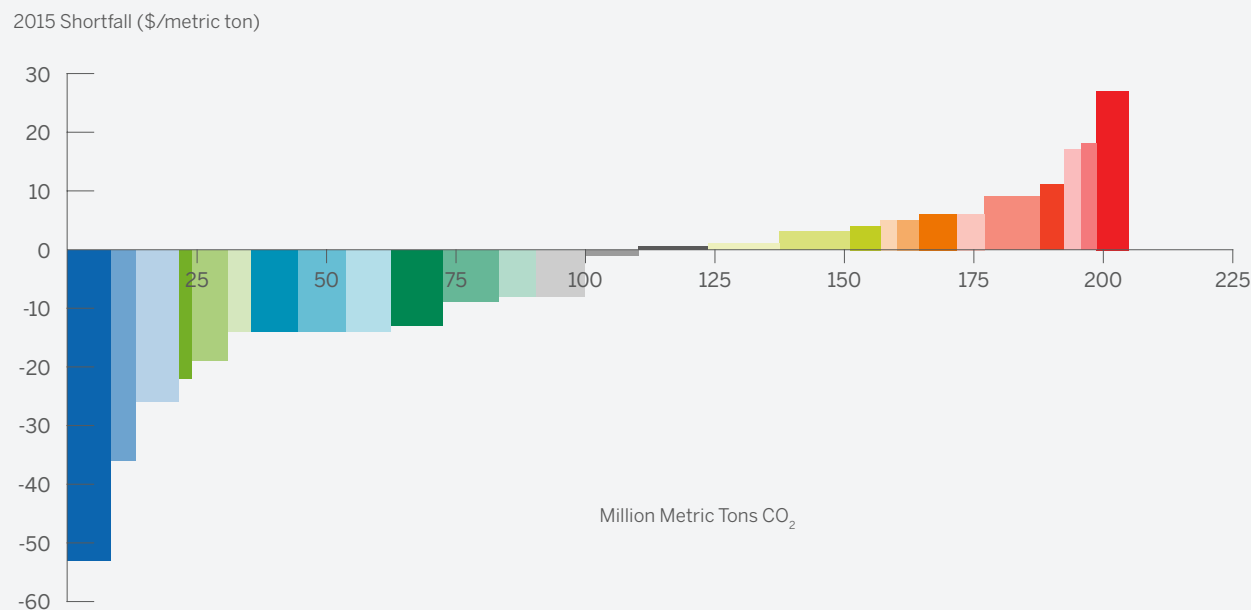




Currently, 27 merchant nuclear plants across the nation are operating in competitive markets. In total, these plants are avoiding approximately 205 million metric tons of CO<sub>2</sub> emissions per year. However, some have experienced revenue shortfalls due to depressed power prices. Based on publicly available analyst reports, 14 of the 27 merchant plants are expected to have revenue shortfalls in 2015; these 14 plants account for half of the total avoided GHG emissions from merchant nuclear plants. If these shortfalls are sustained, some of these plants may retire prematurely.

Exelon believes that properly designed competitive markets, which provide a level playing field for all generators, are the most efficient way to clean the nation's generation mix. We also advocate for better alignment of wholesale power market rules with national carbon goals. For example, an efficient market solution could be achieved by simply establishing national emission standards for the power generation sector and then letting the market determine the most cost-effective solutions, considering other key variables such as system reliability, fuel diversity, jobs and costs. Under this approach, all forms of low-emission generation would be incentivized equally in the marketplace in a manner that balanced public interests and priorities.

## Nuclear Retirement Candidates — Unregulated Units



The nation's 27 nuclear plants operating in competitive markets are depicted in terms of what level of a carbon price would be needed to ensure that the plants do not experience a financial loss in 2015. For example, the plants on the left side of the graph that show a negative carbon price are expected to have sufficient revenues to cover costs in 2015; those with a positive carbon price on the right side of the graph would need the depicted carbon price to maintain sufficient revenues to break even for the year.

The 2015 CO<sub>2</sub> shortfall is calculated using forecasts from publicly available investor analyst reports on nuclear plant operating costs, including *Credit Suisse, 'Nuclear...The Middle Age Dilemma,' February 2013* and *UBS, 'US Electric Utilities and IPPs,' January 2013*.

## Our Path Forward

Despite these challenges, we are not waiting for market recovery to improve our financial performance, which is key to our ability to continue to advance clean energy over the long term. Rather, in 2013, we took aggressive actions to improve our value and position the company to invest across the energy value chain where we can achieve the highest returns for Exelon shareholders, including:

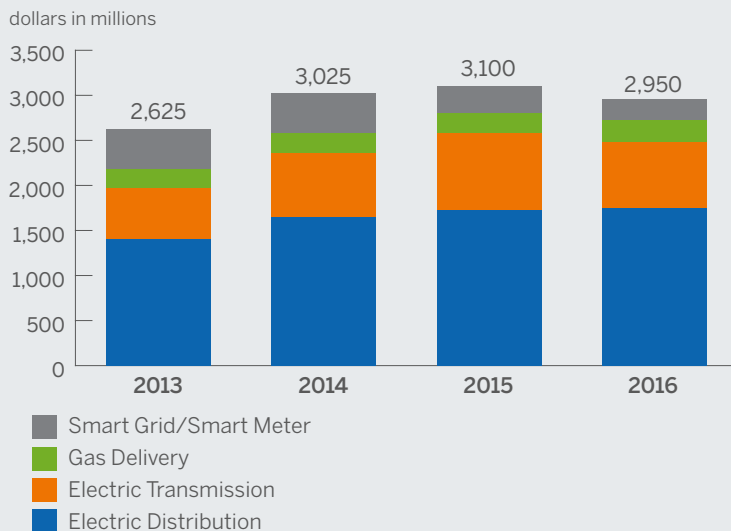
- Revising our dividend policy to better fit our business model and strengthen our balance sheet for continued growth;
- Adjusting our hedging strategy to support more upside as markets recover;

- Cutting costs, including achieving \$550 million in merger synergies related to our March 2012 merger with Constellation Energy; and
- Cancelling several planned nuclear uprate projects because the payback would not occur soon enough.

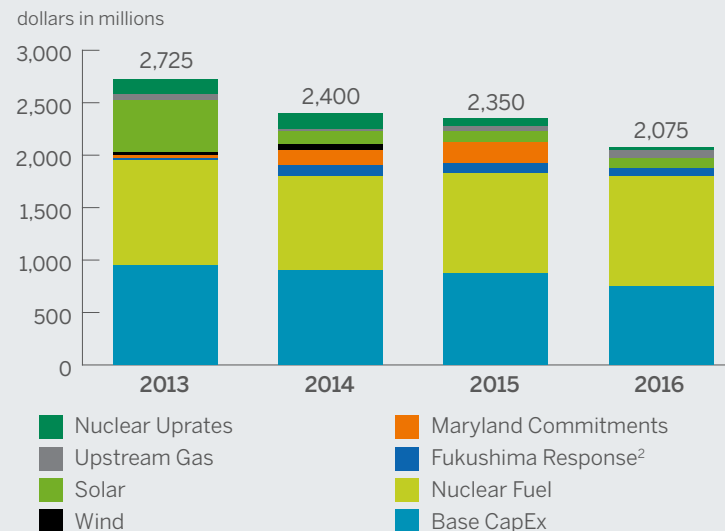
Most importantly, we are positioning the company for growth through the ongoing diversification of our asset base and leveraging technology across our business. Regarding new investments, we continue to look for both regulated and unregulated growth opportunities that will be financially accretive. We have shifted much of our growth capital investments from merchant to regulated opportunities — dedicating \$15 billion of capital over the next five years to our utilities.

### Capital Expenditure Expectations

#### Exelon Utilities



#### Exelon Generation<sup>1</sup>



<sup>1</sup> Excludes CENG

<sup>2</sup> Fukushima Response spend excludes Salem, which is included in Base CapEx

Source: Capital Expenditure Expectations, Exelon presentation at the Edison Electric Institute Financial Conference, November 11–12, 2013, p.8

Exelon's planned utility investments in smart grid and smart meter technologies, natural gas delivery, and transmission and distribution will benefit customers by reducing the number and length of outages, restoring power faster after storms, improving service and empowering customers to more efficiently manage their energy use. These utility investments will provide stable earnings growth, even during market downturns. Eventual increases in energy market prices represent additional revenue potential.

We also continue to expand our commercial offerings through Constellation. With more than 100,000 commercial, industrial, public sector, government and institutional customers, including two-thirds of the Fortune 100 and more than 1 million residential customers, Constellation is the industry-leading wholesale and retail power provider in the continental United States. By providing integrated energy solutions — from electricity and natural gas procurement to demand-side management solutions — we are helping customers strategically buy, manage and use their energy to meet both their energy needs and sustainability goals. Finally, we are investing in Exelon Generation, including growth in its upstream natural gas and contracted renewable portfolio businesses.

Beyond these business units, Exelon's Constellation Technology Ventures (CTV) organization invests in venture-stage firms developing innovative, energy-related technologies. CTV then works with Exelon business units to deploy these new technologies throughout the company to help Exelon and our customers improve environmental and economic sustainability performance across the energy value chain, from upstream energy exploration and production through end-user applications. Our particular focuses are on finding opportunities in the energy technology and sustainability space that will make Exelon's existing businesses more competitive and identifying new markets and solutions to grow our businesses. CTV currently has minority ownership stakes in a number of

## Deploying Leading-Edge Technologies

CTV, Exelon's venture capital fund, invests in a diverse portfolio of companies in the energy management and renewables space to accelerate identification and adoption of new technologies within the company. In 2010, CTV invested in C3 Energy, an enterprise application software company that harnesses the power of "big data," smart grid analytics, social networking, machine learning and cloud computing to improve power delivery. BGE is currently using C3 Energy's Smart Grid Analytics software to identify the most cost-effective, efficient and reliable delivery options for electricity via its new smart grid infrastructure. BGE's partnership with C3 Energy is bringing new capabilities in meter troubleshooting, evaluation of demand response and energy efficiency programs, and system planning, among others. This partnership will result in significant operational efficiencies for BGE and its customers, including the ability to respond dynamically and intelligently to customer and operational opportunities and challenges.



early-, mid- and late-stage start-up companies, with investments focused in areas such as enterprise energy management, electric vehicles, residential solar development, wind generation technology and residential energy efficiency.

Exelon is also continuing to improve the efficiency of our own operations through the creation of an Emerging Technology Team (ETT) that is coordinating awareness and deployment of new technologies within Exelon. The team utilizes multiple tools — such as crowdsourcing, technology incubators and other platforms — to identify potential leading-edge technology solutions that could provide significant benefits to the business. For example, ETT is piloting new robotics technology during refueling outages at the LaSalle nuclear plant to allow workers and supervisors to see and talk to one another through monitors from anywhere in the plant. This will provide an additional layer of safety for employees performing work tasks and will allow station technical engineers to connect in real time with industry experts about plant equipment. At ComEd, ETT is developing “big data” analytics solutions to help the utility better analyze customer interactions and improve customer service. The goal is to find effective solutions that can be rolled out across the organization or be commercialized in collaboration with CTV.

Given the challenging regulatory landscape for nuclear energy, we must remain a leading voice in public policy debates and decision-making, particularly around our critical priorities:

- Recognition of nuclear as a clean, resilient energy source;
- Market rules and structures that ensure fair treatment of clean, competitive, reliable generation, and mitigate the impact of out-of-market subsidies;
- Protection of the value of grid reliability;
- Equitable rate recovery structures in our state-regulated utility jurisdictions; and
- Environmental regulations based on sound science and thorough consideration of economic impacts.

Pursuit of these critical priorities is in alignment with the interests of our customers, taxpayers and shareholders as we seek to meet the nation’s low-carbon energy needs in the most reliable and cost-effective manner possible.



Exelon Environmental Achievement Award winners recognized for customer efficiency, biodiversity and stewardship accomplishments in 2013.

## Exelon’s Response to Climate Change

Exelon has been a low-carbon company since its formation in October 2000, and we take pride in maintaining one of the lowest owned-generation portfolio GHG emission rates of all of the large U.S. power producers. In 2008, we took early action under the U.S. Environmental Protection Agency (EPA) Climate Leaders program by reducing GHG emissions by 36 percent from 2001 levels. After achieving our Climate Leaders goal in 2008, we expanded the concept of GHG abatement through the low-carbon *Exelon 2020* strategy. This abatement strategy included not only our own operational reductions, but also those that we were able to influence through customer-facing and other energy efficiency programs. This year, we are proud to announce that we surpassed the *Exelon 2020* goal that we established in 2008 — seven years ahead of schedule — with the abatement of more than 18 million metric tons of CO<sub>2</sub>e in 2013.

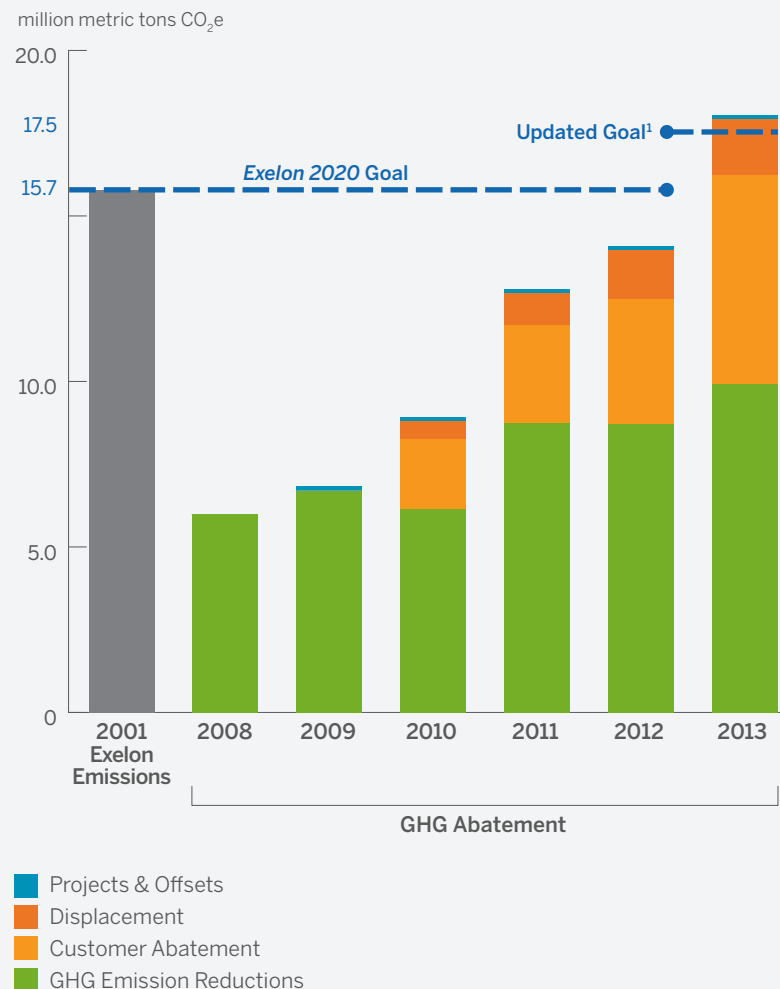
## Achieving Exelon 2020

Originally designed as a business strategy to maintain and enhance Exelon's position as a low-carbon provider in the event of a carbon-constrained economy, *Exelon 2020* laid the course for reducing emissions not only from our own operations, but also those from our customers and electricity markets nationwide. Exelon set a broad-based goal of abating 15.7 million metric tons of GHG emissions per year by 2020, or the equivalent of our total GHG emissions in 2001, the first year after Exelon was founded. In 2012, we adjusted our goal to include commitments from legacy Constellation Energy, increasing the new abatement total to 17.5 million metric tons of GHG emissions per year. To track our progress, we measured impacts in four categories:



- **GHG Emission Reductions:** Reducing our direct and indirect emissions through operational improvements.
- **Project-Based Reductions and Offsets:** Investing in special projects to offset the indirect GHG emissions from electricity use at our facilities.
- **Customer Efficiency Programs:** Helping our customers use less electricity in alignment with state energy efficiency mandates and renewable portfolio standards.
- **Displacement of Fossil Emissions on the Grid:** Increasing production at our existing plants through uprates and other operational efficiencies, in turn reducing the need for fossil-fired electricity generation on the grid.

Due to the combined efforts of our business units, we surpassed our updated goal through the abatement of more than 18 million metric tons of CO<sub>2</sub>e in 2013. Contributions and accomplishments from each Exelon operating company are described on the following page.

## Progress against Exelon 2020



1 Goal updated to account for legacy Constellation Energy commitments

Business Unit	Activities Contributing to Achieving <i>Exelon 2020</i>	Metric Tons CO <sub>2</sub> e Abated (in millions)
Power 	<ul style="list-style-type: none"> <li>Reduced direct GHG emissions from power generation by retiring older, inefficient fossil fuel plants, including:               <ul style="list-style-type: none"> <li>Fuel oil units Mystic 4, 5, 6; Cromby 2; Delaware 7 and 8; New Boston 1 and 2; Mountain Creek 2 and 3; and Handley 1 and 2</li> <li>Coal-fired units Cromby 1, and Eddystone 1 and 2</li> </ul> </li> <li>Certified three LEED energy education visitor centers at generation stations in Illinois, Pennsylvania and Maryland</li> </ul>	9.4 million
ComEd 	<ul style="list-style-type: none"> <li>Removed 100 percent of first-generation sulfur hexafluoride (SF<sub>6</sub>) breakers and implemented advanced leak detection and inventory programs to reduce GHG emissions associated with SF<sub>6</sub> by 66,000 metric tons CO<sub>2</sub>e</li> <li>Cut annual internal electric use by 28 million kWh as compared to the 2001 baseline through aggressive building modernization efforts</li> <li>Implemented approximately 950,000 MWh of incremental customer energy-efficiency savings through the award-winning ComEd Smart Ideas program, resulting in a total of nearly 3 million MWh achieved in 2013</li> <li>Retired more than 2.3 million MWh solar and wind RECs for RPS obligations in 2013</li> </ul>	3.8 million
Nuclear 	<ul style="list-style-type: none"> <li>Implemented 316 MW of nuclear uprates across our fleet, generating 2.5 million MWh of clean energy and avoiding 1.6 million metric tons CO<sub>2</sub>e</li> <li>Reduced direct GHG emissions by more than 40,000 metric tons CO<sub>2</sub>e across its generation fleet</li> <li>Reduced indirect emissions by establishing “remote self-supply capabilities” to power operations with electricity from Exelon nuclear plants</li> </ul>	1.8 million
PECO 	<ul style="list-style-type: none"> <li>Implemented advanced leak detection, inventory management programs and improved maintenance procedures to reduce SF<sub>6</sub> emissions</li> <li>Removed all but 72 first-generation SF<sub>6</sub> breakers</li> <li>Improved natural gas distribution system through pipe upgrades that reduced GHG emissions</li> <li>Purchased RECs to support building energy needs</li> <li>Cut annual internal electric use by nearly 9 million kWh as compared to the 2001 baseline through pursuit of LEED certifications at 10 buildings</li> <li>Introduced seven new customer energy-efficiency programs in 2013</li> <li>Implemented an additional 342,000 MWh in savings from customer energy-efficiency programs in 2013 through the award-winning PECO Smart Ideas program, for a total of more than 1.5 million MWh saved as of December 2013</li> <li>Retired more than 438,000 MWh of solar and wind RECs for RPS obligations in 2013</li> </ul>	1.2 million
Constellation 	<ul style="list-style-type: none"> <li>Implemented leading-edge customer energy efficiency and demand response to retail, business and public sector customers</li> <li>Implemented distributed solar systems</li> <li>Sold 2.4 million voluntary RECs</li> </ul>	1.1 million
BGE 	<ul style="list-style-type: none"> <li>New to the program in 2012</li> <li>Removed all but six first-generation SF<sub>6</sub> breakers</li> <li>Improved natural gas distribution system through pipe upgrades that reduced GHG emissions</li> <li>Saved an additional 450,000 MWh from customer energy-efficiency programs through the award-winning BGE Smart Energy Savers Program®, for a total of nearly 1.8 million MWh in savings as of December 2013</li> <li>Retired more than 21,600 MWh of solar and wind RECs for RPS obligations in 2013</li> </ul>	0.7 million
Business Services Company (corporate functions that serve the entire organization)	<ul style="list-style-type: none"> <li>Consolidated corporate offices in Chicago to eliminate one building</li> <li>Achieved LEED-CI for Chase Tower Corporate headquarters</li> <li>Utilized 45,000 verified carbon credits to offset business travel emissions in 2013</li> </ul>	0.1 million
<b>Total</b>		<b>18.1 million</b>



## Our 2013 GHG Emission Inventory

The basis of our *Exelon 2020* performance has always been a complete, third-party-verified accounting of our GHG inventory. We track and verify our absolute emissions in accordance with The Climate Registry, World Resources Institute GHG protocol and ISO 14064 standards. As a result of the merger with Constellation Energy, Exelon's emissions profile increased significantly, even following the divestiture of the Maryland coal assets in 2012.

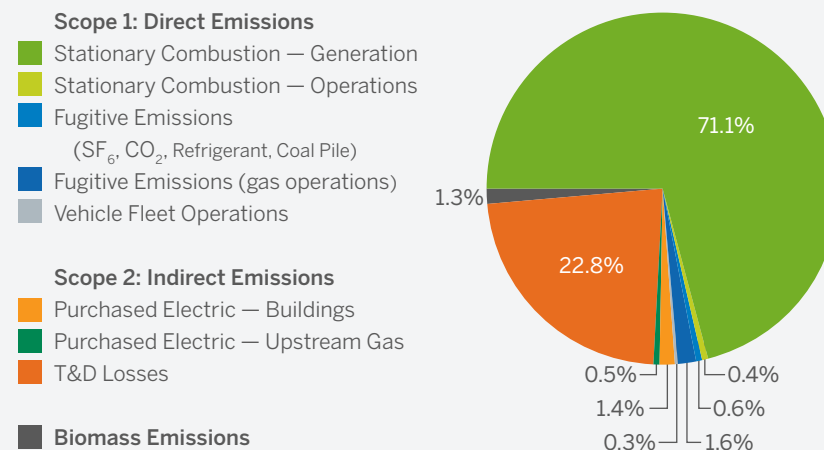
Approximately 94 percent of our direct emissions occur as a result of electricity generation, and 92 percent of our indirect emissions relate to transmission and distribution (T&D) line losses. These emissions are tied to electricity demand, which can be driven by the weather, fuel pricing and the economy. The balance of the inventory relates to operational emissions, which we are able to control through operational improvements.

In 2013, GHG emissions associated with our nuclear operations increased slightly due to the installation of additional redundant emergency generation and other safety advancements resulting from the NRC post-Fukushima assessment of the U.S. nuclear fleet. Over the same period, emissions from auxiliary equipment associated with our fossil generating units decreased, although indirect emissions from grid-purchased electricity actually increased at these sites as a result of decreased generation.

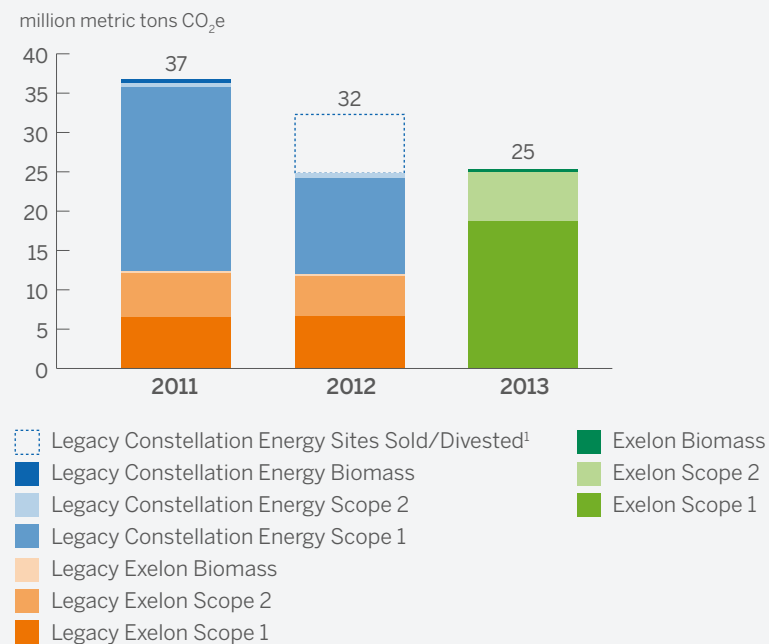
Within our utilities, ComEd showed reductions in GHG emissions due to a continued focus on internal building operations and management of SF<sub>6</sub> leakage. PECO emissions increased slightly from 2012 due to SF<sub>6</sub> releases from aging electrical breakers. BGE reduced emissions from 2012 by replacing pipes in its natural gas distribution system. All of the utilities are also implementing advanced metering and smart grid technology to help better manage distribution losses, which are accounted for as indirect GHG emissions.

Because of the extreme cold weather throughout much of our service territory during the first portion of 2014, we increased the use of fossil peaking plants to meet electric demand by our customers. Therefore, we expect our GHG emissions to increase in 2014.

## 2013 Exelon GHG Emissions Distribution



## Exelon Absolute GHG Emissions



1 This box represents emissions associated with assets sold or divested as part of merger agreement.

## Greenhouse Gas Emissions<sup>1</sup>

Owner Equity Share  
thousand metric tons CO<sub>2</sub>e

	2011	2012	2013
<b>Scope 1 — Direct Emissions</b>			
Stationary Combustion from Generation	6,172	21,795	17,965
Stationary Combustion from Other Operations	94	108	93
Natural Gas Operations (methane leakage) <sup>2</sup>	156	351	404
Fugitive Emissions (SF <sub>6</sub> , HCFC refrigerant and bulk CO <sub>2</sub> )	94	91	114
Coal Pile (methane emissions)	35	78	43
Vehicle Fleet Operations	50	72	78
<b>Total Exelon Scope 1 Emissions</b>	<b>6,600</b>	<b>22,497</b>	<b>18,697</b>
Emissions from Constellation Energy sites prior to merger	23,396	3,542	
<b>Combined Scope 1 Emissions</b>	<b>29,996</b>	<b>26,039</b>	<b>18,697</b>
<b>Scope 2 — Indirect Emissions</b>			
Purchased Electricity (commercial buildings; includes leased buildings)	277	359	356
Purchased Electricity (upstream gas — new source in 2012)		85	137
T&D Losses	5,246	5,113	5,777
<b>Total Exelon Scope 2 Emissions</b>	<b>5,523</b>	<b>5,557</b>	<b>6,270</b>
Emissions from Constellation Energy sites prior to merger	632	135	
<b>Combined Scope 2 Emissions</b>	<b>6,155</b>	<b>5,692</b>	<b>6,270</b>
<b>Supplemental Biomass<sup>3</sup></b>			
Biomass Stationary Combustion Generation	173	480	310
Biomass Mobile Emissions	4	6	6
<b>Total Exelon Biomass</b>	<b>177</b>	<b>486</b>	<b>316</b>
Emissions from Constellation Energy sites prior to merger	404	77	
<b>Total Exelon U.S. Emissions</b>	<b>36,732</b>	<b>32,294</b>	<b>25,283</b>
<b>Scope 3 and Offsets</b>			
Employee Business Travel <sup>4</sup>	26	34	44
Emissions associated with long-term Generation Power Purchases Agreements	<i>began</i>	47,997	29,183
Emissions associated with the electricity distributed by our Utilities	<i>accounting</i>	69,822	75,755
Heating and Cooling Equipment Operated for Others (Scope 1 & 2)	<i>in 2012</i>	194	246
<b>RECs and Offsets</b>			
RECs purchased for Corporate LEED Buildings <sup>5</sup>	(9)	(7)	(14)
Verified Offsets Purchased			(44)
EPA Natural Gas Star Reduction	(11)	(11)	(8)

1 2011 data has been aggregated or re-calculated to reflect the combined performance for Exelon and Constellation Energy, so that 2012 and 2013 data can be compared to 2011 information.

2 BGE Emissions from Natural Gas Distribution are aligned with EPA Part 98 Subpart W methodology from 2012. Total also captures simplified estimates of minority-ownership share of emissions from conventional and unconventional oil and gas wells based on the EPA Mandatory GHG Reporting Rule Part 98 Subpart W methodology. Since 2012, this has been an increasing portion of our inventory as we continue to invest in this area of the value chain.

3 Total includes biomass emissions related to two landfill gas power plants located in Pennsylvania, as well as mobile fleet vehicles fueled by biofuels. All biomass emissions are accounted for in conformance with TCR protocols that require segregation of CO<sub>2</sub> emissions that are biogenic in origin.

4 Total updated to include the Radiative Forcing Index adjustment for air travel.

5 Total does not include RPS RECs, which are accounted for as Customer Abatement under the Exelon 2020 program.

To learn more about Exelon's GHG performance, see our [CDP Investor response](#).

## Our Going Forward Climate Change Response

*Exelon 2020* was fundamental in helping our company think more holistically about our ability to reduce GHG emissions across the energy value chain. Since the launch of *Exelon 2020*, our understanding of climate change and its impacts has continued to evolve. Today, we recognize that our response must move beyond basic emission reduction efforts to include technology, climate change resiliency, fuel diversity, grid reliability, government policies and market design considerations. For the electric industry, all of these factors combine to drive outcomes that affect national GHG emissions. To this end, we have broadened our climate change response to include actions in three primary focus areas:

- 1. Continued GHG Emission Reductions from Operations**
- 2. Contributing to Lower Electric Sector GHG Emissions**
- 3. Addressing Infrastructure Resiliency**

Organizing our efforts to advance clean energy in these areas demonstrates that our business is not only responding to climate change, but also helping our customers and our country to do the same.

### 1. Continued GHG Emission Reductions from Operations

Our first area of focus is emissions from our operations. Operational emissions sources include our commercial buildings, warehouses, vehicle fleets, auxiliary station equipment, distribution pipelines and electrical equipment. These sources account for approximately 1.1 million metric tons CO<sub>2</sub>e of GHG emissions and comprise elements upon which we can have an immediate and direct impact. In 2014, we will reinvigorate our GHG reduction program to engage employees in continually improving our internal operations.

### 2. Contributing to Lower Electric Sector GHG Emissions

Emissions from electricity generation and T&D line losses account for nearly 95 percent of our total equity-share GHG emissions. Unlike the emissions from our operations, these emissions are directly tied to customer demand

for electricity and how grid operators ultimately dispatch our units. We plan to track these emissions separately from operations emissions to better understand the impact of our investments in clean energy, grid efficiency improvements and customer-focused energy efficiency and demand response programs. This will also help broaden the understanding around the GHG benefits of our nuclear fleet.

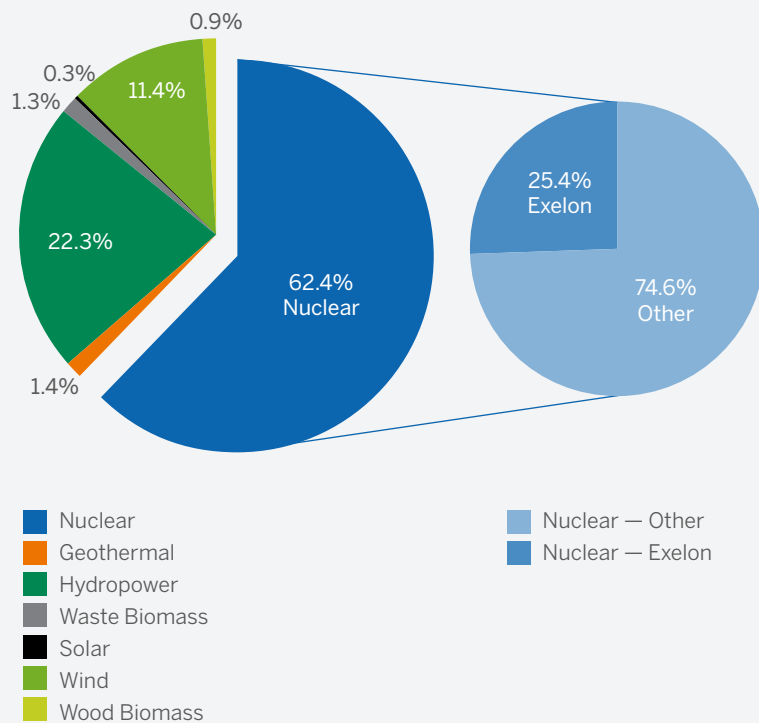
Each Exelon nuclear unit currently avoids millions of metric tons of GHG emissions that would be generated if the nuclear output were replaced by generation emitting at current average grid GHG emissions rates. Our low-cost nuclear plants, which operated at a fleet-average 94.1 percent capacity factor in 2013, enable us to deliver both competitively priced and clean energy in well-functioning markets. Last year, the net effect of producing approximately 81 percent of our electricity from low-carbon nuclear was the avoidance of an estimated 87 million metric tons of CO<sub>2</sub>e. Yet, some units in competitive markets are facing economic pressure due to low market prices exacerbated by unbalanced market policies and subsidies. If a single Exelon nuclear unit were to retire early and be replaced by fossil fuel-based generation, this would negate approximately 70 percent of the absolute GHG emission reductions Exelon achieved through prior fossil retirements and internal energy efficiency improvements under *Exelon 2020*. Moreover, the potential early retirement of nuclear plants could ultimately result in a net increase in national GHG emissions.

Despite challenging market conditions, we are working to maintain our industry leadership position, delivering among the lowest levels of GHG emissions on both an absolute and intensity (metric tons per MWh) basis. As one of the largest energy producers in the United States, we are committed to communicating our progress and tracking how markets are impacting the overall emissions for both our own portfolio and that of the electric sector. We believe this analysis will not only guide our own investments, but also help inform regulators, drive policy improvements and result in an overall net reduction of U.S. electric grid GHG emissions.

## Exelon's Contribution to Avoided GHG Emissions

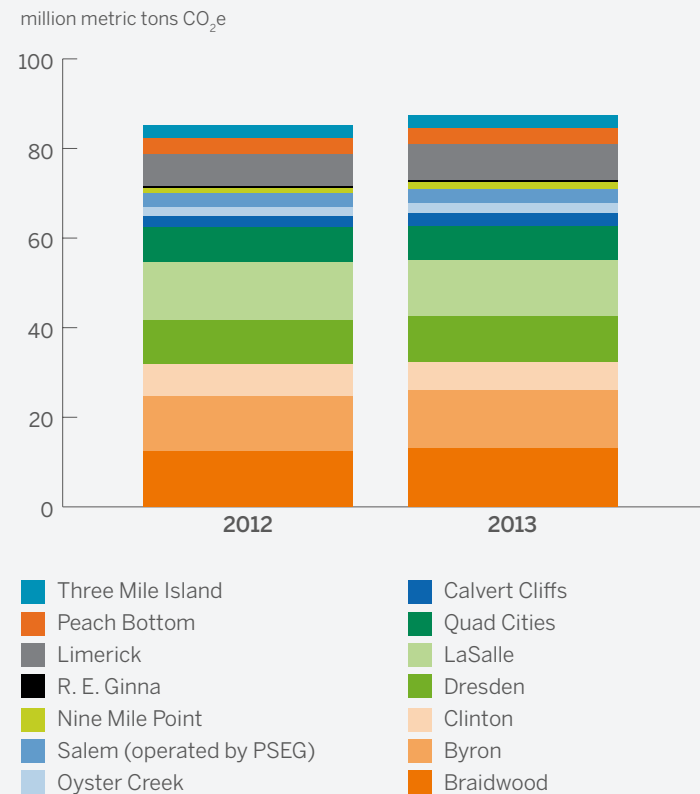
Nuclear power currently accounts for 62.4 percent of the low-emission electricity produced in the United States. Of this, 25.4 percent is produced by Exelon's nuclear power stations. This is equivalent to 87 million metric tons of CO<sub>2</sub>e when compared to the emissions that would be generated using the average emissions rates on the U.S. electric grid. Exelon will report our avoided GHG emissions on an annual basis to illustrate how each of our plants is contributing to continued GHG abatement.

### U.S. Sources of Low-Emission Electricity (2012)



Source: EIA Electric Power Monthly

### Avoided GHG Emissions by Exelon Nuclear Plants



### 3. Addressing Infrastructure Resiliency

“Keep the lights on and the gas flowing” has long been a guiding principle for Exelon. As our society has become increasingly dependent upon these services, ensuring a reliable and resilient power supply, especially in the face of greater changes in weather patterns, is a priority.

As an operator of large T&D system networks and power plants, resiliency is integral to our business, and we regularly update our processes to reflect the evolving dynamics surrounding climate change. For example, we model various business scenarios to help us create mitigation or adaptation plans around issues such as water availability or extreme weather events. This has led to a multifaceted approach for addressing potential climate change risks including:

- Investing billions of dollars to **make the grid more efficient and resilient** for our customers;
- Taking proactive measures to better understand **opportunities and challenges related to water use**, such as climate change impacts on water bodies integral to our electric generation operations; and
- **Increasing community outreach efforts** around emergency management, climate change adaptation and resiliency goals.

By taking a holistic approach, we are better able to anticipate, prepare for and address potential issues before they arise.



Electric system resiliency is integral to Exelon's business planning.



# Better Serving Our Customers



- **Invested \$2.4 billion in electric grid efficiencies** including smart grid/smart meter and transmission and distribution systems
- **Achieved lowest-ever SAIFI scores** (average number of interruptions per customer) across all three utilities
- **Increased our Customer Satisfaction Index scores** by notable margins across all three utilities, with each utility setting a new record high
- **Helped our customers save more than 14 million MWh of energy** over the past three years



Across the energy value chain, we strive to deliver innovative energy products and services that allow our customers to efficiently buy, manage and use energy. From reliable and affordable regulated utility services to bundled commercial packages, we provide tailored solutions that help our customers meet their energy needs while managing their costs and reducing their environmental impacts.

## Improving Operational Excellence and Service at Our Utilities

Our utilities deliver electricity and gas services to approximately 6.6 million residential customers in Illinois, Pennsylvania and Maryland. While commodity prices are market-driven, we continuously strive to make our operations more efficient so that our expenses, costs to our customers and our environmental footprint are minimized.

### Creating a Smarter Grid

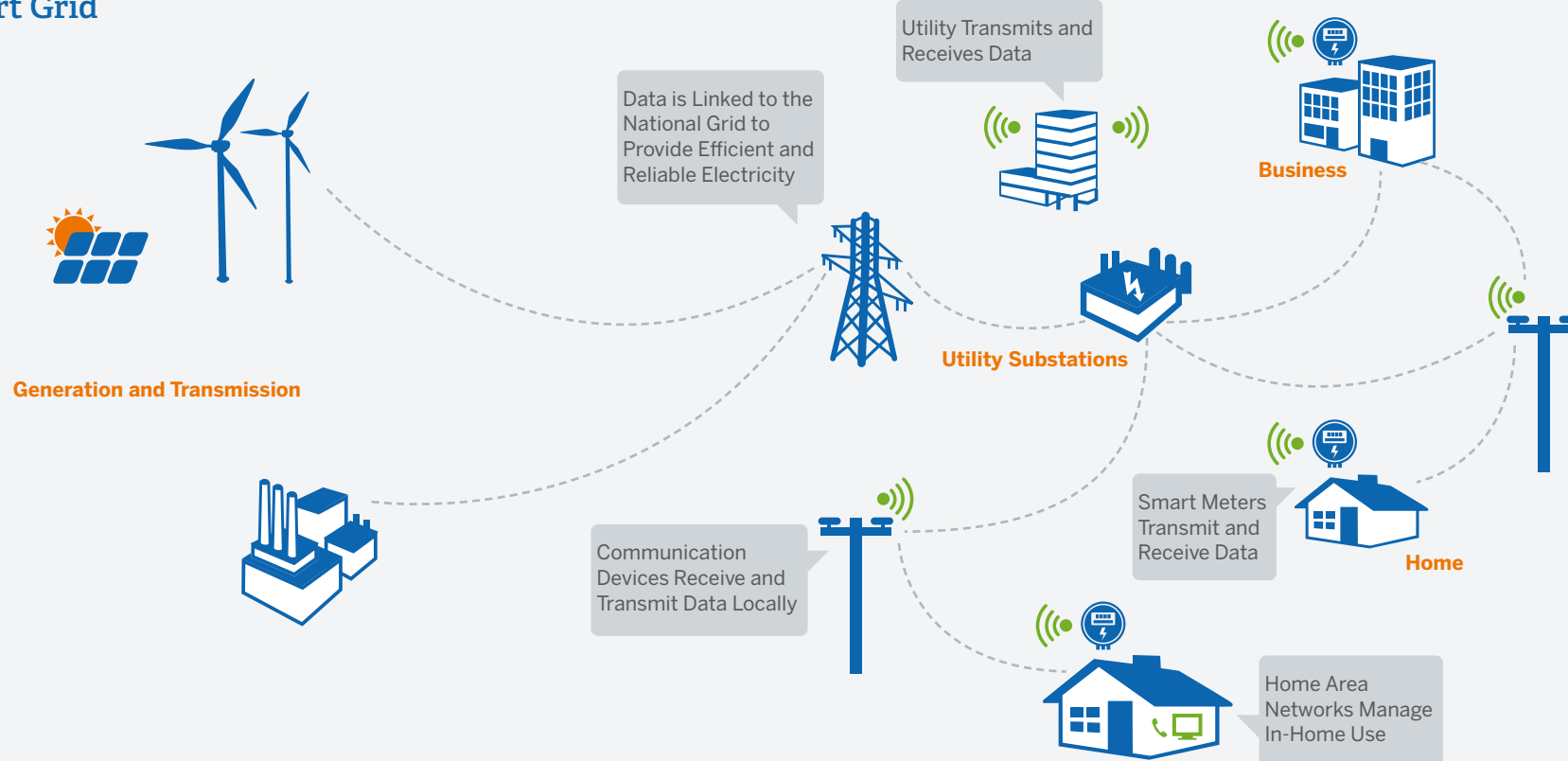
A smart grid is a modernized electrical and gas grid that uses information and communications technology to improve the efficiency and reliability of energy delivery and use. Smart meters, installed at customer locations and throughout the distribution network, transmit data to local utilities, allowing them to improve customer service and operations. In terms of customer benefits, smart grid features allow utilities to remotely activate an account, which eliminates the need for a service call and helps customers better manage their energy usage through access to detailed energy usage information, programs to encourage conservation and customized energy savings tips. During 2013, more than 48,000 service truck dispatches were avoided through the use of smart meters, reducing fuel consumption, lowering GHG emissions and reducing labor costs, and providing more timely service to our customers. Smart grid technologies



Exelon serves more than 6.6 million customers across our three metropolitan utilities.

help utilities leverage real-time data to facilitate identification of high- and low-voltage issues, over-duty equipment, and power outages, allowing utilities to power around problems, reducing the duration and frequency of service interruptions.

## Smart Grid



During the past year, we have invested approximately \$2.4 billion in electric grid efficiencies and expect to invest an additional \$8.4 billion in smart meter and T&D systems through 2016. For example, in 2011, the Maryland Public Service Commission instructed all Maryland utilities to develop conservation voltage reduction (CVR) programs on their systems. CVR targets enhanced voltage regulation efficiencies on distribution system circuits, potentially reducing energy consumption. Prior to the Commission's order, BGE had already started developing and implementing a number of pilot projects to determine the costs and benefits of various

design, equipment and smart grid technology options to effectively control voltage levels and, in the process, reduce energy consumption across the distribution system. Increased distribution system efficiency reduces the amount of power that needs to be generated, resulting in lower energy consumption per capita and reduced GHG emissions. It is also increasing power quality and reliability to customers. In 2014, BGE will expand its pilot projects to include additional substations and circuits with the objective of identifying the best methods to fully implement CVR throughout its distribution system over time.

In addition, the Energy Infrastructure Modernization Act (EIMA) was passed into law in Illinois in 2011, which includes a \$2.6 billion investment in modernizing ComEd's electric grid. Through 2013, investments made through EIMA, including more than 1,100 distribution automation devices, have avoided approximately 500,000 customer interruptions.

Each utility has also invested heavily in the deployment of smart metering technology. All three of our utilities are currently implementing new meter programs to help customers conserve energy, save money and make smarter energy choices. These new meters provide customers access to energy data that can help them better understand their energy use. Grid efficiencies gained through the smart meter program can also be passed on to consumers. Through December 2013, we have deployed more than 1.8 million smart electric and gas meters at Exelon utilities. Highlights include the following:

- **ComEd:** ComEd obtained Illinois Commerce Commission (ICC) approval to begin meter installations in September 2013. By the end of the year, ComEd had installed nearly 71,000 meters, exceeding its target of 60,000. In March 2014, ComEd filed an accelerated smart meter deployment plan

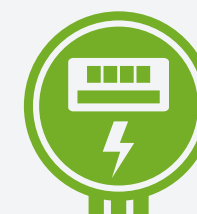
with the ICC that would increase smart meter installations in 2014 to 500,000 and accelerate completion of the entire program from the end of 2021 to the end of 2018. The Commission's ruling is expected by June 2014.

- **PECO:** PECO installed nearly 887,000 new electric meters through the end of 2013, and received 95 percent of the \$200 million DOE grant to offset its program costs. In August 2013, the Pennsylvania Public Utility Commission approved PECO's accelerated universal deployment plan, which calls for the installation of approximately 1.2 million new meters by the end of 2014. In addition, PECO will upgrade approximately 525,000 existing natural gas meters with new modules to enhance functionality.
- **BGE:** Through the end of 2013, BGE installed 227,000 gas smart meters and 623,000 electric smart meters of its total 2 million smart meters, and successfully received the full \$200 million DOE grant to offset its program cost. In 2014, BGE plans to complete most of the deployment of its smart meter infrastructure and deploy enhancements to BGE Smart Energy Rewards®, its customer peak time rebate pricing program. Additionally, BGE will deploy an advanced data analytics product, initially focusing on revenue protection and smart meter operations.

## Electric Smart Meter Deployment across Exelon Utilities<sup>1</sup>

	ComEd	PECO	BGE	Total
Electric Smart Meters Deployed as of Dec. 31, 2013 (thousands)	71	887	623	1,581
Remaining Electric Smart Meters to be Deployed (thousands)	3,958	785	622	5,365
Total Electric Smart Meters (thousands)	4,029	1,672	1,245	6,946
Department of Energy Grant Status as of Dec. 31, 2013 (million \$ reimbursed)	not applicable	\$190	\$200	\$390
Estimated Completion Date to Install All Electric Smart Meters	Dec. 31, 2018	Dec. 31, 2014	Dec. 31, 2014	

<sup>1</sup> Table does not include gas meters at PECO or BGE.



## Reliability

	2011	2012	2013
<b>CAIDI<sup>1</sup></b>			
ComEd	88	87	81
PECO	103	95	94
BGE	139	136	96
<b>SAIFI<sup>2</sup></b>			
ComEd	0.84	0.84	0.76
PECO	0.85	0.70	0.68
BGE	1.23	0.97	0.87

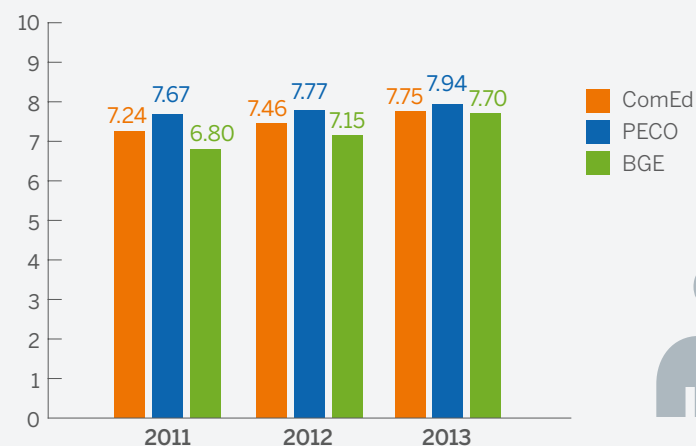
1 CAIDI = Average outage duration (in minutes), excluding major events, per IEEE definition 1366

2 SAIFI = Average number of interruptions per customer (total interruptions), excluding major events, per IEEE definition 1366



In 2013, all three of our utilities — ComEd, PECO and BGE — achieved their highest performance in customer satisfaction.

## Customer Satisfaction Index<sup>1</sup>



1 Prior to the merger, Exelon and Constellation Energy used different metrics to monitor customer satisfaction performance. Upon our merger, we integrated the methodologies to create the new Exelon Customer Satisfaction Index in 2012. We then used the requisite customer satisfaction data from past surveys to calculate the Customer Satisfaction Index scores in this graphic.

## Improving Service Delivery and Customer Satisfaction

Our continued focus on reliability is paying off — in 2013, all three utilities achieved their lowest average number of interruptions per customer to date, and ComEd and BGE achieved their lowest-ever average outage duration rates to date.

We are also committed to ensuring a high level of service and aim to be courteous, respectful, helpful and efficient in every customer interaction. We track our progress through our Exelon Customer Satisfaction Index, which captures our performance in three survey measures: overall satisfaction, meeting expectations and overall favorability. We are proud that in 2013, our Customer Satisfaction Index scores increased by notable margins across all three utilities, with each utility setting a new record high. We attribute these improvements to increased reliability, storm restoration and outage

communications improvements, enhanced customer communications, energy efficiency programs and customer experience enhancements. For example, we are increasingly leveraging social media, mobile apps and other channels to allow customers to more easily manage their accounts and access real-time information, such as updates on power outages through their phones.

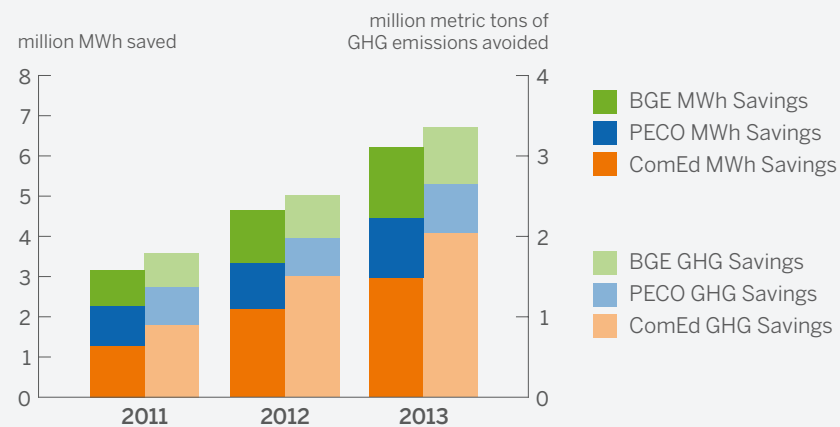
## Energy Efficiency

Exelon plays an important role in helping our customers reduce both their monthly energy bills and GHG emissions. From energy saving programs to real-time pricing programs, our customers have the support they need to make their homes and businesses more efficient and the energy choices they want.

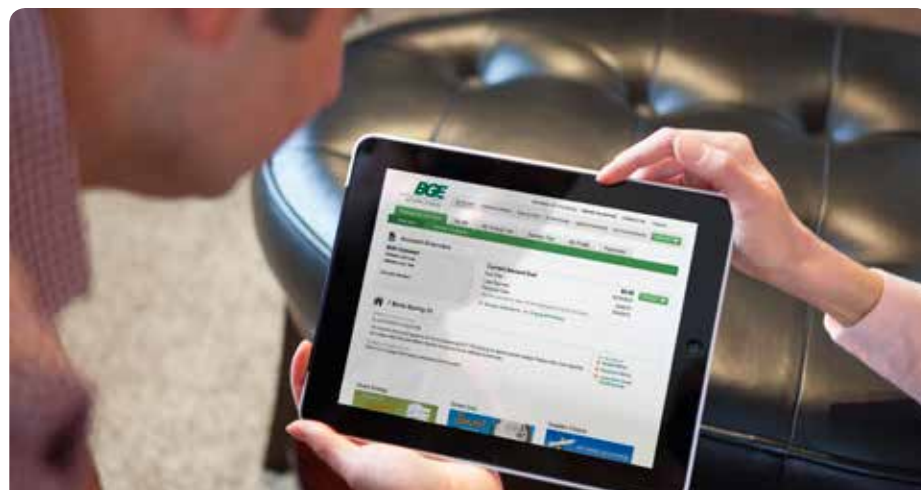
### Energy Efficiency Programs

Through the ComEd and PECO Smart Ideas® programs and similar BGE Smart Energy Savers Program®, our utilities have helped our customers save more than 14 million MWh of energy over the past three years through home energy audits, lighting discounts, appliance recycling, home improvement rebates and equipment upgrade incentives. For example, through incentives provided by the BGE Smart Energy Savers Program, Towson University in Maryland was able to install high-efficiency lighting fixtures, occupancy sensors and energy efficiency climate controls throughout the university's new 300,000-square-foot College of Liberal Arts building, the new 86,000-square-foot West Village commons facility and a new parking garage. Due to the incentives provided through BGE's Energy Solutions for Business Program, the university saved nearly \$125,000 during the construction of the new parking garage, and anticipates more than \$580,000 in energy savings annually upon completion of the academic and West Village facilities.

### Annual Utility Savings from Customer Programs<sup>1</sup>



<sup>1</sup> 2011 data have been aggregated or recalculated to reflect the combined performance for Exelon and Constellation Energy so that 2012 and 2013 data can be compared to 2011 information.



Exelon's utilities are actively working to help customers understand and manage their energy use.





PECO works with its commercial and industrial customers throughout the Philadelphia region to benchmark, measure and track their energy performance over time through the Smart Energy Usage Data Tool.

### PECO Smart Energy Usage Data Tool

In 2013, PECO launched the PECO Smart Energy Usage Data Tool, which automatically transfers PECO electrical energy usage data to the web-based U.S. EPA Portfolio Manager benchmarking application. This tool enables commercial and industrial customers from around the Philadelphia region to save time by automatically forwarding their energy usage into the Portfolio Manager application. This enables them to benchmark their usage against similar buildings and operations around the country, set energy efficiency goals, measure and track performance over time, and finally verify gains from their efforts. To promote this service in Philadelphia, where PECO's headquarters are located, PECO has participated in multiple City-sponsored workshops, educating building owners and their representatives on how to take advantage of all the benefits the tool has to offer. To date, PECO has registered 223 buildings within the City of Philadelphia and has plans for additional training sessions in 2014.

### *Real-Time Pricing and Demand Response Programs*

Each of our utilities employs real-time pricing or demand response programs to help customers manage their costs and reduce load during peak times.

- **ComEd:** ComEd's Residential Real-Time Pricing (RRTP) program allows enrolled residential customers to pay a rate based on real-time market electricity prices, which vary from hour to hour. Through this program, customers have the option to shift some of their electricity usage to lower-priced off-peak hours, which can potentially save them money on their electricity bills while helping reduce peak load demand. In 2013, approximately 9,800 customers participated in the ComEd RRTP program and participants saved an average of 29 percent on electricity supply costs compared with what they would have paid on the ComEd fixed-price rate.
- **PECO:** PECO launched PECO Smart Time Pricing, a one-year program where customers pay less for the electricity they use during times of the day when the demand for electricity is lower. PECO Smart Time Pricing began soliciting more than 120,000 residential and commercial customers for enrollment on October 1, 2013, and the enrollment period ended on January 31, 2014. PECO Smart A/C Saver, PECO's summer demand response program, was activated in 2012. The program cycles central air conditioners during times of peak demand for more than 86,000 participating residential and small business customers who receive \$20 per month from June through September.
- **BGE:** PeakRewards, BGE's demand response program, offers residential electricity customers with central air conditioning the choice of a programmable thermostat or outdoor switch, which allows the utility to control usage during times of summer peak demand. From June through September, customers who participate receive monthly bill credits of \$50, \$75 or \$100, depending on the cycling option chosen. Customers will also receive a matching bonus of \$50, \$75 or \$100 during their first year of

participation for having the PeakRewards load control device installed in their home. In 2013, 315,000 customers with 348,000 devices participated in the program. BGE also offers an electric water heater load control program with about 80,000 switches used to cycle water heaters during periods of high demand during both summer and winter. Additionally, BGE rolled out its Smart Energy Rewards (Peak Time Rebate) program to more than 300,000 smart meter customers in the summer of 2013.

### *Clean Energy Products*

Through net metering programs, ComEd and PECO purchase excess electricity produced from residential and commercial customers' renewable energy equipment, such as solar photovoltaic units. To date, ComEd's total program enrollment includes more than 300 customers providing more than 3 MW of renewable generation and PECO has more than 2,500 customers with approximately 53 MW in renewable resources.

#### **ComEd Energy Force Ambassador Program**

The ComEd Energy Force program is a one-of-a-kind energy efficiency ambassador program designed for and taught by individuals with developmental disabilities. Through partnerships with 10 nonprofit organizations throughout ComEd's service territory, the Energy Force program provides ambassadors with the tools and resources needed to create fun, interactive demonstrations that deliver simple energy efficiency tips to their peers and larger audiences. Many of the program participants live in assisted-living communities and are responsible for their own energy consumption. In the past 12 months, the program not only saved residents and their family members money, but also delivered meaningful personal development opportunities to the program ambassadors.





Exelon's utilities offer customers a variety of real-time pricing and demand response programs to help lower electric costs.

## State Renewable and Alternative Energy Requirements

In 2013, in response to the Illinois Renewable Energy Portfolio standard, the ComEd renewable energy credit (REC) energy supply mix included more than 2.7 million MWh of generation from wind and other renewable energy resources located in Illinois and adjoining states. At PECO, in response to Pennsylvania's Alternative Energy Portfolio Standards, default energy service customer supply in 2013 included approximately 1 million MWh of alternative energy resources. At BGE, nearly 1.3 million RECs were required to satisfy Maryland RPS requirements in 2013 for default Standard Offer Service (SOS) and large Hourly Priced Service (HPS) customers. BGE purchased RECs for HPS customers while REC requirements for residential and small and medium commercial SOS customers were met by winning wholesale energy suppliers under Full Requirements contracts in PSC-approved auctions. All three utilities have continued to manage compliance

with their states' legislative requirements. In 2013, ComEd's renewable supply requirement was 8 percent, increasing to 25 percent in 2025. PECO's supply requirement was 10.7 percent in 2013, increasing to 18 percent in 2021. At BGE, the requirement was 10.7 percent in 2013, increasing to 20 percent in 2022.

## Low-Income Assistance

Exelon works to provide financial assistance to make energy more affordable for the low-income population in our service areas. Since 2007, ComEd's CARE programs have provided more than \$92 million in grant assistance and educational programs for residential, small business and nonprofit organizations. As part of the Energy Infrastructure Modernization Act enacted in 2011, ComEd agreed to set aside \$10 million per year to fund customer assistance programs over a five-year period, starting in 2012. In 2013, more than 27,000 customers were enrolled in CARE programs or received energy management information. In addition, more than 39,000 customers were enrolled in the state-sponsored Percentage of Income Payment Plan. This program allows low-income customers to pay 6 percent of their income toward utility bills while providing an arrearage reduction credit in exchange for on-time bill payment. ComEd worked closely with the State of Illinois to develop and implement the program.

PECO has the largest and most comprehensive low-income program portfolio in the state of Pennsylvania and one of the largest in the nation. PECO's Universal Services department has six programs, including the Customer Assistance Program (CAP), which provides a discounted residential tariff rate and forgives the total arrearage of all customers enrolled in CAP Rate at the time of their initial enrollment. In 2013, approximately 140,000 customers were enrolled in the program.

BGE provides a number of programs to assist customers throughout their service area, including a partnership with the Fuel Fund of Maryland. The Fuel Fund, an independent nonprofit organization, provides energy assistance to help pay heating and utility bills for low-income customers. In

## 2013 Awards

**ACEEE Exemplary Program Award:** In 2013, the American Council for an Energy-Efficient Economy (ACEEE) recognized ComEd's Retro Commissioning program as an Exemplary Program in the Commercial Building Sector.

**Energy Star Partner of the Year:** In 2013, PECO was recognized for a second year for outstanding contributions to energy efficiency through the PECO Smart Ideas programs.

**Illinois Governor's Sustainability Award:** In 2013, ComEd received the Illinois Governor's Sustainability Award for a suite of initiatives, including LEED certification; SF<sub>6</sub> gas emission reductions; land stewardship and the prairie program; protection of endangered species; recycling efforts; ISO-14001 certification; green vehicle fleet achievements; and the Smart Ideas program.



## 2014 ENERGY STAR® Partner of the Year Awards

These awards are presented by the U.S. EPA to recognize outstanding contributions to energy efficiency.

**ComEd:** For the second consecutive year, received the Sustained Excellence Award, making 2014 the sixth consecutive year of recognition from the EPA for its delivery of energy efficiency programs.

**BGE:** Received the Sustained Excellence Award and Certified Homes Market Leader Award, both for 2013 results. This is the fifth consecutive year that BGE has won an ENERGY STAR award, with a total of eight awards received.



2013, nearly 21,000 Maryland individuals received help from the Fuel Fund of Maryland. As a corporate sponsor of the Fuel Fund, BGE covers the cost of donation envelopes and a number of advertising initiatives. Resulting from the Exelon-Constellation Energy merger, the Fuel Fund was among the organizations who shared a \$113 million Customer Investment Fund created to provide lasting benefits to BGE customers, including low-income households. The Fuel Fund, the City of Baltimore, the State of Maryland and others are using the funds to provide enhanced assistance grants, new and expanded efficiency and conservation programs and other services to customers throughout BGE's service territory.

Our utilities also provide selected materials and information associated with safety and home energy assistance in Spanish or Polish on their websites. ComEd provides a toll-free Telecommunications Device for the Deaf (TDD) service available 24/7 for hearing-impaired callers. In addition, PECO provides interpreters for customers to enhance accessibility.

For more information, see [ComEd Customer Assistance Programs](#), [PECO Customer Assistance Programs](#) and [BGE Customer Assistance Programs](#).



## Providing Choice in Competitive Markets — Constellation

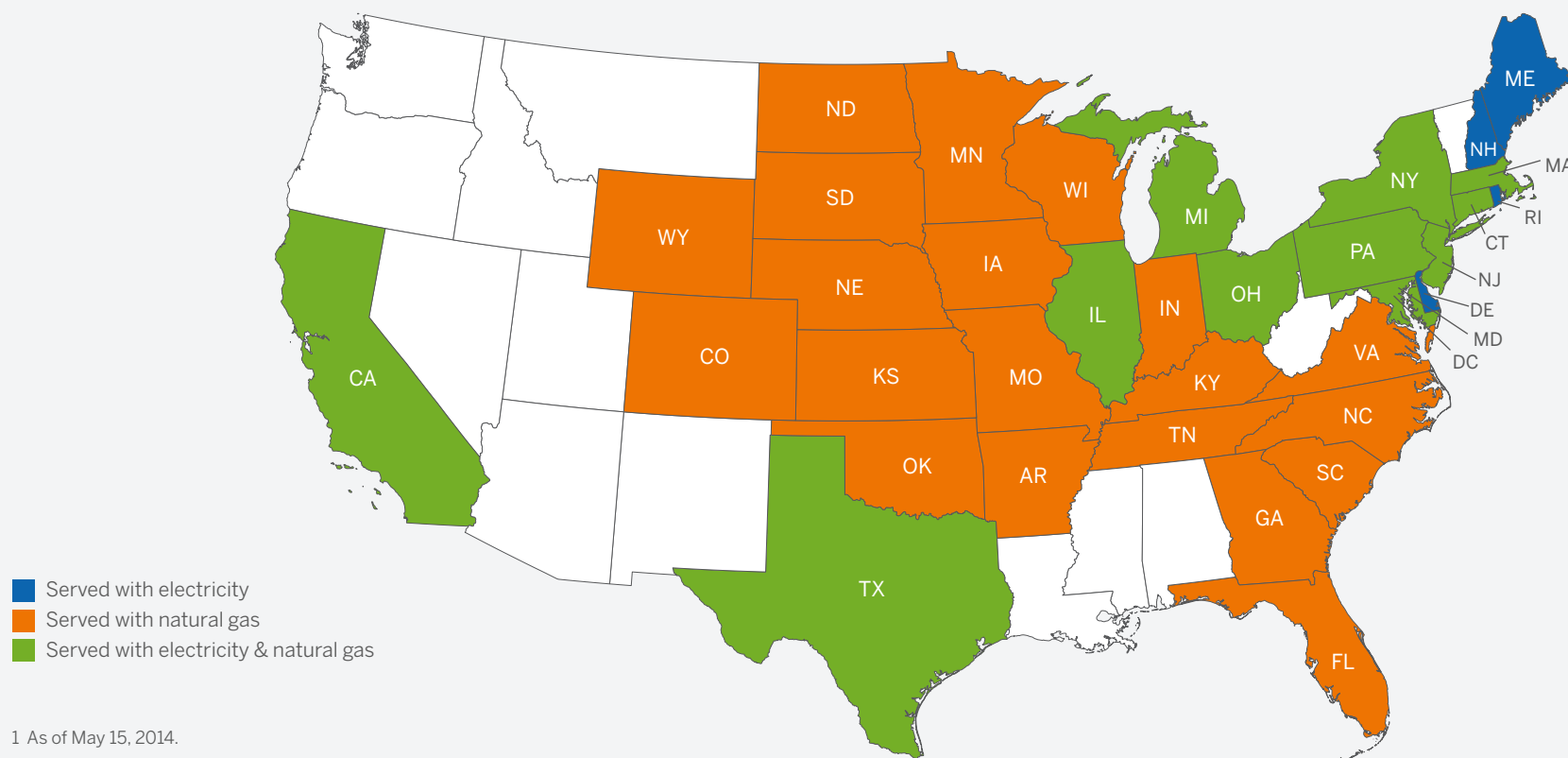
Constellation believes that competition drives choice, innovation and savings. It also fosters energy efficiency, improves power plant operating performance and provides customers the flexibility to choose a supplier that best meets their needs regarding price, generation mix and risk management.

Constellation supplies power, natural gas and energy products and services for homes and businesses in competitive wholesale markets across the

continental United States. Constellation's retail businesses serve more than 100,000 business and public sector customers, including more than two-thirds of the Fortune 100 and nearly 1 million residential customers.

Constellation's wholesale team, among the largest in the industry, provides power, natural gas and risk management services to utilities and municipal co-operatives nationwide, serving them with reliable and cost-competitive energy supply 24 hours a day.

### States Served by Constellation<sup>1</sup>





## Helping Our Customers Achieve Their Sustainability Goals

Many of Constellation's business customers are seeking energy solutions to meet their sustainability goals. Through a unique portfolio of innovative programs and partnerships, we are able to combine and customize services to help customers develop and achieve comprehensive energy management strategies and improve sustainability performance.

### *Efficiency Made Easy*

In 2013, Constellation was honored to receive the 2013 Platts Global Energy Award for its Efficiency Made Easy (EME) program. The EME program gives Constellation commercial and industrial customers in competitive electricity markets the ability to bundle energy saving measures — such as energy-efficient lighting, building-automation controls and HVAC upgrades — with its electric supply purchases.

Under the EME program, Constellation funds and installs the energy efficiency upgrades as part of an energy supply contract with the customer, allowing businesses to reduce energy costs and implement sustainable business practices with little or no upfront capital required. In most cases, customers realize an immediate savings on energy costs from the installation of efficiency measures. Since the program's launch in 2011, Constellation's EME customers have saved more than 31,000 MWh of electricity and prevented more than 16,000 metric tons of CO<sub>2</sub> emissions.

### *Load Response Programs*

Constellation's load response programs allow commercial, industrial and large public sector customers — particularly those with considerable electricity use — to earn payments for voluntarily reducing electricity use during periods of peak demand, when power tends to be more expensive. These programs have multiple benefits: customers lower their energy costs and become more competitive, grid reliability and stability are improved, and overall infrastructure costs are reduced as the need for new transmission lines and power plants diminishes. Constellation offers load response products bundled with electricity supply. Constellation's Peak Response and Price Response programs are voluntary load-curtailement programs that allow current energy supply customers to determine the frequency and level of their participation with minimal risk. With Constellation Rate Response, Constellation customers pay less for power in return for their participation in independent system operator or utility load response programs.

### **Sodexo Partnership**

In 2013, Constellation was selected by Sodexo's Energy and Construction Services group as the preferred competitive energy supplier for its U.S. customers. In addition to electricity and natural gas supply through Constellation, Sodexo customers have access to Constellation's broad line of sustainable energy products and services, including energy efficiency, load response, renewable energy certificates and on-site solar generation, as well as a range of purchasing options, from simple fixed-price and index arrangements to a variety of blended solutions. This collaborative partnership enables Constellation to connect more business customers to information and tools they need to mitigate energy market risk and to develop effective energy management strategies.



Exelon operates both utility-scale and commercial solar facilities.

### Renewable Energy Alternatives

Constellation is the third-largest commercial solar developer in the United States, and has sited 58 commercial, industrial and governmental customer solar arrays, totaling more than 164 MW of capacity. With Constellation's solar installations, customers can buy solar energy at fixed rates and support the use of renewable energy. In 2013, Constellation developed 38 MW of solar arrays for customers in Arizona, California, Maryland, New York and Washington, D.C. Since 2007, Constellation solar projects have offset more than 226,000 metric tons of CO<sub>2</sub> emissions.

We also source RECs for customers seeking renewable energy alternatives. In 2013, we procured 2.4 million RECs for customers, enabling them to avoid more than 1.8 million metric tons of GHG emissions and support the development of new renewable power generation.

### Owens Corning Solar

During 2013, Constellation collaborated with Owens Corning and the New York State Energy Research and Development Authority to develop one of the largest solar installations to date in New York under Governor Andrew M. Cuomo's NY-Sun Initiative. The installation, a 2.7-MW solar generation project at Owens Corning's thermal and acoustical insulation plant, is designed to supply approximately 6 percent of the plant's annual electricity needs. Constellation financed, built, owns and maintains the solar power system. Electricity generated by the system is purchased by Owens Corning under a 20-year power purchase agreement with Constellation. The solar power system is composed of approximately 9,000 ground-mounted, photovoltaic panels located on more than nine acres. The system is expected to generate approximately 3.3 million kWh of electricity per year. Generating the same amount of electricity using nonrenewable sources would result in the release of approximately 2,300 metric tons of CO<sub>2</sub>, or the equivalent emissions from 487 passenger vehicles annually, according to U.S. EPA data for the region.

Recognizing Constellation's commitment to innovation and sustainability, Owens Corning honored Constellation with its Spirit of Partnership award for "new value creation beyond agreed-upon terms and a commitment to sharing resources — people, processes, technology — to create sustainable supply base solutions for our customers."

To learn more about Constellation products and services, please visit [the Constellation website](#).



## Exelon Nuclear Partners

As the leading operator of nuclear power plants in the United States, Exelon formed Exelon Nuclear Partners (ENP) as a business unit within Exelon Generation. ENP draws on Exelon's talent, expertise and experience to help nuclear facility owners improve operation of existing plants and assist existing operators and emerging countries in developing new nuclear facilities. Using the Exelon Nuclear Management Model (ENMM), ENP works with its clients to identify opportunities to improve performance across their nuclear enterprise in areas such as safety, operations and plant capacity factors. For example, by improving unit capacity factors, clients can increase energy production while reducing GHG emissions from fossil power sources. To this end, ENP offers three principal services: Performance Improvement Services, Nuclear Operating Services and New Nuclear Development Services.

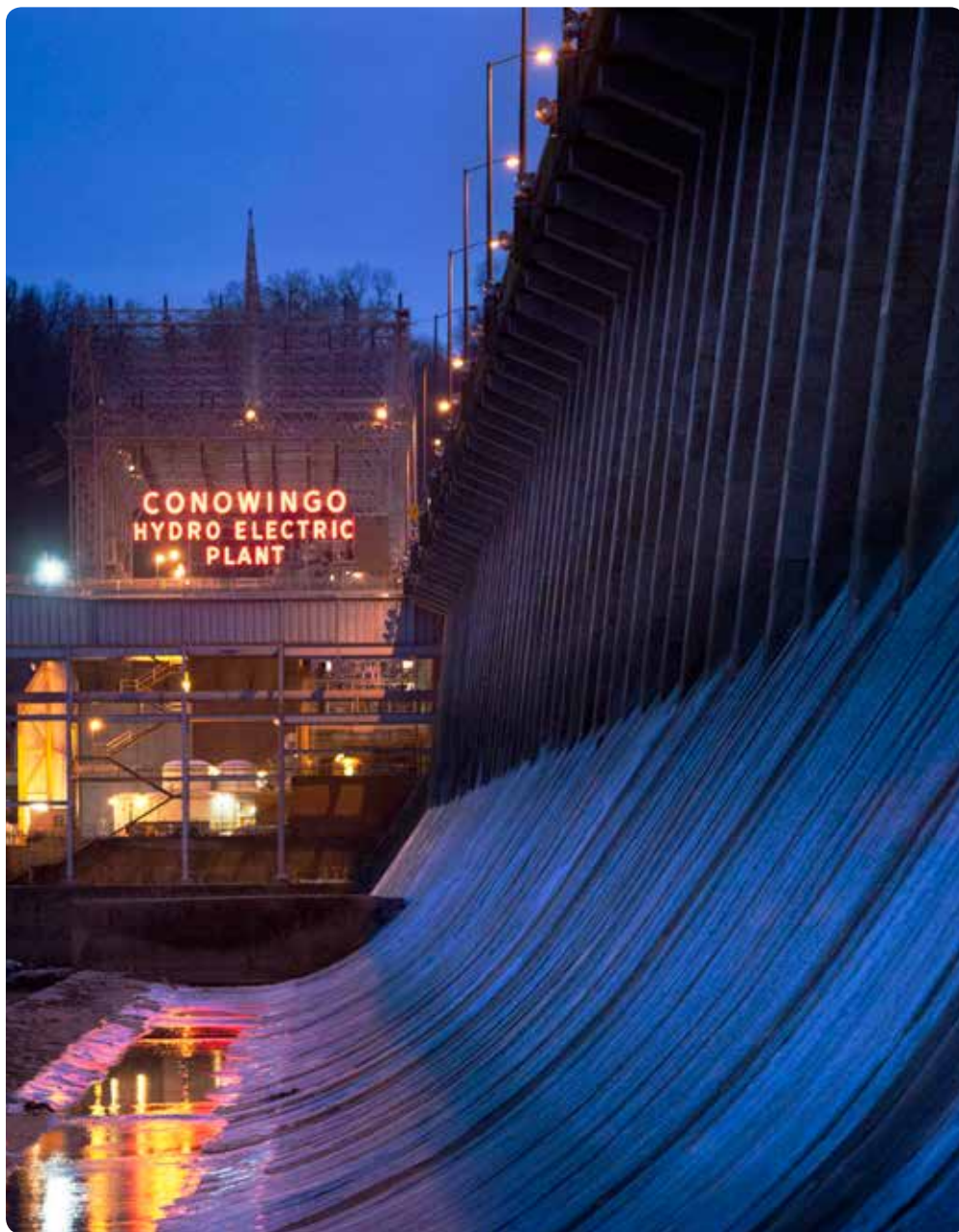
ENP is currently providing international consulting services in Lithuania, Japan, South Korea and the Middle East, and is participating on international tenders in several other geographies. Domestically, ENP has been supporting the Fort Calhoun Station in Nebraska since early 2011, and it is currently being operated by Exelon as part of its fleet. In addition to this domestic project, ENP is pursuing opportunities with various international entities to provide construction and operational support for new nuclear development projects globally based on ENP's owner-operator perspective and experience. In these cases, ENP offers a spectrum of services ranging from consultation with the project developer to operation of the proposed facilities. For additional information, visit [Exelon Nuclear Partners](#).

### Exelon Nuclear Partners Supports Fort Calhoun Generating Station

The Fort Calhoun Nuclear Generating Station, owned by the Omaha Public Power District (OPPD) in Nebraska, was shut down on April 9, 2011, for a planned refueling outage. Before the outage was completed, the plant experienced severe flooding from the Missouri River, which inundated the site in late May 2011. Then, a fire occurred in safety-related electrical switchgear on June 7, 2011. A prolonged outage was required to address these and additional performance issues; as a result, NRC increased its oversight of Fort Calhoun in December 2011. In February 2012, OPPD brought ENP on board to assist with the recovery and restart of Fort Calhoun, and, in August 2012, OPPD signed an operating services agreement to have Exelon operate Fort Calhoun for the next 20 years. Exelon Nuclear implemented a new organizational structure and programs, processes and procedures at Fort Calhoun that are part of the ENMM. We also placed Exelon executives and key managers in the plant's top leadership positions. This integration allows Fort Calhoun to benefit from Exelon's fleet synergies and achieve and sustain high-level performance and safety. Exelon is proud to report that, under ENP's and Exelon Nuclear's leadership, the plant restarted on December 17, 2013, after being offline for more than 900 days, and is now fully operational.



# Reducing Our Impacts on the Environment



- **Achieved 98 percent conformance with ISO-14001 environmental management systems** across Exelon's operations; almost 50 percent is independently certified to the standard
- **Advanced water modeling capabilities** to better understand water risks and opportunities at the site level
- **Reduced SO<sub>2</sub> and CO<sub>2</sub> emissions rates for our owned generation portfolio** while our NO<sub>x</sub> rate remained stable (rates are respectively 88, 82 and 78 percent, lower than the 2012 generation industry emission rate averages)
- **Decreased 2011 and 2012 TRI emissions** by 40.6 and 51.5 percent, respectively, from 2010 levels



Our commitment to environmental stewardship stretches across the entire energy value chain. We proactively manage our environmental footprint, not only because we care about protecting the environment, but also to improve operational efficiency, maintain our license to operate and enhance our competitive position in the energy marketplace. As a result, we are able to better serve our customers, create value for our shareholders and employees, and enhance communities.

## Improving Watershed Management

Access to affordable, reliable and adequate water supplies is imperative to the success of our business. Water is essential for Exelon's production of electricity: water drives our hydroelectric facilities and cools our nuclear and fossil fuel power plants. At the same time, we recognize that water is a shared resource, critical to economic development, communities and wildlife in the areas where we operate.

Water use is a key challenge for the future, as well; with changing weather patterns and increases in competing water uses, the need for effective water management will continue to grow. Water scarcity is a critical risk factor for the electric power industry in particular, and Exelon is leading the industry in defining the scope of the issue and developing practical and effective management strategies.

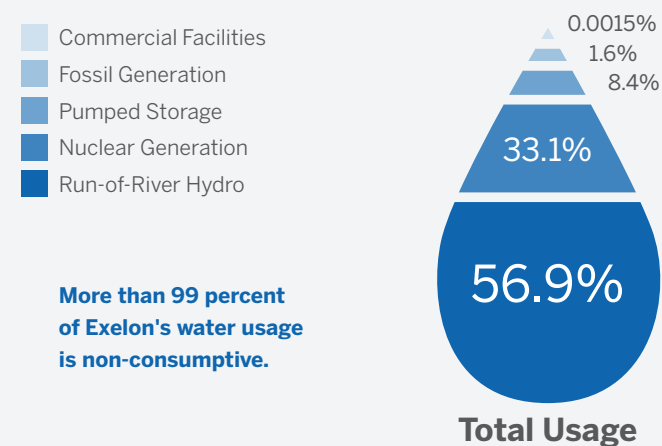
Exelon is committed to preserving long-term viability of the water resources upon which we all rely and is addressing site-specific water-related opportunities and risks at each of our operating sites. Our efforts include a corporate-wide materiality assessment of water-related risks as a guide for sustainable water management, implementation of best management practices and site water use inventories. As part of the annual Summer

Readiness Assessment of our generation facilities, we also analyze the factors that could affect our ability to provide power, such as regional drought conditions.

## Water Withdrawals and Consumption

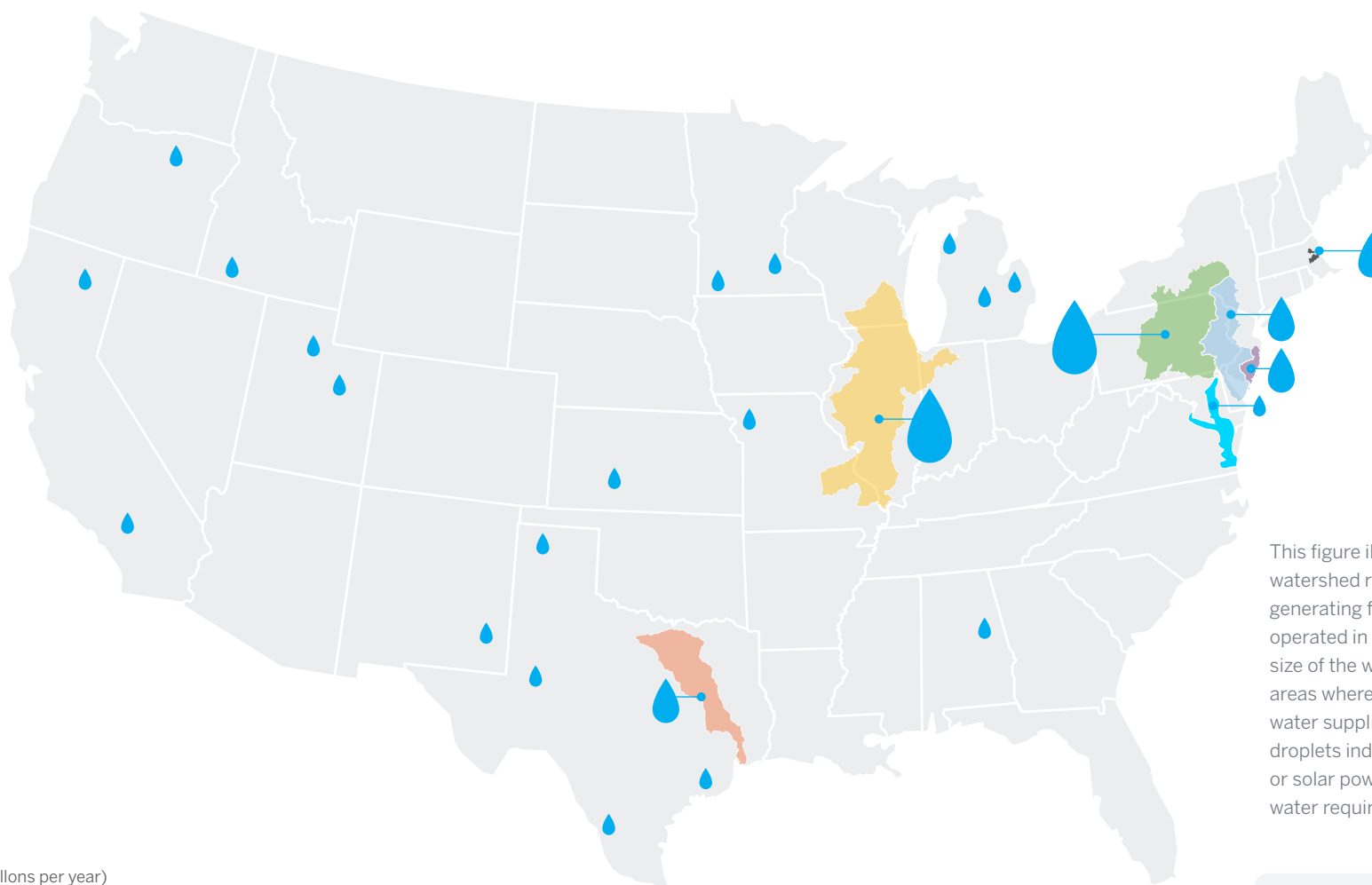
In 2013, Exelon-operated facilities utilized approximately 34.2 billion gallons of water per day (129 million cubic meters per day), more than 99.3 percent of which was directly returned to the source. A significant portion of this water is used by our fossil and nuclear thermal power plants, which require cooling water to condense steam after it has passed through turbine generators. Cooling water flows through either an open- or closed-cycle cooling system. About 63 percent of our thermal generating capacity uses closed-cycle systems that evaporate water in a recirculating tower or a pond to achieve cooling. The balance of our thermal plants use open-cycle cooling systems, where water is drawn from a river, pond or bay for cooling and is then returned to the same water body.

### 2013 Water Usage by Operational Activity





## Exelon-operated Generation Water Use by Location and Watershed



This figure illustrates the U.S. watershed regions where the generating facilities that we operated in 2013 are located. The size of the water droplets indicate areas where we depend upon local water supplies; the smallest water droplets indicate clusters of wind or solar power facilities where water requirements are minimal.

(million gallons per year)

Watershed Zone	Consumptive Use	Non-Consumptive Use	Total Use
● Boston Harbor	83	34,030	34,113
● Barnegat Bay	5,047	498,286	503,333
● Chesapeake Bay	1	2,533	2,534
● Delaware	12,678	206,327	219,005
● Susquehanna	11,931	9,128,514	9,140,445
● Upper Mississippi	37,606	2,521,787	2,559,393
● Texas-Gulf	2,319	34,522	36,841



Major water usage



Moderate water usage



Minimal water usage

## Advancing the Science of Water Supply Risk Evaluation

During 2013, Exelon pursued significant research into the use of modeling to improve our understanding of water supply risks and thus allow for more robust planning. We funded an external study using a model-based approach to water supply risk evaluation of our Braidwood Generating Station. Braidwood withdraws about 59 million gallons per day from the Kankakee River, on average, to provide make-up water to its cooling pond. The facility had to suspend its withdrawals for several days during the summer of 2012 because flows in the river dipped below the threshold specified in the facility's Public Water Withdrawal Permit from the Illinois Department of Natural Resources; however, no generation derate was necessary.

The project team used a proprietary watershed flow and allocation model, a rainfall-runoff model that quantifies all aspects of the hydrologic cycle, including human uses of water. Based on the characteristics of the Kankakee watershed, the study examined how factors such as climate change, drought and competing water uses may increase potential risk associated with low-flow conditions at the Braidwood water intake. Exelon is still evaluating the results of the study; however, preliminary findings indicate that increased frequency of drought and increases in the volume of other users' withdrawals may increase the possibility of operational restrictions in the future. Exelon will continue to observe these factors and will take steps to manage the risk as necessary.

As the effects of climate change are still difficult to incorporate into the hydrologic modeling due to the uncertainty of potential impacts, we also engage extensively with other academic and government researchers on this topic. We are one of four electric utility companies that sponsor the Joint Program on the Science and Policy of Global Change at the Massachusetts Institute of Technology, and we actively participated in the Program's Global Change Forum in 2013 focusing on water and energy. In addition, we have had ongoing discussions with scientists at the U.S. National Oceanic and Atmospheric Administration (NOAA) regarding efforts to "downscale" NOAA climate models, which would be required before such models could be applied to operational decision-making on a facility level. Improving our understanding of the long-term prospects for water availability will enable us to focus water conservation efforts appropriately and make informed decisions regarding asset management.



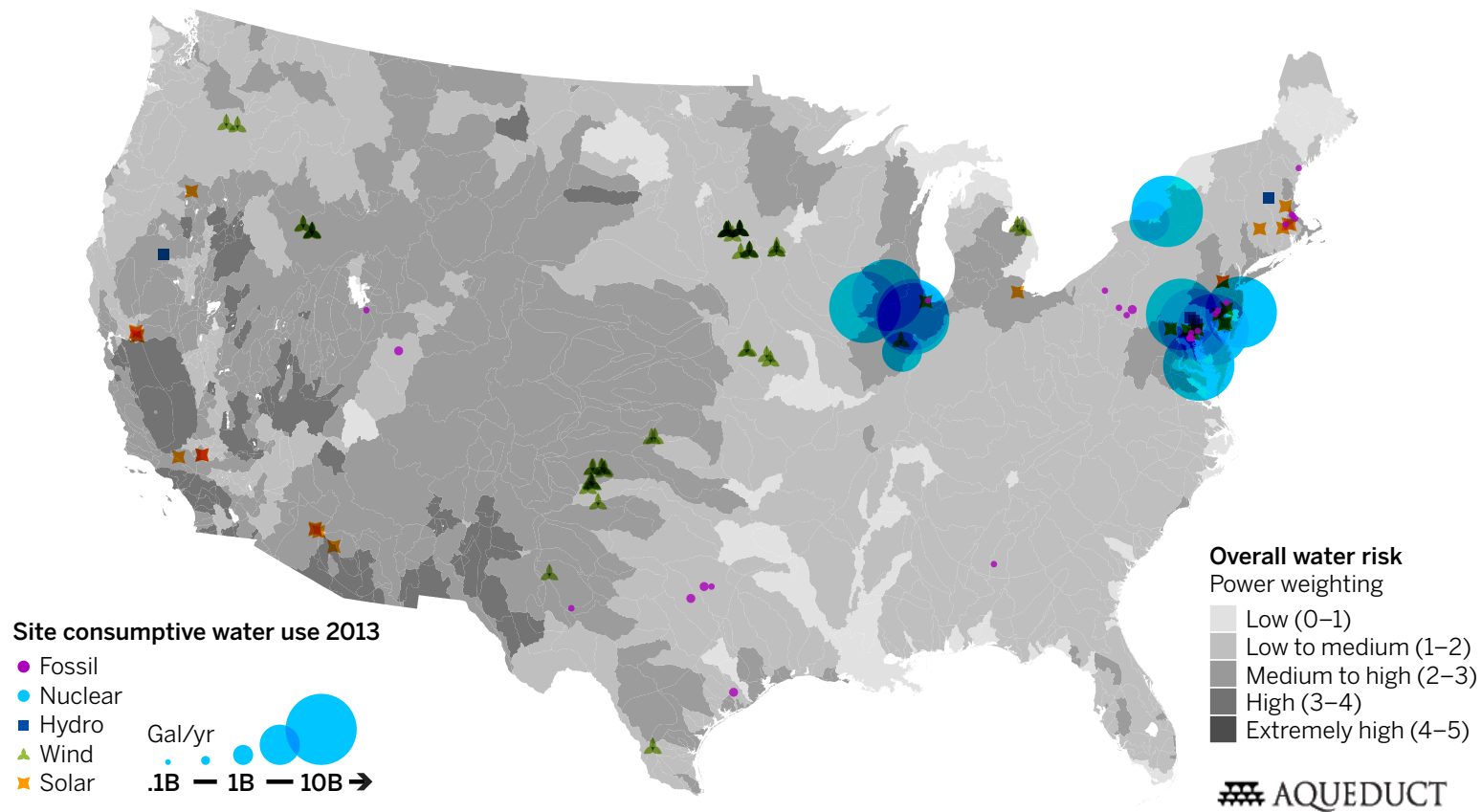
More than 99 percent of the water Exelon uses is returned directly to its source after cooling power plants and powering hydro facilities.

## Relative Water Consumption at Exelon Facilities and Regional Water Risk Levels

Exelon uses a variety of tools to identify water risk. One of these tools is World Resources Institute's (WRI) Aqueduct global water risk mapping tool. This map presents the WRI's composite water risk assessment of the United States as an aggregated measure of 12 global water stress indicators weighted according to defaults for the power industry, including water quantity and quality, as well as regulatory and reputational risks. The risk analysis is based on historic trends over the last half-century and does not currently consider forward-looking modeling of climate change effects.

The map shows Exelon generation facilities overlaid on the WRI default map, with the size of Exelon facilities scaled based on consumptive water use. This overlay reveals that some of our facilities with the largest consumptive water use are located in areas of medium risk in the Northeast and upper Midwest. The only facilities we operate in areas of the country with high water risk are those with small or negligible consumptive water use, such as solar and wind power installations. For this analysis, we also included estimated data for co-owned units not operated by Exelon in 2013 in this map (Calvert Cliffs, Conemaugh, Keystone, Ginna, Nine Mile Point, Salem).

For more information on the WRI Aqueduct mapping tool, please visit: [aqueduct.wri.org](http://aqueduct.wri.org).



## Mitigating Our Impacts on Water Resources

Power plant cooling water systems affect water resources in three primary ways:

- **Consumptive Use.** Unlike water that is used and then returned to the same source, consumptive use removes water so it is not available to downstream users or aquatic habitats. Closed-cycle cooling systems require adequate supplies of make-up water to replace water lost to evaporation or discharged periodically from the cooling tower reservoir ("blowdown" discharge). Evaporative losses from our cooling towers are by far the largest component of what we report as "consumptive use" across our operations (190 million gallons per day for Exelon-operated facilities in 2013, 244 million gallons per day with the inclusion of plants not operated by Exelon in 2013 but in which Exelon has an ownership interest). For our plants located in Illinois and Pennsylvania, we also estimate the amount of water lost to evaporation in the river due to the increased temperatures of the cooling water discharged from once-through cooling systems, and report that as consumptive use as required by environmental regulations.
- **Entrainment and Impingement of Aquatic Organisms.** In any large withdrawal from surface water, aquatic organisms can become entrained in the intake flow (drawn in with the water) or trapped on intake screens. To minimize these occurrences, power plants implement a variety of measures, including reducing the flow velocity of the cooling water withdrawal and installing equipment to capture aquatic organisms at the intake structure and return them safely to the water body.
- **Thermal Discharge from Once-Through Cooling.** Since cooling water systems release heat to the receiving water body, facilities that use once-through cooling must operate within strict temperature limits to avoid thermal shock to fish and to protect the aquatic ecosystem.

Exelon understands the importance of being responsible stewards of water resources. We take actions to mitigate adverse impacts and strive to operate in balance with aquatic ecosystems. Some of the watersheds that we rely

upon include the Mississippi River, Susquehanna River, Chesapeake Bay, Barnegat Bay, Delaware River, Kankakee River, Illinois River, Rock River and Massachusetts Bay. Each facility's water management strategy accounts for the specific characteristics of its watershed and the regional nature of water resource regulation.

On May 19, 2014, EPA issued its final regulation under 316(b) of the Clean Water Act, related to impingement and entrainment requirements for power plant cooling water intake structures. Exelon believes that the final rule strikes a careful balance between meaningful environmental improvements and the need to maintain electric reliability and reasonably priced power.

To learn more about Exelon's water usage and practices, see our [CDP Water Survey response](#).

### Protecting Water Quality at Conowingo

In 2013, we installed a new state-of-the art, high-performance oil/water separator (OWS) system at the Conowingo Hydroelectric Generating Station. The OWS system is designed for the removal of free-floating oil and oily-coated solids from oil/water mixtures, adding another layer of protection to the station's existing oil detection and collection system. This investment provides a heightened degree of environmental protection, supports the station's ability to comply with existing and evolving spill and discharge regulations, and demonstrates Exelon's ongoing commitment to protecting the Susquehanna River. Continuing its strong environmental performance in recent years, the Conowingo Dam had no reportable releases of oil to the Susquehanna in 2013.



## Habitat and Biodiversity

Exelon has operations on large tracts of land that provide habitat for a diverse range of plant and animal species. Our operations also affect water systems, wetlands and aquatic life. We recognize our responsibility to minimize the impact of our operations on these habitats as we continue to provide needed services to our customers.

### Aquatic Life

At our generating stations that require large amounts of water — primarily hydroelectric and nuclear facilities — we have instituted measures to reduce the potential impacts on fish and other aquatic species.

#### *Migratory Fish Passage*

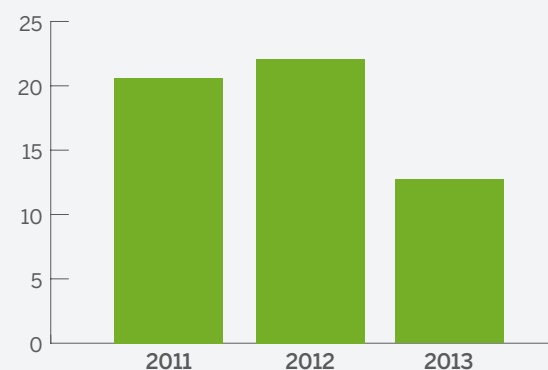
For hydroelectric facilities in active fish migration areas, we have installed and evaluated various types of structures, such as lifts or ladders, that allow migrating fish to travel upstream without contacting the generating equipment. Across our operations, we have implemented procedures to protect a number of species.

**American Shad.** American shad are a species of concern for resource agencies due to a decline in the population that has been occurring since the late 1800s, both in rivers with and without dams. Since the early 1970s, Exelon and our predecessor companies have contributed to efforts to facilitate migration of American shad within the Susquehanna River Basin via the Conowingo Hydroelectric Generating Station. Today, Conowingo's east fish lift has a design capacity to support upriver migration of approximately 2 million migratory fish per year. During the 2013 migratory season, Conowingo passed more than 12,700 American shad via its east fish lift. Through 2013, this lift has passed a total of 1,320,185 American shad. The east lift also passes many other species of fish, such as gizzard shad, river herring, striped bass, small- and large-mouth bass, walleye and others; over the past five years, an annual average of more than 800,000 of these other species have been passed.

The smaller fish lift on the west side of the dam continues to support U.S. Fish and Wildlife Services (USFWS) activities related to the study and protection of American shad. Exelon Nuclear is also contributing \$50,000 per year over five years (2011 to 2015) to a Pennsylvania Fish and Boat Commission project to increase egg viability of American shad in the river.

### Conowingo Fish Lift — American Shad

number migrated upstream (thousands)



### Protecting the Chesapeake Bay

Constellation is proud to make ongoing capital investments in the Chesapeake Bay, with nonprofit organizations like the Chesapeake Bay Trust and the Waterfront Partnership of Baltimore. These organizations are working to educate and connect more people with sustainable initiatives in the Chesapeake Bay watershed. For more information, see [our video on youtube.com](#).





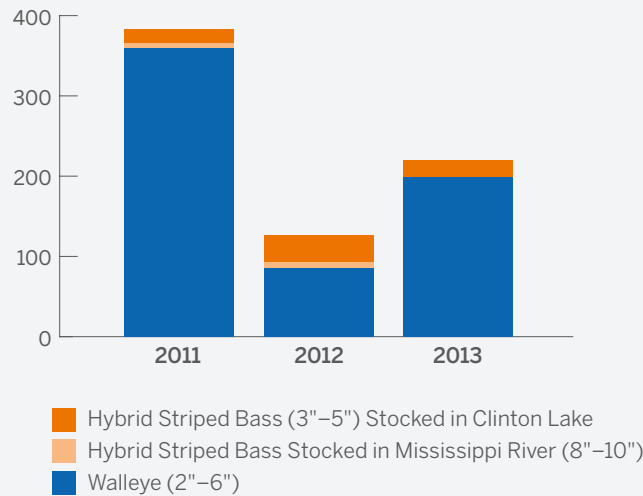
## Quad Cities Fish Hatchery

We are proud to fund a major aquaculture facility at the Quad Cities Nuclear Station in Illinois, in partnership with Southern Illinois University, to enhance stocks of several aquatic species in the area. The Quad Cities Hatchery, which celebrated its 30th year of operation in 2013, marked a successful year producing nearly 199,000 healthy walleye fingerlings, nearly 21,000 hybrid striped bass and more than 600 alligator gar. All of these programs were conceived and conducted in cooperation with Illinois Department of Natural Resources (DNR), Iowa DNR and USFWS. These entities have requested additional stocks of all three species in 2014. The hybrid striped bass produced were used to stock Clinton Lake during the summer of 2013 as part of a cooperative project with the Clinton Nuclear Station; similar stocking efforts are planned with both the Clinton and Braidwood Stations in 2014.

In addition to helping offset aquatic impacts from withdrawals of large volumes of river water, the aquaculture program is a valuable community and regional resource, offering many tours each year for school groups, local neighbors, fishing clubs and other resource-oriented groups with an interest in Mississippi River fisheries.

### Quad Cities Fish Hatchery

number of fish (thousands)



**American Eel.** In February 2013, Exelon received the EPRI Technology Transfer Award in recognition of our work on the American eel in the Susquehanna. Working with EPRI, members of the Exelon team supporting the relicensing of the Conowingo and Muddy Run facilities developed a first-of-its-kind report that compiles the life history information of the American eel and implications of upstream passage at hydroelectric

facilities on the Susquehanna. The findings may be leveraged elsewhere in the United States and Canada. The information was also used to identify potential impacts to the American eel and potential management measures that could be implemented in the relicensing period to benefit the species. Additionally, we continue to support the USFWS in its studies of American eel in the Susquehanna River.

## Turtle Studies in the Susquehanna

In 2013, Exelon continued its support of Towson University's research on the Northern map turtle population in the Lower Susquehanna River. This was the third year of the partnership between Exelon and the university, focusing on better understanding the pattern and distribution of map turtles in the river. The Northern map turtle is considered to be endangered in the state of Maryland, but not much is known about the current status of the population. Study objectives included identifying nesting sites and observing nesting behavior, understanding predator pressures on map turtle nest sites and increasing available nesting habitat in the area of the confluence of Octoraro Creek and the Susquehanna. Previous study data from 2011 and 2012 were included with the Final License Application that we filed with the Federal Energy Regulatory Commission (FERC) for relicensing of the Conowingo Hydroelectric Generating Station. Information being collected on the map turtle population in the Lower Susquehanna River will help inform decisions regarding resource management of this species and its listing status.



Photo courtesy of Towson University

### *Sediment Control*

Exelon is a participant in the Lower Susquehanna River Watershed Assessment (LSRWA), led jointly by the Maryland Department of the Environment and the U.S. Army Corps of Engineers. The LSRWA has undertaken a three-year study with a mission to comprehensively forecast and evaluate sediment and associated nutrient loads to the system of hydroelectric dams on the Susquehanna River above the Chesapeake Bay. Results from the assessment will be used to develop options to manage these loads, with the goal of protecting water quality and aquatic life in the Chesapeake Bay. The LSRWA initiated its study in 2011, and a draft of the report is expected to be released for public comment during the summer of 2014. To aid in efforts to reduce sediment deposition into the Lower Susquehanna River, Exelon has also funded the Trout Unlimited stream restoration project on Climbers Run for four years. This project addresses sediment control in the same tributary to the Susquehanna.

### *Species Management Plans in Relicensing Efforts*

Both the Conowingo facility and the nearby Muddy Run pumped storage facility are undergoing relicensing with the FERC. During 2013, Exelon continued engagement with interested stakeholders regarding a number of

areas of concern, including fish and eel passage, management of species of concern, and recreation and shoreline management. In March 2014, Exelon filed our responses to address stakeholder comments received as part of formal filings made with FERC. Exelon continues outreach with interested stakeholders using social media, with more than 24,000 Facebook followers and more than 2,000 supporters on the advocacy and informational website, [www.SupportConowingoDam.com](http://www.SupportConowingoDam.com).

In addition, Exelon Generation filed applications for a 401 Water Quality Certification with the Pennsylvania Department of Environmental Protection and the Maryland Department of Environment. On June 3, 2014, the PA DEP announced that it had issued the certification for Muddy Run, noting that the facility meets all applicable requirements and that Exelon had agreed to substantial commitments to mitigate the impacts to aquatic resources. These certifications are required to be issued before FERC can issue a new license and will identify the license needed to ensure state water quality standards are met. During 2014, we will continue to engage with interested stakeholders and respond to any additional information requests as part of the 401 Water Quality Certification applications.

## Birds, Wildlife and Land Resources

Across our operating area, we own or manage thousands of acres of land for generating facilities and transmission lines that also serve as habitat for a diverse range of plant and animal species. We implement a number of initiatives to support the natural ecology on our properties and mitigate any adverse impacts that may occur due to our operations.

### *Right-of-Way Management*

Vegetation on transmission line rights-of-way (ROW) needs to be managed on a regular basis to promote system reliability. This management presents an opportunity for instituting management practices that benefit plants and wildlife that require open, low-growing habitats. We undertake a number of initiatives to promote diverse habitats in our ROWs.

- In ComEd's territory, most of the 30,000 acres of transmission ROW are natural green space, including almost 300 acres of native prairie grass.
- PECO maintains natural conditions and native species on 2,182 of its total 13,500 acres of ROW under management. In the past five years, PECO has planted 126 acres of native grass meadows on these ROWs.
- BGE actively manages approximately 7,000 acres of its total 10,500 acres of ROW to control tall-growing vegetation. Of the 7,000 acres, approximately 520 acres are sustainably managed using Integrated Vegetation Management (IVM) techniques to encourage low-growing indigenous plants that create favorable conditions for native pollinators and other fauna. Research is being conducted at three sites to evaluate the impacts to pollinators and document the transition of the plant communities that are resulting from the IVM practices.



Exelon's utilities actively manage rights-of-way to maintain system reliability and to support natural ecology on our properties.

## Wildlife Habitat

Exelon Corporation has a long-standing partnership with the Wildlife Habitat Council (WHC) to restore and enhance wildlife habitats at our facilities. The WHC Certification Program provides us with a guidance tool and objective oversight for creating and maintaining high-quality wildlife habitats, as well as implementing environmental education programs. Currently, 19 programs in four states are WHC-certified as Wildlife at Work and six locations hold WHC Corporate Lands for Learning certifications.

Nuclear power plants in particular tend to include significant buffer areas within their boundaries, making them ideal locations for habitat conservation efforts. All 10 of our operated nuclear sites have WHC Wildlife at Work certifications, and three have an additional Corporate Lands for Learning certification. Our utilities also manage WHC-certified sites. For example, BGE has certifications for portions of its ROWs supporting pollinator-friendly meadow and old field ecosystems, and PECO achieved recertification for an ROW adjacent to the Schuylkill Center for Environmental Education that supports native vegetation, which provides an attractive habitat for numerous species including birds, owls, bees, butterflies and bats. To learn more about the Wildlife Habitat Council, visit [www.wildlifehc.org](http://www.wildlifehc.org).

## Historical Site Preservation at Limerick Generating Station

In 2013, Limerick completed a historical rehabilitation of Frick's Lock, a canal and two locks that operated between 1824 and 1930 to transport coal for local railroad operations. The site also includes an agricultural village that was inhabited until 1969. In 2003, Frick's Lock was placed on the National Historical Register. Since that time, Exelon has invested more than \$2.3 million to renovate the lock and town buildings. Today, the site is open for tours to the public on weekends. The site's biodiversity committee, which works in collaboration with local community groups, has also implemented a plan to develop a protected and sustainable habitat for birds — such as wood ducks and blue birds — and bats surrounding the site. Exelon's efforts have earned the site WHC Wildlife at Work and Corporate Lands for Learning certifications.

## Exelon's WHC Wildlife at Work Sites

**Buffalo Grove Prairie** | Buffalo Grove, Ill.

**Cherry Valley Prairie** | Cherry Valley, Ill.

**Kloempken Prairie** | Des Plaines, Ill.

**Limerick Generating Station** | Pottstown, Pa.\*

**Oyster Creek Generating Station** | Forked River, N.J.\*

**Peach Bottom Atomic Power Station** | Delta, Pa.

**Quad Cities Generating Station** | Cordova, Ill.

**Superior Street Prairie** | Calumet City, Ill.

**West Chicago Prairie** | West Chicago, Ill.

**Braidwood Generating Station** | Braceville, Ill.

**Byron Generating Station** | Byron, Ill.

**LaSalle County Generating Station** | Marseilles, Ill.

**Manor Road ROW** | Montgomery County, Pa.

**Three Mile Island Generating Station** | Middletown, Pa.

**Clinton Power Station** | Clinton, Ill.\*

**Dresden Generating Station** | Dresden, Ill.

**Spring Gardens Facility** | Baltimore, Md.\*

**Calvert Cliffs Nuclear Power Plant** | Lusby, Md.

**BGE Transmission ROW Environmental Stewardship Program**, includes three locations in Maryland:

**Patuxent Wildlife Refuge** | Bald Eagle Drive, Maryland City

**South River Greenway** | Rutland Road, Davidsonville\*

**Columbia** | Dasher Court, Columbia

\* Indicates site also holds Corporate Lands for Learning (CLL) certification



## Leading the Flock: ComEd's Leadership in Avian Protections

In spring 2013, ComEd hosted the Edison Electric Institute and Avian Power Line Interaction Committee (APLIC) Workshop in Chicago. This workshop was led by APLIC member utilities and the USFWS and covered the history of bird and power line issues, relevant regulations and solutions for minimizing avian electrocutions and collisions. The course also outlined how to develop avian protection plans, including effective examples from participating utilities.



ComEd team installing bird diverters.



American Bald Eagles are part of ComEd's avian awareness program.



A representative from the Illinois Raptor Center conducts an avian awareness session at ComEd's Rockford headquarters.

### Protected Species Management

A number of our sites require special management plans to protect threatened or endangered species. We then work with local authorities to implement agreed-upon mitigations.

#### Threatened and Endangered Species in the Des Plaines River Valley.

In 2013, ComEd submitted a Low-Effect Habitat Conservation Plan to the USFWS for the Hine's Emerald Dragonfly, Blanding's Turtle, Spotted Turtle, Black-billed Cuckoo, Lakeside Daisy and Leafy Prairie Clover in the Des Plaines River Valley. These six species are listed as either threatened or endangered at the state or federal level. The purpose of this Habitat

Conservation Plan is to evaluate ComEd's impacts on these species and their habitats from routine activities, and to propose conservation measures for avoiding, minimizing or mitigating for potential incidental take of these species and their habitats. For example, ComEd's ongoing vegetation management of the ROW contributes to the conservation of the Hine's Emerald Dragonfly population as the ComEd ROW currently provides the main corridor for adults to travel between habitat areas. Preservation and opening up of this corridor through vegetation removal maintains connectivity between habitat areas throughout the Des Plaines River Valley. Preservation of this corridor also provides habitat for five other state and federally threatened and endangered species listed to the left.



**Minimizing Impacts on the Indiana Bat in Maryland.** In January 2014, Exelon's Criterion Wind Farm received an Incidental Take Permit (ITP) for Indiana bats from the USFWS. The permit requires implementation of a Habitat Conservation Plan. This plan includes modifying wind turbine operations during autumn months to reduce bat collisions with turbine blades and barotrauma, an injury that results from sudden drops in air pressure near spinning turbine blades. The modifications minimize blade rotations at night when wind speeds are low and bats are most active. Wildlife officials had predicted that, without these changes, the turbine blades could potentially kill as many as 28 of the federally protected bats over a 20-year period. The changes will also benefit other species of bats, such as Eastern red bats, hoary bats, little brown bats, northern long-eared bats and big brown bats. To ensure compliance with the newly granted ITP, follow-up monitoring will be conducted at five-year intervals for the life of the project. Additionally, Exelon committed to offset the potential impacts to Indiana bats from turbine operations by protecting a nearby cave hibernaculum. This mitigation project will include installing bat-friendly protective gates on the cave openings by 2016.

### Improving Fish Habitat at Braidwood Lake

A collaborative partnership between Exelon's Braidwood Generating Station, the Illinois DNR and local bass clubs is working to enhance the fishery at Braidwood Lake. Exelon donated artificial habitats to replace missing vegetation that does not rapidly reproduce in the cooling lake's warmer temperatures, which are affected by plant operation. The habitat units are designed to provide multiple benefits to largemouth bass, a favorite of Midwest fishing enthusiasts, at various stages in their lives — from acting as a nursery habitat for young fish to providing feeding sites for larger, older bass. The Illinois DNR also restocks the lake annually. Since 2007, more than 600 habitat units have been deployed (at a cost of \$35,000) and more than 450,000 fingerling bass have been introduced. Annual surveys conducted by the Illinois DNR demonstrate marked improvement in both fish population and the size of fish.

## Waste Management

From safely storing nuclear waste to improving office recycling, we are working to effectively manage and reduce waste throughout our operations. A central focus of our program is to prevent waste before it happens. Additionally, we have increased efforts around recycling and reuse, and we are proud to report that in 2013, we achieved a company-wide recycling rate of nearly 53 percent.

### Managing Our Nuclear Fuel Cycle

The safety of our nuclear operations is paramount to our license to operate. We are diligent in the management of the back end of our nuclear fuel cycle — low-level radioactive waste and spent nuclear fuel — to protect the environment and human health.

#### Low-level Nuclear Waste

Most low-level nuclear waste is dry, inert matter that has been processed into a solid state before being placed in specially designed, high-integrity containers for storage. Typical low-level waste includes materials and equipment such as filters, tools, rags and equipment that have come into contact with varying degrees of radioactivity. More than 90 percent of the low-level waste generated at nuclear stations is designated as Class A, which is the least radioactive, and is disposed of at EnergySolutions' disposal site in Clive, Utah.

Class B and C waste — which has higher levels of radioactivity and includes items such as core components, filters and ion exchange resins — is stored on site for nine of our 10 operated plants. Waste from Oyster Creek station is shipped to the Barnwell disposal facility in South Carolina. We have shipped Class B and C waste from Byron, Quad Cities and Limerick stations to the new Waste Control Specialists facility in Andrews, Texas, and are preparing to ship waste from the rest of our facilities in 2014.

## Spent Nuclear Fuel

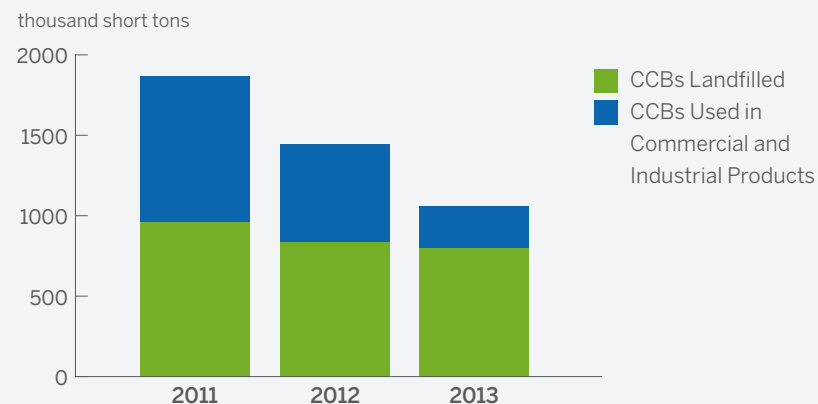
There are no facilities for the permanent storage or disposal of spent nuclear fuel (SNF) in the United States, so Exelon Generation safely stores SNF from our nuclear generating facilities on site in storage pools and dry cask long-term storage facilities. As of the end of December 2013, Exelon Generation had approximately 59,900 SNF assemblies (or 14,400 short tons) stored on site. This includes 45,000 assemblies in pools and 14,900 assemblies in 235 dry cask storage systems. Using this combination of storage methods, we project that we will have adequate storage for SNF produced through the decommissioning of our plants. The total volume of SNF produced by Exelon's entire fleet of nuclear plants since 1969 could fit in approximately three Olympic-sized swimming pools. One hundred percent of this SNF is packaged, numbered, catalogued, tracked and isolated from the environment.

Regarding storage methods, we concur with the NRC staff position that both current storage methods for used nuclear fuel — fuel pools and dry cask storage — are safe and that neither holds a substantial safety advantage over the other, as expressed in a November, 12, 2013, memorandum entitled “Staff Evaluation And Recommendation For Japan Lessons-Learned Tier 3 Issue on Expedited Transfer of Spent Fuel.” In it, the commission staff states that even when subjected to earthquakes or other extreme natural forces, “operating experience has shown that spent fuel pools have safely withstood [these] challenging events, maintaining structural integrity” and “have provided adequate protection of public health and safety.” This viewpoint was reiterated in a January 6, 2014, public meeting before NRC commissioners, in which the NRC staff said that the study validates that fuel pools protect public health and safety, and that expedited transfer of used fuel from pools to dry casks does not substantially enhance safety.

## Managing Waste from Conventional Generation Units

The burning of coal results in the creation of by-products that may be recycled or disposed of in a landfill. With the retirement of the southeastern Pennsylvania Eddystone and Cromby coal-fired units in 2011 and 2012, and the divestiture of the Maryland coal assets in late 2012, Exelon Power did not operate any large coal-fired power plants in 2013. However, the company did generate approximately 1.1 million short tons of coal combustion by-products through its share in the Keystone and Conemaugh coal-fired plants in western Pennsylvania, as well as its co-owned share of the Sunnyside and Colver waste coal facilities located in Utah and Pennsylvania, respectively. Of this amount, approximately 264,000 short tons, or 25 percent, were recycled into commercial and industrial products such as cement and wallboard. This rate declined from 42 percent in 2012, primarily due to the divestiture or retirement of coal-fired units that had high recycling rates. Remaining units lack access to economically viable recycling facilities.

### Coal Combustion By-Product (CCB) Disposition<sup>1</sup>



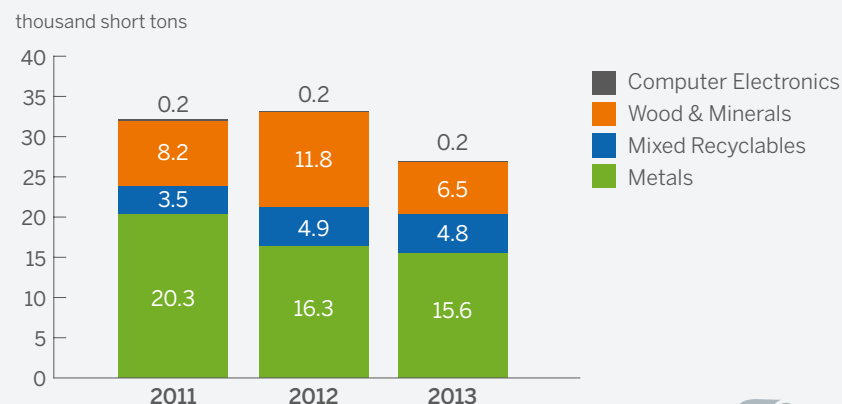
<sup>1</sup> Pre-merger 2011 and 2012 data for Exelon and Constellation Energy have been combined. Retired and divested coal unit production is included in totals up to the point of closure or divestiture.

## Reducing Waste from Operations

Across Exelon's businesses, we are working to better understand our total waste generation and ensure that the best management practices are in place to reduce, reuse and recycle the waste we generate. In addition to robust recycling operations, we place an equally strong focus on identifying opportunities to prevent waste or bring new life to materials that might otherwise be discarded. From power poles and transformer oil to office waste and coal power plant scrubber by-products, Exelon is continually improving our materials management by using more environmentally friendly and better-performing products that result in less waste.

Through the efforts of our employees and contractors, we accomplished a company-wide recycling rate of nearly 51 percent during 2013. These efforts not only keep waste out of landfills, but they also conserve natural resources and reduce GHG emissions.

### Recycling by Type<sup>1</sup>



<sup>1</sup> 2011 data have been aggregated or recalculated to reflect the combined performance for Exelon and Constellation Energy so that 2012 and 2013 data can be compared to 2011 information.



## Office Waste — Project H.E.R.E.

Project H.E.R.E. (Helping the Environment by Recycling at Exelon) helps to raise awareness of recyclable materials in the office and encourage workstyle and lifestyle changes that reduce waste generation and increase recycling when waste cannot be avoided. In 2013, Exelon recycled more than 3,600 short tons of office and commercial waste such as paper, cardboard, aluminum cans, plastic bottles and glass.

## Electronic Waste

Exelon's Information Technology department manages a corporate-wide asset recovery program to reuse and recycle obsolete electronic assets. Through domestic vendors, Exelon ensures that all of its electronic waste is de-manufactured for reuse or reclamation in a responsible manner. In 2013, Exelon sent more than 400,000 pounds of electronic waste for recycling, including more than 95,000 pounds that were coordinated through our vendor for resale or charitable donation.

## Investment Recovery

Investment Recovery, a division of Exelon's supply chain organization, manages the coordinated reclamation of industrial materials generated across the corporation. These materials may include a wide variety of scrap metal such as electrical equipment, wire, cable and hardware, as well as utility poles, vehicles and oils. More than \$19.8 million of industrial metals were recycled in 2013.

Other initiatives to reduce waste include the reuse of wooden cable reels, packing materials and reusable pallets. We also donate paints, caulks and epoxies that may have exceeded our stringent shelf-life requirements, but still work well for less critical applications.

## Reducing Air Emissions

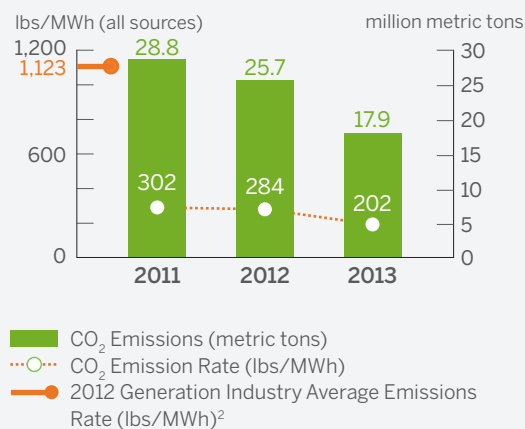
We understand the potential health impacts of air emissions, and we are committed to investing in air pollution control technologies and our low-emission energy portfolio to keep the company's air emissions rates well below industry averages. In 2013, Exelon showed continued improvement in lowering our owned-generation all-source emission rate of CO<sub>2</sub> and SO<sub>2</sub>, with our owned generation portfolio NO<sub>x</sub> rate remaining stable around 0.2 pounds per MWh. In comparison to the industry, Exelon's owned-generation all-source NO<sub>x</sub>, SO<sub>2</sub> and CO<sub>2</sub> emission rates were 78, 88 and 82 percent lower than the latest-available 2012 generation industry emission rate averages, respectively.

We also continue to monitor and provide guidance on several important air quality regulations proposed by the U.S. EPA for the power generation sector. In December 2010, EPA issued its final Cross State Air Pollution Rule

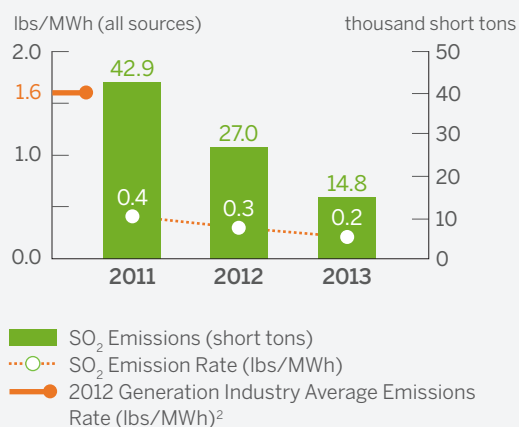
(CSAPR) to require NO<sub>x</sub> and SO<sub>2</sub> emission reductions in the eastern United States to support regional attainment of ozone and fine particulate matter national ambient air quality standards. The CSAPR was challenged by some states and industry groups and was litigated in the D.C. Circuit Court before going to the U.S. Supreme Court. In both cases, Exelon intervened in support of the CSAPR during litigation. On April 29, 2014, the U.S. Supreme Court upheld the CSAPR rule by a vote of 6-2. Exelon expects to continue to play a constructive role in supporting needed regional air pollution emission reduction regulations, as the EPA and the courts continue to resolve remaining issues related to the CSAPR regulation.

With regard to GHG emissions, during the fall of 2013, the EPA proposed a new source performance standard (NSPS) in response to the President's June 2013 Climate Action Plan and is expected to issue a proposed NSPS standard for existing units in June 2014. Overall, Exelon supports

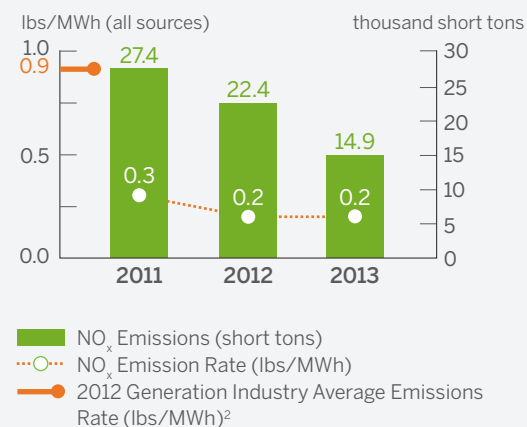
### CO<sub>2</sub> Emissions<sup>1</sup>



### SO<sub>2</sub> Emissions<sup>1</sup>



### NO<sub>x</sub> Emissions<sup>1</sup>



<sup>1</sup> 2011 data have been aggregated or recalculated to reflect the combined performance for Exelon and Constellation Energy so that 2012 and 2013 data can be compared to 2011 information. Data include biomass emissions and emissions of divested coal assets through the date of sale in 2012, as well as retired unit emissions through last date of operation.

<sup>2</sup> Source: M.J. Bradley & Associates (2014), Benchmarking Air Emissions of the 100 Largest Electric Power Producers in the United States.

## Exelon's Industry-Leading Emissions Performance

To learn more about Exelon's low-emission profile compared to our industry peer companies, please view the May 2014 report *Benchmarking Air Emissions of the 100 Largest Electric Power Producers in the United States* that is available on the Ceres website [www.ceres.org](http://www.ceres.org).

these efforts to create appropriately structured GHG regulations for new and existing power generation facilities. Exelon will continue to provide public comment and testimony to ensure that the important role that nuclear power plays in avoiding national GHG emissions is recognized and considered as EPA and the administration further develop the federal government's response to climate change.

For additional information on Exelon's public policy positions, including public comments and testimony, please see [our website](#).

## Reducing Toxic Releases

For more than a quarter century, EPA's Toxics Release Inventory (TRI) reporting program has played a significant role in providing communities and emergency planners with valuable information on the annual release and transfer of certain chemical substances, including releases to air, land and water, and materials sent to other facilities for further waste management.

Exelon's TRI emissions continue to decline. In the last two reporting years, 2011 and 2012, our emissions decreased by 40.6 and 51.5 percent, respectively, from 2010 levels. Portfolio-wide, hydrochloric acid emissions decreased by 48.2 and 70.4 percent, respectively. Reductions are due to the installation of sulfur dioxide (SO<sub>2</sub>) scrubbers on our partially owned Keystone plant in 2009 and on the legacy Constellation Energy Brandon

## Toxics Release Inventory Reported Total Releases and Off-Site Transfers from 2010 to 2012 (All Sources)<sup>1</sup>

in pounds

Chemical	2010	2011	2012
Ammonia	44,699	38,405	78,281
Arsenic	129,422	91,297	105,004
Barium	504,764	276,065	254,793
Chromium	59,333	28,159	18,974
Cobalt	22,055	10,752	9,006
Copper	99,981	59,150	57,044
Hydrochloric Acid	3,163,778	1,638,801	935,027
Hydrogen Fluoride	301,124	165,732	94,254
Lead	51,354	31,338	33,042
Manganese	420,597	204,849	578,709
Mercury	2,409	1,801	1,816
Molybdenum	6	0	0
Naphthalene	171	0	65
Nickel	62,883	32,137	31,459
Selenium	16,789	11,244	6,147
Sulfuric Acid	1,852,525	1,381,940	984,133
Thallium	1,118	0	0
Vanadium	283,833	196,993	202,929
Zinc	106,984	63,200	63,688
Other	694	26	9
<b>Total</b>	<b>7,124,519</b>	<b>4,231,889</b>	<b>3,454,380</b>

<sup>1</sup> 2010–2012 data have been aggregated or re-calculated to reflect the combined performance for Exelon and Constellation Energy.

Exelon will finalize and report our 2013 TRI releases to EPA in June 2014, after the publication of this report.

Exelon Power is the only Exelon operating company with facilities that meet TRI reporting thresholds (25,000 pounds of substances or greater per facility). TRI data include Exelon's ownership-share of co-owned fossil generating units. Presented data include emissions of now-divested coal assets through the date of sale.

"Zero" may indicate "zero" releases and/or that the reporting threshold was not triggered for the reporting year.



Shores Unit in 2010 (Brandon Shores is included in the most recent TRI report, but has since been divested). These scrubbers not only reduce SO<sub>2</sub> emissions but also remove a large portion of acid gases. In 2011, we achieved further reductions with the retirement of our Eddystone and Cromby coal-fired generating stations, which had been using SO<sub>2</sub> scrubbers since the early 1980s. In 2012, further decreases were achieved due to the divestiture of additional coal assets late in the year. Currently, Exelon no longer operates any coal-fired generating stations, but continues to be a co-owner in the Keystone and Conemaugh plants in western Pennsylvania that utilize coal. We are also co-owners of a waste coal plant in Pennsylvania and one in Utah. For more information on TRI emissions, please visit EPA's website: [www.epa.gov/tri](http://www.epa.gov/tri).

With regard to hazardous air pollutant (HAP) emissions, the U.S. EPA issued its final Mercury and Air Toxics Standards (MATS) Rule on December 16, 2011. This rule sets standards designed to reduce acid gas, mercury and other HAP emissions. During the public comment period on MATS, Exelon provided public testimony and written comments that, in addition to providing comments to improve the rule, were supportive of EPA's overall rulemaking. The Rule is scheduled to go into effect on April 16, 2015. On April 15, 2014, the U.S. Court of Appeals for the District of Columbia Circuit upheld the MATS rule in all respects. As industry continues to plan its MATS compliance, a number of coal-fired power plants have indicated that, given current low power prices and other plant-specific factors, they will retire rather than incur the cost of retrofitting pollution controls. The Conemaugh Plant, of which Exelon is a 31.28 percent owner, is currently moving forward with plans to improve its existing SO<sub>2</sub> scrubbers and retrofit the plant with selective catalytic reduction control technology to meet the mercury requirements of MATS by January 1, 2015. All other fossil plants operated by Exelon already either have compliant technologies installed or will not be required to comply with MATS due to their limited use or exclusive use of natural gas. For additional Information on Exelon's public policy positions, please see [our website](#).

## Managing Environmental Risks

Exelon proactively seeks to understand and manage the sensitive environmental conditions in which we operate. Our environmental policy requires us to operate in full compliance with applicable legal requirements, and we hold ourselves and those working on our behalf accountable for this commitment. In 2013, we merged data collection from Constellation Energy into the new Exelon Environmental Management Information System (EMIS) in order to track and manage corporate environmental performance through a single program. We also continue efforts to improve risk management across the company.

## Improving Compliance Performance

Exelon's environmental management system (EMS), designed to conform to ISO-14001:2004, lays out the necessary steps to maintain responsible operations and has helped improve the company's compliance performance. Nearly 98 percent of Exelon's operations have established ISO-14001-conformant EMSs and nearly 50 percent have been independently certified by NSF International Strategic Registrations as conforming to the ISO-14001 standard.

In 2013, Exelon received eight Notices of Violation (NOV) from regulatory agencies with monetary penalties totaling \$2,800 for the year:

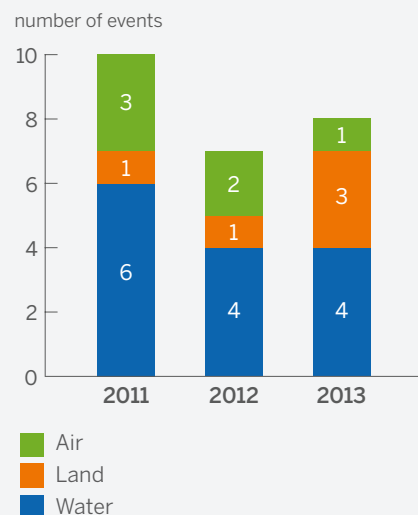
- **ComEd:** Illinois Environmental Protection Agency (IEPA) NOV related to three high-pressure, fluid-filled cable releases that occurred over a 12-week period beginning in March 2013. No waterways were impacted as a result of the releases and all regulatory agency notifications were made.
- **ComEd:** A third-party illegally dumped materials at a decommissioned ComEd substation in October 2013. ComEd removed the materials and paid a fine of \$300 to the City of Chicago Department of Streets and Sanitation. An additional NOV from the City was received for third-party dumping that occurred in July 2013 at another ComEd substation.
- **Nuclear:** A Quad Cities plant outfall was mistakenly removed from a NPDES permit and incorrectly combined with diffuser discharge when the permit was issued in 1981. Failure to identify the error resulted in the citation.

- **PECO:** Concentrations of lead in a sample of water discharged from a manhole exceeded permit limitations.
- **PECO:** An industrial wastewater violation of Ordinance 630 was received from the Warminster Municipal Authority for a November 2013 composite sample of the sanitary wastewater discharge exceeding the ammonia/ nitrogen limit of 60 milligrams per liter.
- **Power:** As the result of a DEP inspection of the Croydon plant, an NOV was received for failure to perform stack tests on each of the simple cycle turbine units one year prior to the expiration of the permit, as required.
- **Power:** In March 2013, a self-disclosure letter was submitted to both the Maryland Department of the Environment and U.S. EPA Region III regarding the Fort Smallwood Road Complex, where a laboratory container of polychlorinated biphenyl (PCB) oil exceeded volume and storage duration limits.

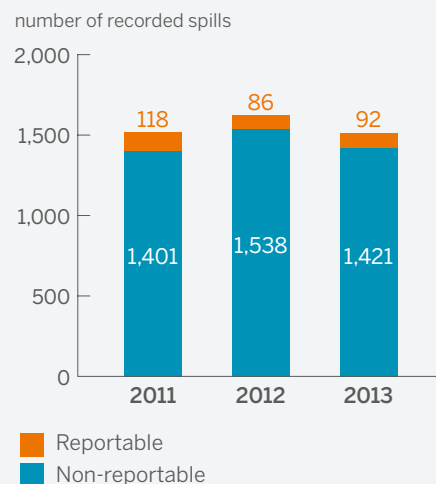
We also track permit non-compliance events and environmental spills as a measure of our environmental performance. In 2013, we reported 31 permit non-compliance events — self-identified instances where a permit condition or administrative requirement was not satisfied. This represents a nearly 68 percent reduction in events compared with 2012, primarily due to efforts to improve performance at our Mystic, Fore River and Wolf Hollow power-generating facilities. We achieved these performance improvements through a combination of enhanced control technology, enhanced maintenance practices, operator training and regulatory engagement in the jurisdictions where these plants are located.

In 2013, the company saw a modest decrease in the number of overall spills by approximately 7 percent. Reportable spills require regulatory notification either by telephone or written report to an agency on the quantity of spilled material or other potential environmental impact. Non-reportable spills

### Notices of Violation (NOVs)<sup>1</sup>



### Spills<sup>1</sup>



### Permit Non-Compliances (PNCs)<sup>1</sup>



<sup>1</sup> 2011 data have been aggregated or recalculated to reflect the combined performance for Exelon and Constellation Energy so that 2012 and 2013 data can be compared to 2011 information.

typically involve small quantities of material that can be quickly contained and will not result in significant environmental impact. All three Exelon utilities track preventable reportable spills, or spills where Exelon believes we could have prevented the release to the environment. In 2013, five preventable reportable spills occurred. Three of these spills were caused by our contractors; we have implemented an employee and contractor spill intervention plan that includes increased communication, monthly performance reporting and audits to continue to limit spills to the environment.

With Exelon Nuclear taking operational control of the CENG nuclear facilities (Ginna, Nine Mile Point and Calvert Cliffs) in the spring of 2014, Exelon is integrating the performance of these facilities into our compliance tracking and goal-setting process.

### **Eliminating Equipment with PCBs**

We are actively working to manage the risk posed by equipment containing polychlorinated biphenyls (PCBs). During repair and servicing efforts, we continue to eliminate equipment containing PCBs greater than 50 parts per million (ppm) at our substations. These reduction efforts, combined with voluntary retrofill and reclassification programs, are resulting in the continued reduction of PCB-containing equipment across the company. Exelon Power facilities no longer have any oil-filled electrical equipment that contains PCBs in excess of 50 ppm. Exelon Nuclear removed its last PCB transformer from legacy Exelon plants during 2012. BGE has been working to voluntarily and proactively target unknown distribution transformers and remove them if they are likely to be contaminated.

### **Managing Remediation at Historic Manufactured Gas Plants**

ComEd, PECO and BGE also continue to remediate former manufactured gas plant (MGP) sites that were used — primarily by predecessor companies in Illinois, Pennsylvania and Maryland between 1850 and the 1950s — to manufacture gas for lighting and other purposes. ComEd, PECO and BGE anticipate that the majority of remediation at remaining sites will continue for several more years. In 2013, ComEd and PECO continued remediation

efforts at some of their largest MGP sites. In 2013, ComEd received no further remediation letters from the Illinois EPA at three of its MGP sites for site closure. PECO also worked with the Electric Power and Research Institute to complete an in-situ chemical oxidation study at one of their sites to evaluate alternative remediation technologies at MGP sites.

## **Shale Gas Extraction**

Exelon delivers natural gas to retail customers and uses natural gas as a fuel in generating electricity. Advances in natural gas exploration and production have significantly reduced the price of gas in the past few years, making it one of the lowest-cost fuel sources available today. In 2013, Exelon procured approximately 250 billion cubic feet (BCF) of natural gas for use in power plants and approximately 450 BCF of gas for our competitive retail business. In addition, PECO and BGE natural gas distribution systems delivered more than 180 BCF of natural gas to customers.

Exelon also has financial investments in 12 non-operated upstream projects located in seven states. These assets include partial ownership in approximately 800 wells, of which 99 percent are extracting from unconventional shale gas resources, with 65 percent of the wells stimulated via hydraulic fracturing. Unconventional shale gas accounts for approximately 60 percent of total proved reserves. Estimated proved reserves, as of December 31, 2013, were approximately 170 BCF-equivalent, including natural gas, natural gas liquids and oil. We mandate that all of our holdings comply with the environmental laws and regulations where they operate and we complete environmental due diligence work prior to acquiring any new assets.

Exelon considers natural gas an interim “bridge fuel” to support continued national progress towards a low-carbon energy future, and we continue to expand its use in our generation portfolio. On a long-term basis, however, there is no substitute for a national energy policy that explicitly puts a price on carbon to incentivize investment in long-term clean energy technologies that are not yet economically competitive.

# Fostering a Safe, Rewarding and Dynamic Workplace



- **Achieved best-ever safety performance** with a 0.52 Occupational Safety and Health Administration (OSHA) Recordable Rate and 9.02 OSHA Severity Rate
- **Achieved a 70 percent employee engagement score**
- **Launched new leadership development programs** for mid- and executive-level leadership
- **Recognized as a top employer** for recent graduates; military veterans; Hispanics; and lesbian, gay, bisexual and transgender (LGBT) employees by leading diversity and inclusion (D&I) organizations

Our success depends upon our ability to attract and retain a talented and highly skilled workforce. As we continue to diversify our business across the entire energy value chain, we recognize that our talent pool needs to evolve to meet the growing needs of a dynamic energy marketplace. We are constantly working to find new ways to encourage performance excellence and innovation that will allow our employees, and our company, to thrive. We believe that these efforts help create a rewarding and collaborative workplace and achieve our consistently low employee turnover rate of 6.7 percent, which is on par with the industry rate of 6.8 percent.

## Supporting Employees at Work and Home

We strive to create a workplace where employees are engaged in their work and feel valued. We leverage a number of initiatives to support employees both at work and in their personal lives.

### Comprehensive Benefits

Exelon offers competitive benefits packages designed to reward employees for achieving high levels of operational and financial performance. Packages include base and incentive pay, comprehensive benefits and career development opportunities.

### Engaging Employees

We want working at Exelon to be more than just a job for our employees. In order to foster a dynamic and challenging workplace for our people, it is important that they are engaged and have a say in shaping the future of our company.

In early 2013, we surveyed our employees to gauge their satisfaction with the new organization and their roles within it. Our overall Employee Engagement Index, which is a barometer of our employees' commitment to

## All Families Are Part of the Exelon Family

Exelon has been an industry leader since 2000, when we began offering same-sex domestic partner healthcare benefits before most other utility companies. Then, in 2004, Exelon provided full parity in all benefits offerings for newly hired employees with same-sex partners. To further support LGBT rights, in 2009, we joined the Business Coalition for Benefits Tax Equity with the purpose of ending the federal taxation of domestic partner health care benefits. For this and other practices and policies pertaining to LGBT employees, Exelon has earned the Human Rights Campaign's highest possible employer rating in 2011, 2012 and 2013.



our company and their pride in being part of our company, is at 70 percent, up 1 percent over our 2011 survey results. Modest growth in this metric, considering the amount of change experienced in our organization due to the merger with Constellation Energy, indicates that we continue to make forward progress in offering rewarding and meaningful employment opportunities. We also saw strong engagement among women and people of color, which reflects and reinforces our commitment to D&I.

We also used the survey to identify specific areas for improvement. For example, we identified the need to improve D&I efforts to recognize and embrace all forms of diversity across our company. Our continued efforts to promote a more diverse and inclusive workplace are detailed in the [Diversity and Inclusion section](#) of this report and in our annual [Diversity + Inclusion report](#). Each business unit also developed an action plan tailored to address its unique needs. For example, BGE is focusing attention on compensation practices, change management and executive



leadership visibility while Exelon Generation is focusing on communication, change management and development opportunities. Many of the resulting action plans engage first-line supervisors and employees to ensure their direct involvement in key changes affecting their business units.

We seek to have a constructive and productive relationship with our employees represented by labor unions. In 2013, approximately 33 percent of our employees were covered by collective bargaining agreements. We engage in good-faith bargaining with labor representatives, and constructively engage our unions by seeking to resolve disputes during the course of contract administration. During the past year, three of our Exelon Power union contracts were successfully ratified, including a three-year extension on each contract. In addition, a Nuclear Security contract was also successfully bargained and ratified in 2013 for a three-year extension. Our labor agreements require a minimum of 30 or 60 days' notice to unions to discuss operational changes, such as reorganizations or technological changes that affect employees.



Exelon's 2013 Employee Engagement Index was developed based on a compilation of more than 21,000 Exelon employee survey responses.

## Cultivating Talent

We are committed to rewarding employee achievements and providing professional development opportunities that not only help our employees meet their professional aspirations, but also ensure that our workforce has the necessary skills to compete today and in the future.

### Rewarding Performance Excellence

Every year, all of our full-time management employees develop performance goals and receive an annual performance review. To develop and maintain a top-tier workforce, we take a long-term, sustainable view of performance.

Compensation of senior leadership, including the CEO, is linked to many of the key performance metrics on the company's corporate scorecard, including financial, operational, environmental, safety, customer satisfaction and employee engagement. Many of the material sustainability issues listed in the [Driving Sustainability throughout Our Company](#) section are addressed via the corporate scorecard metrics. Due to the proprietary nature of some of these metrics, Exelon does not disclose the full corporate scorecard, but many are discussed in this report and in the company's SEC filings.

All individual contributors, specialist management employees and first-line and middle managers are compensated based on an individual performance multiplier, as well as on business unit and company multipliers. We also recognize exemplary performance from our management employees through an awards program that aligns with their performance metrics. Management employees are also eligible for spot performance awards or cash awards. Many units support a quarterly or annual award to reward strong leadership by first-line supervisors. Craft employees participate in various spot recognition programs with non-monetary and annual monetary awards such as the Admiral Demars and President Awards.

## Improving Succession Planning through Integrated Talent Management

In 2013, we surveyed more than 80 members of leadership to better define our talent management strategy. The results led us to build a talent management process that allows us to more effectively and efficiently source candidates for leadership positions from across the organization. The process leverages new assessment tools to assist in workforce planning and to ensure consistency in reviews of individuals from different business units. We also launched new leadership development courses targeting managers and executives. We believe this strategy will improve our ability to place the right people in the right roles at the right time.

## Leadership Development Programs

We offer a number of development opportunities to help leaders and employees perform their jobs, develop additional skills and grow their careers within Exelon. In 2013, we implemented a series of new leadership development programs for first- and mid-level leaders. These programs focus on coaching, engaging employees and building business acumen. For the first time since the merger in 2012, these trainings brought together leaders from all operating companies to share challenges and best practices. We also launched an executive leadership initiative to help develop the leaders with the necessary skills to sustain our market position and encourage growth in new sectors. In addition to classroom training, participants will work in an innovation laboratory to identify cutting-edge solutions to fuel our growth.

## Employee Training Programs

In addition to corporate-wide training programs, each operating company maintains specific training programs tailored to ensure safe operations and appropriate skill development.

ComEd provides leadership training to management employees, field supervisors and crew leaders through its expanded HR leadership development program, First Line Supervisor (FLS) Cornerstone Program



Exelon uses corporate and operating company training programs to ensure continued employee development.

and Crew Leader Academy. To facilitate smart grid training, ComEd also continues to provide training on distribution automation (DA) equipment for field crews, and has DA equipment mockups at four ComEd field training centers to further build employee skills on new technology. Additionally, ComEd opened a new state-of-the-art training center in Rockford — this 169,000-square-foot training building and yard was utilized by more than 1,800 students in 2013. This facility also hosts our ComEducation program, which was visited by more than 600 customers. This Rockford facility and our other four training facilities provide smart grid technology, refresher and progression program training for our nearly 6,000 employees. In the future, ComEd plans to expand its offerings to include communication skills, financial acumen and customer interaction skills.

PECO provides training to its Gas and Electric Field Organizations, as well as its Customer Operations groups. During 2013, PECO delivered 73,908 hours of training to its nearly 3,000 employees (instructor-led and web-based) with a 94 percent pass rate. For example, PECO provided training on the smart grid/smart meter technology for the electric field and customer operations staff. In March 2013, PECO cut the ribbon on the Oregon Training

Facility, which prepares field employees for work in electric construction and maintenance, transmission, and substation and distribution system operations. In continuing with its mission to modernize and enhance training experiences for all its employees, PECO is also making investments in hands-on hazard recognition programs for electric and gas employees, through the development of the new Line School. This flexible training space includes areas to set up utility poles indoors to allow PECO to train employees even during inclement weather days.

BGE provides leadership and soft skills training throughout its organization, as well as utility training to gas and electric field employees and contractors. During the last five months of 2013, BGE employees completed more than 27,000 hours of online courses and attended more than 40,000 hours of classroom instruction. BGE's centralized training center, located in White Marsh, Maryland, has been certified and accredited as a National Center for Construction Education (NCCER) and Research Training and Assessment Center and as a Mobile Crane Endorsement Center. After completing core training at the White Marsh Training Center, employees are assigned to one of the 13 specialization programs for more advanced training. The facility also conducts Department of Transportation (DOT) Operator Qualification training and verification for all gas employees and contractors working on the gas system and provides incumbent workforce training for smart grid technology, overhead and underground linework, rigging and commercial driver's licenses. In 2013, the White Marsh Training Center expanded its staff to include an athletic trainer whose primary role is to educate utility trainees and employees on safe ergonomic stretching techniques to prevent soft tissue work injuries, along with assisting with first aid incidents.

Exelon Generation provides specialized training to help employees safely and efficiently operate our plants. In addition to providing training on a number of compliance topics, Exelon Power is developing a comprehensive technical training program for its craft personnel based on a diverse mix of power plant technologies. This in-depth training and qualification program will ensure Operations and Maintenance personnel have the knowledge

and skills required to perform their daily tasks, such as welding, plant operations, rigging and electrical arc-flashing. Training methods include a blended approach to learning with instructor-led classroom sessions and online training offerings. This program will help ensure work is performed in a safe, confident and skillful manner while creating a consistent set of training and performance expectations between our technicians across different generation technologies. Exelon Generation is also a certified and accredited NCCER Training and Assessment Center, as well as a Mobile Crane and Rigging-Signal Person Endorsement Center.

Finally, Constellation provides extensive training to help salespeople effectively grow our retail business. Along with general retail sales training, employees participate in courses on ethics, standard operating procedures and overviews of the electric and gas businesses. Leadership development courses are also available to help individuals better assess their sales pipelines, uncover key challenges and develop action plans to improve performance.

Beyond classroom solutions, we encourage employees and managers to engage in job rotations, special projects and other creative approaches to develop themselves and their skills. The goal of all of these offerings is to build a skilled and cohesive cohort of leaders who can drive business performance.

### **BGE's Commitment to Safety Integration**

To align with Exelon Utilities' Lock-Out Tag-Out (LOTO) Work and Safety Procedures, BGE designed, developed and delivered classroom, web-based and video LOTO training to more than 900 field employees within a six-week timeframe. This training focused on helping employees develop the skills necessary to work independently in ComEd and PECO service territories during restoration efforts. The time and effort dedicated to the LOTO initiative, as well as the high-quality results, earned BGE the 2014 Southeastern Electric Exchange's Industry Excellence Award for Safety.

## Exelon Nuclear Training

Exelon Nuclear conducts training to maintain and improve the performance of its highly skilled and professional workforce. Nuclear training is conducted at 13 different locations, which include each of our 10 Exelon-operated nuclear sites in 2013, two centralized training facilities (one for our mid-Atlantic and eastern U.S. plants and one for plants in the Midwest) and a fire training academy that is also located in the Midwest. Every new employee at a nuclear power plant receives orientation and initial training. In addition, workgroups receive discipline-specific initial training that may last as long as nine months for skilled tradespeople such as mechanics or electricians, or up to one-and-a-half years for Nuclear Regulatory Commission-licensed nuclear control room operators. Exelon Nuclear trains nearly 100 new mechanics, electricians, radiation protection technicians and instrument technicians each year. In addition, in 2013, we completed training for more than 50 new control room operators. Continuing training is provided for every employee working at a nuclear power plant, with additional training provided to members of training programs accredited by the National Academy for Nuclear Training. The amount of training varies with each discipline, with nuclear power plant operators receiving approximately 200 hours of training each year and maintenance and technical staff receiving 60 hours or more of training in their respective disciplines.



Exelon Nuclear trains nearly 100 new mechanics, electricians, radiation protection technicians and instrument technicians each year.

## Exelon Nuclear University

We are proud of our excellent, highly skilled workforce, and recognize that each employee plays an essential part in our operations. For that reason, when our Exelon Nuclear Partners (ENP) division develops a new consulting or operational relationship with non-Exelon nuclear plant owners, we are faced with the challenge of providing excellent people to support these relationships and associated projects while limiting the impact on the staff within our own Exelon Nuclear operations. While we support providing our employees with growth opportunities to work on ENP projects if they so choose, we frequently find that this source of manpower does not satisfy the entire demand. To meet this need, we have initiated the Exelon Nuclear University (ENU), which allows us to train experienced professionals from outside the organization, or from our pool of retired Exelon professionals, on the ENMM. The ENU will be used to build a stable base of highly capable, long-term contractors to staff ENP projects. In addition, the ENU will serve as a useful resource for integration of new plants into the Exelon Nuclear fleet and for onboarding activities for new Exelon Nuclear employees. The ENU is expected to graduate its first class in 2014.



## Tuition and Education Reimbursement Program

We believe in the value of continued education and learning throughout one's career. By supporting our employees who seek this continued growth, we guarantee that we will attract a workforce committed to innovation and continual improvement, both personal and professional. We reimburse employees pursuing professional credentials up to \$10,000 for undergraduate or certificate courses and up to \$15,000 for graduate courses annually.

## Attracting Top Talent

We are committed to attracting and developing a talented workforce that reflects the vibrancy and diversity found within the communities we serve. We employ a multi-faceted recruitment strategy and are especially proud of our ongoing recruiting commitments in the following areas.

### Early Career Awareness

Exelon works to advance exposure to the science, technology, engineering and mathematics (STEM) fields at the secondary education levels. This early introduction to STEM helps students understand the many career opportunities available within the energy industry. Exelon is involved in ongoing state-level initiatives aimed at building a career-ready talent pipeline of diverse engineers and skilled technicians.

### University Recruitment

Exelon's intern program — through which the company hires approximately 350 professional and technical interns each summer — helps build our talent pipeline by attracting young, diverse candidates to Exelon. Our intern program emphasizes a partnership between Exelon's hiring managers and students, which provides the latter an opportunity to gain valuable applied experience, make personal connections with Exelon employees, and develop understanding of career paths within the energy industry. The intern program also functions as a cost-effective screening process for new,

full-time talent by providing a mutual assessment period for the intern and the company. Ultimately, this process leads to greater job satisfaction and retention among newly hired entry-level employees who participated in the intern program.

## Military and Veterans Initiatives

Exelon recognizes that military veterans are particularly qualified for the work we do, and we actively recruit veterans to join our team. This past year, Exelon attended 42 military recruiting events and updated our military translator tool on our career site to better assist military personnel in determining how their experience and skills best match our opportunities. We also continue to be a proud supporter of Michelle Obama and Jill Biden's Joining Forces initiative and are exceeding our commitment to fill at least 10 percent of open positions over the next two years with military personnel. Additionally, Exelon has committed to hiring veterans through the 100,000 Jobs Mission and Hiring 500,000 Heroes. In 2013, military veterans made up 11.3 percent of Exelon's total new hires.

## Disability Outreach

We are continuing to strengthen our partnerships with organizations that support recruiting and hiring of individuals with disabilities. In 2013, Exelon continued our relationship with GettingHired.com, a full-service disability talent acquisition site. This partnership enables all of Exelon's job opportunities to be fully accessible to individuals with disabilities. Exelon also attended the *Careers and the Disabled Magazine* Career Fair in Washington, D.C., in 2013. This is one of the largest career fairs specifically for individuals with disabilities. To reach disabled veterans, Exelon partners with Veteran Recruiting Services and the Wounded Warrior Project's Warriors to Work. In 2013, 27 new hires self-identified as disabled veterans; enterprise-wide, we currently have 298 disabled veterans working in our organization.



## National Diversity Programs

We continue to collaborate with national diversity organizations, including the Society of Women Engineers (SWE), the Society of Hispanic Professional Engineers (SHPE) and the Black Engineer of the Year Awards (BEYA). In addition to sponsoring conferences, we participate on boards, on panels and in workshops. For example, in 2013, Exelon held presentations and panels at the SWE Conference on topics including smart grid and nuclear energy. Exelon also offered a presentation on Exelon's Core Competencies at SHPE Conferences in 2013, and we had seven employees sit on panels at the 2013 BEYA Conference. Our involvement with these organizations resulted in nine hires and helped us better understand and manage recruitment, retention and advancement issues related to D&I. Exelon also nominates employees for awards through our partnerships with national diversity programs. In 2013, an Exelon employee was honored with the SHPE Manager of the Year Award, and nine employees were honored with awards at the BEYA Conference.

## Creating a Diverse and Inclusive Community

Exelon recognizes that an inclusive culture and diverse workforce contributes to the success of our business by fostering employee engagement, driving innovation and improving performance. We value diversity — in race, ethnicity, gender, age, sexual orientation or expression, disability, religious affiliation, experience and thought — and strive to provide a workplace where every employee is valued and can contribute at his or her greatest potential. We believe that a working environment free of discrimination is essential for our success; in 2013, we had no substantiated claims of discrimination in our company. As part of our commitment to the economic prosperity of the diverse communities we serve, Exelon also supports an array of [diversity-certified suppliers](#).

## Employee Diversity

Employees <sup>1</sup>	2011	2012	2013	2013%
Female	5,845	5,669	5,587	21.6%
Minority	5,687	5,604	5,610	21.7%
Aged <30	3,340	3,169	2,097	11.3%
Aged 30–50	13,842	12,194	12,803	49.6%
Aged >50	9,860	10,694	10,105	39.1%
Full-time	26,770	25,763	25,538	98.9%
Part-time	272	294	277	1.1%
<b>Total Employees</b>	<b>27,042</b>	<b>26,057</b>	<b>25,815</b>	

<sup>1</sup> Employee totals as of December 31 of each reported year. Pre-merger 2011 employee totals for Exelon Corporation and Constellation Energy have been combined. CENG employees are not included in the presented totals.

## Management Diversity

Employees in Management <sup>2</sup>	2011	2012	2013	2013%
Female	842	842	841	19.7%
Minority	655	691	686	16.1%
Aged <30	83	108	108	2.5%
Aged 30–50	2,423	2,261	2,304	53.9%
Aged >50	1,905	1,913	1,859	43.5%
Within 10 Years of Retirement Eligibility	2,567	2,444	2,521	59.0%
<b>Total Employees in Management</b>	<b>4,411</b>	<b>4,282</b>	<b>4,271</b>	

<sup>2</sup> Management is defined by EEO-1 job categories "1-Executive/ Senior Managers" and "1.2 First/Mid-level Managers".

D&I are championed at the highest level by the Exelon Diversity Council and the Governance Committee of the Exelon Board. The Diversity Council approves the D&I strategy, which the D&I office implements in partnership with our HR generalists and diversity councils at each of our major operating units. In 2013, the focus was on providing employees with a robust set of resources to find more information about a diverse and inclusive workforce, described below.

### Enhanced Intranet Site

All employees now have one-click access to tools and information regarding D&I. This enhanced site provides information on Exelon D&I Partner Organizations, Employee Resource Groups, event calendars, videos and articles. Additionally, there is a resource page to provide leaders with tools and techniques to facilitate discussion on various D&I topics.

### D&I Webinar Series

More than 1,600 employees responded to a pulse poll to choose the topics for a new series of quarterly employee webinars dedicated to D&I. The series, which launched in 2013, includes topics such as generational differences and unconscious bias. Employees will continue to identify topics that are important to them through semiannual polls.

### Employee Resource Groups

We continued to strengthen our support for and partnerships with our eight employee resource groups with nearly 30 chapters, which consist of the following demographics and interest-based groups: African Americans, Asian Americans, Latinos, LGBT, Women, Military, Developing Young Professionals and Environmental. Planning for a ninth employee resource group, focused on Families with Special Needs, commenced in 2013, and is supported by the strategy developed by our Individuals with Disabilities Advisory Team.

## 2013 Diversity and Inclusion Awards

**Human Rights Campaign Best Places to Work 2013:** Exelon was named one of the best places to work by the Human Rights Campaign, the nation's largest LGBT civil rights organization.

**Hispanic Business Magazine's "Best Companies for Diversity Practices" 2013:** Exelon was ranked #19 on the annual list. HispanicBusiness.com recognized Exelon as a best company for Hispanics based upon evaluation of a number of criteria, including diversity recruitment, diversity retention and promotion, marketing and commercial outreach and supplier diversity.

**Top Supporter of HBCU Engineering Schools 2013:** Exelon was named a 2013 Top Corporate Supporter of HBCU Engineering Schools by the U.S. Black Engineer & Information Technology (USBE&IT) magazine. The "Top Supporters of HBCUs" list surveys the deans of the 14 ABET-accredited, historically Black college and university engineering programs, and the corporate-academic alliance, Advancing Minorities' Interest in Engineering. The survey asks these individuals to list the corporate and government/nonprofit organizations that provide the most support to their schools.

**2013 Military Times Best for Vets (BFV):** Military Times named Exelon #40 on the 2013 Best for Vets Employers List. Military Times EDGE surveyed more than 1,000 major companies and top government contractors with a detailed questionnaire about their recruiting and hiring policies, social recognition for veterans, and pay and benefits for reservists to compile the annual list.

**G.I. Jobs Top Military Friendly Employers 2013:** G.I. Jobs named Exelon #56 on the most military-friendly employers list for recruiting talent exiting the military.

**Experience Best Places to Work for Recent Grads 2013:** Exelon was named to the annual list of national best places to work based on excellence in recruiting, hiring and retaining young professionals.





Exelon achieved our best-ever safety performance in 2013 with an OSHA recordable rate of 0.52.

## Creating a Safety Culture

Maintaining a reliable and efficient energy infrastructure requires a dedicated staff, sometimes working under potentially hazardous conditions, to conduct upgrades, maintenance and repairs. As such, we are committed to protecting the health and safety of each of our employees, contractors, customers and the communities in which we operate. We are proud that, in 2013, we achieved our best safety performance to date with an OSHA recordable rate of 0.52, down from 0.64 in 2012; an OSHA Days Away, Restricted and Transfer (DART) rate of 0.31, down from 0.41; and an OSHA severity rate of 9.02, down from 9.85. We attribute this improvement to our comprehensive safety behavior observation program and focused initiatives on areas of high risk.

## Our Safety Programs

Our comprehensive safety behavior observation program uses peer and management safety observations and near-miss reporting to find areas of improvement throughout all job functions at Exelon. We assess risks, track incidents and develop corrective and preventative action plans through safety management systems at each business unit, based on guidance from the Occupational Health and Safety Assessment Series 18001 standard.

In conjunction with our safety behavior observation program, we offer a variety of training programs to our employees to foster our safety culture. We maintain a Learning Information Management System to identify and track safety training and completion deadlines on a per-employee basis. We also include safety leadership training in our leadership development programs for supervisors and managers, as well as in new employee orientation.

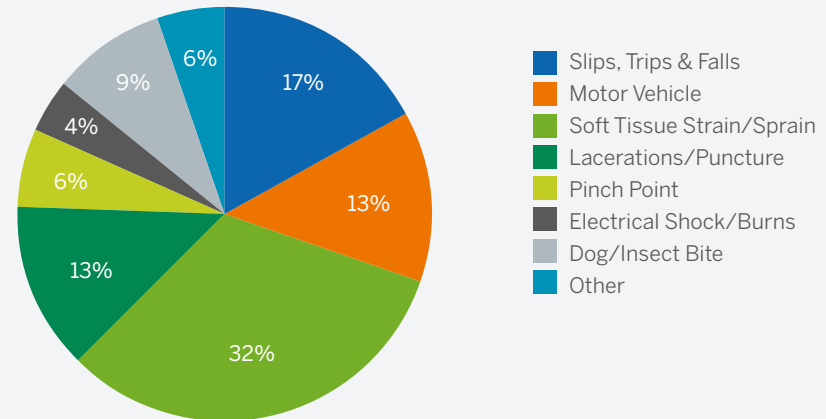
In 2013, the executive-level Safety Council and Safety Peer Group, which consists of each business unit's safety managers, also developed focused initiatives to improve industrial hygiene practices, driver safety, risk-based job hazard analyses, ergonomics and safety practices within our corporate offices. Safety performance progress was reported monthly to each business unit president and quarterly to the Exelon Executive Committee.

Beyond the workplace, our employees bring their safe behaviors home and out into the community. For example, during National Volunteer Week, Exelon employees ensure that community volunteers are outfitted with the appropriate safety equipment during events. We also emphasize health and wellness as critical to our safety program. During 2014, we will work to further enhance employee understanding of the link between wellness and safety through a variety of mechanisms such as ergonomics assessments, biometric health screenings and incentives to participate in physical fitness activities.

## Focus on Injury Reduction

During 2014, Exelon is working to reduce the top four types of employee injuries recorded in 2013. To reduce soft tissue strains and sprains, we implemented a new program in our management model focused on ergonomics, both in the field and in the office. To prevent slips, trips and falls, we enhanced our current observation program to provide an additional focus on related hazards and potential mitigation opportunities. We are addressing lacerations and puncture wounds by reviewing and standardizing personal protective equipment, such as gloves and sleeves, to provide better protection, comfort and ease of use, while reducing costs. Finally, to reduce motor vehicle accidents, we have increased training and improved practices to prevent injuries associated with impacts to company vehicles that are stopped at red lights or stopped at a work location.

### 2013 Exelon OSHA Recordable Injuries by Cause



For more information on how we promote safe behaviors within the communities where we operate, please see the [Community](#) section.

## Our Safety Performance

Exelon's safety performance overall continues to improve. In 2013, our OSHA recordable rate, OSHA DART rate and OSHA severity rate all decreased from 2012 rates. In total, Exelon experienced 148 OSHA recordable incidents, down from 182 in 2012 and 213 in 2011, resulting in a best-ever rate of 0.52. We achieved a fleet responsible vehicle accident rate of 2.62, an improvement over the prior year's performance of 2.65, despite operating in some of the country's most accident-prone cities. According to a 2013 Allstate study, Baltimore/Washington ranked number 1 and Philadelphia ranked number 6 in terms of car collision frequency.

In 2013, we continued our efforts to prevent severe injuries and fatalities. As a member of Edison Electric Institute, we are participating in the Serious Injury and Fatality Project and Critical Incident Program, which collects best practices and develops tools for preventing severe injuries and fatalities. We also expanded our focus on vehicle safety to include all business travel, including travel in employee personal vehicles, rental cars, trains and planes. In 2013, Exelon employees drove nearly 86 million miles between Exelon-owned, employee-owned and rental vehicles. We continue to work to improve the significant number of injuries and near-misses that occur due to "sitting duck" incidents. The term "sitting duck" refers to incidents in which a third-party vehicle strikes a stopped Exelon vehicle — for example, at a red light. By focusing our efforts on the most frequent and most severe types of injuries, we believe we will make the greatest impact on the lives of our employees.

Beyond our own employees, we also expect our contractors to meet our high standards for safety. As part of the contractor selection process, we evaluate contractor safety and environmental performance. Additionally, our contractor safety program teaches health and safety responsibilities and expectations while using human performance error reduction tools to minimize incidents. All contractors are required to report any injuries and incidents to Exelon. In continuing with our contractor safety initiative launched in 2012, Exelon tracks and reviews quarterly contractor OSHA Recordable Rates as an enhanced measure to monitor and support improving contractor safety performance. We also conduct internal audits on a periodic basis to ensure that our contractors are adhering to the safety program requirements.

### Safety Performance<sup>1</sup>

	2011	2012	2013
<b>OSHA Recordable Rate<sup>2</sup></b>	0.66	0.64	0.52
<b>OSHA DART Rate<sup>3</sup></b>	0.33	0.41	0.31
<b>OSHA Severity Rate<sup>4</sup></b>	10.75	9.85	9.02

1 2011 data have been aggregated or recalculated to reflect the combined performance for Exelon and Constellation Energy, so that it can be compared to 2012 and 2013 information. These data represent Exelon employees only.

2 The number of work-related injuries or illnesses requiring more than first-aid treatment, per 100 employees.

3 The number of work-related injuries or illnesses that result in days away from work, restricted work or transfer, per 100 employees.

4 The number of days away from work per 100 employees as a result of work-related injuries or illnesses.

## Nuclear Safety

To ensure the safety of our nuclear operations, we employ an additional level of oversight. Exelon uses a proven, proprietary fleet-wide ENMM for managing all aspects of nuclear plant operations, and the Exelon Board's Generation Oversight Committee rigorously monitors and evaluates nuclear performance. We applied the ENMM to the successful restart of the Fort Calhoun Nuclear Generating Station in Nebraska in 2013, and we have worked in 2013 and 2014 to integrate the five CENG reactors into the model in support of Exelon taking operational control of the CENG reactors on April 1, 2014.

In addition to internal oversight, the NRC, which has federal regulatory authority for commercial nuclear plant safety, performs ongoing oversight and review of our nuclear plants in the areas of operations, maintenance, emergency planning, security and environmental and radiological impacts. The NRC may modify, suspend or revoke operating licenses and impose civil penalties for compliance failure. As of December 31, 2013, performance indicator results from the NRC's 2013 Reactor Oversight Process (ROP) verify that 15 of the 18 nuclear generating units operated by Exelon Nuclear in 2013 are in the highest performance group, indicated by their "green" band classification. Two of the 18 reactors operated by Exelon, Clinton and LaSalle Unit 2 were in the "white" band during 2013 due to the number of unplanned shutdowns during the year. Fort Calhoun, now operated by Exelon, recommenced commercial operation in December 2013 and did not have full calendar year data to support classification against all ROP criteria. NRC ROP performance indicators, including radiation dose, are available on the [NRC website](#).



Over the past year, we also continued to make safety upgrades to our facilities based on the lessons learned from the 2011 events at the Fukushima Daiichi nuclear facility in Japan. In 2013, Exelon completed specific actions including:

- **External Flooding Re-analysis.** We completed and submitted to the NRC analyses for Dresden, Quad Cities and Three Mile Island, and initiated analyses for Braidwood, Byron, Clinton, LaSalle, Limerick and Peach Bottom.
- **Seismic Re-analysis.** We received Ground Motion Response Spectra (GMRS) from the Electric Power Research Institute (EPRI) for all sites and initiated an evaluation of the GMRS data.
- **FLEX Mitigating Strategies.** We submitted an integrated plan and a six-month update of FLEX strategies to the NRC for all sites, initiated detailed design of plant modifications for all sites, began identification of additional portable equipment needed to support the FLEX strategies, and held discussions with NRC staff regarding each site integrated plan.
- **Reliable Severe Accident Capable Vents.** We initiated detailed hardened vent designs for LaSalle and Limerick based on new NRC order EA-13-109 (transitioning Reliable Hardened Vent requirement to Reliable Severe Accident Capable Vent requirements) and received NRC Guidance that defines the scope for “wet-well” venting.
- **Spent Fuel Pool Level Instrumentation.** We submitted an integrated plan and six-month update to the NRC and initiated detailed design of plant modifications for all sites. We contracted with Westinghouse for acquisition of their instrumentation system that uses advanced guided wave technology.
- **Emergency Staffing.** We initiated a study of staffing requirements to support implementation of our FLEX strategies.
- **Reactor Coolant Pump Low-Leak Seal.** We initiated detailed design of modifications required for installation at Three Mile Island.

For additional information on Exelon nuclear safety and community issues, please see the [Safety at Nuclear Power Plants](#) section of our corporate website.



Exelon uses its proven, proprietary fleet-wide Exelon Nuclear Management Model to manage all aspects of nuclear plant operations.

# Creating Value for Communities



- Returned an estimated 94 percent of net revenue to the economy
- Contributed more than \$32.3 million to local and national nonprofit organizations, for a total of \$88.9 million over the past three years
- Served 96,939 hours on 804 volunteer projects through Exelon employee volunteer efforts

Exelon is committed to supporting the communities in which we operate. We pride ourselves on our longstanding tradition of community involvement — including being a considerate and responsive neighbor, as well as enriching communities through employee volunteerism and philanthropic giving.

## Local Economic Impacts

As residents, employers and taxpayers, as well as essential service providers, we are an integral part of the communities where we operate. When our communities thrive, we thrive, and when we succeed, we share those successes with the community. In 2013, Exelon returned an estimated 94 percent of our approximately \$25 billion of net revenue<sup>1</sup> to the economy, including nearly:

- \$15.6 billion for materials, goods and services<sup>2</sup>
- \$5.6 billion for employee compensation and benefits and contracting expenses<sup>3</sup>
- \$2.4 billion in dividends, interest and taxes<sup>4</sup>

We retained the remaining 6 percent of net revenue, or approximately \$1.7 billion, for reinvestment in our business.

<sup>1</sup> Includes operating revenues and other income.

<sup>2</sup> Includes purchased power and fuel expense, depreciation and amortization expense, taxes other than income taxes and operating and maintenance expense excluding employee compensation expense.

<sup>3</sup> Includes salaries and wages, contracting expense, pension and non-pension post-retirement benefits expense and other employee benefits.

<sup>4</sup> Includes interest and income tax expense, preferred security and preference dividends, equity in losses of unconsolidated affiliates, and net income attributable to noncontrolling interests.

## Economic Benefits Provided by the Exelon Nuclear Fleet

Every year, the 10 stations<sup>1</sup> historically operated by Exelon Nuclear provide more than:

**10,000**  
Direct Jobs<sup>2</sup>

high-paying full-time  
jobs 36 percent above  
local wage rates



**20,000**  
Indirect Jobs

across virtually all  
sectors of the economy



**\$10 billion**  
Direct Economic Output<sup>3</sup>  
gross domestic product contribution

**\$125 million**  
Property Taxes Paid to Local Communities

**\$1.2 billion**  
In-state Purchases of Goods and Services<sup>4</sup>

<sup>1</sup> Braidwood, Byron, Clinton, Dresden, LaSalle, Limerick, Oyster Creek, Peach Bottom, Quad Cities, Three Mile Island and the Exelon Nuclear Corporate headquarters. Exelon assumed operational control of CENG facilities Calvert Cliffs, Nine Mile Point and R.E. Ginna on April 1, 2014; these three facilities are not included in these totals.

<sup>2</sup> Full-time equivalent positions including employees and contractors.

<sup>3</sup> Based on 2007 Impact Analysis for Planning (IMPLAN) for Exelon Nuclear.

<sup>4</sup> Includes nuclear fuel cost.

## Exelon Corporation and Subsidiaries — 2013 Taxes Paid<sup>1</sup>

in millions of dollars

	Paid by Exelon Entity	Collected and Remitted by Exelon Entity on Behalf of Government Agencies	Total Taxes Paid or Collected and Remitted by Exelon Entity
Federal Income and Payroll	232	855	1,087
<b>State and Local Taxes<sup>2</sup></b>			
Illinois	449	580	1,029
Maryland	250	167	417
New York	25	36	60
Pennsylvania	249	92	341
Texas	34	37	71
Other States and Washington D.C.	56	106	161
<b>Total 2013 Taxes Paid</b>	<b>\$1,295</b>	<b>\$1,872</b>	<b>\$3,166</b>

1 Numbers rounded to nearest million dollars, which may affect row and column totals.

2 State and local taxes include: income and franchise; payroll; property; sales and use; and/or utility as applicable in each jurisdiction.

## Building the Future of Chicago

In partnership with the City of Chicago and World Business Chicago, ComEd launched Data Center Express, a new program designed to streamline the startup process for data centers in Chicago, in order to help further the Mayor's technology growth strategy. ComEd's modern, reliable grid, combined with competitive power rates and a low-carbon fuel mix, makes the Chicago area an ideal location for the data center industry, which requires strong reliability and the technical and financial support ComEd can provide to run an energy-efficient operation. Since its launch in September 2012, Data Center Express has successfully guided five new data centers through the process, bringing jobs and economic opportunity to the city.



Like any contributing member of society, we also support the growth and development of our communities through taxes. In 2013, Exelon paid almost \$1.3 billion in federal income and payroll taxes and state income, payroll, property, trust and other taxes directly related to our business operations. In addition, Exelon collected and remitted to federal and state governments an additional \$1.9 billion in taxes, such as employee payroll, utility and other taxes. Total taxes paid or collected and remitted by Exelon and our subsidiaries totaled \$3.2 billion in 2013.

Our operating companies also make unique contributions to support local economic development. Teams at each of our operating companies work with local economic development groups to draw new business to our operating areas. For example, PECO's Economic Development Department helped PSI Group, a subsidiary of Pitney Bowes, consolidate operations in Bucks County, Pennsylvania. The Economic Development team addressed

utility-related questions during the site selection process and helped coordinate the installation of a new transformer by working closely with other PECO departments once the lease was signed. The project resulted in the expansion of a 24/7 operation, retention of 450 jobs and occupancy of 178,000 square feet of industrial space. ComEd has developed a recruiting partnership with the City of Chicago to attract new businesses to the city. A representative from ComEd is also serving a two-year term as the President of the Utility Economic Development Association ([www.utilityeda.com](http://www.utilityeda.com)), which is a national organization comprising approximately 65 member investor-owned utilities. BGE also has close working relationships with economic development agencies across central Maryland. In 2013, BGE developed a Rapid Response Team, modeled after ComEd's approach, to help the utility quickly answer questions from economic development organizations and large potential customers looking to locate new businesses in the BGE service territory. Full program implementation began in 2014.

## Engaging with Communities on Issues of Concern

We understand the importance of ensuring the safety and well-being of the communities in which we operate. Our priority is to minimize the impacts of our operations on communities, and we work closely with community members to address their concerns. Each of our operating companies employs a system for handling external concerns on a local level. We also share issues among companies and develop shared solutions where appropriate.

### Disaster Preparedness

In order to ensure the safety of our communities, we prepare for unanticipated events that may occur so that we can respond swiftly and effectively. Each of our operating companies maintains an educational outreach and preparedness program to protect the communities surrounding our operations in the unlikely event of a disaster. Activities at our operating companies include tabletop exercises, drills and exercises in preparation for potential emergencies — both independently and, in many cases, with local, state and/or federal emergency response organizations. They may also include:

- Direct mailings containing details about emergency warning systems, evacuation routes and other safety issues to residents living within each station's emergency response area;
- Community Information Nights to answer questions from local residents;
- Educational programs at schools to teach children about energy safety;
- Training for contractors and excavators working in operational vicinities; and
- Online information on disaster preparedness.

## Public Safety Information on the Web

All of our utilities provide extensive safety information on their websites. There, customers can find tips for how to protect themselves and their families during power outages or when power lines are down, and information on natural gas safety. Please visit their websites at [ComEd Safety](#), [PECO Safety](#) and [BGE Safety](#) for more information.

## Outreach on Nuclear Plant Safety

Following the events at Fukushima, we made it a priority to engage with community members around our nuclear facilities to improve transparency and assure our neighbors that our operations are safe and resilient. In 2013, we increased the number of people reached through strategic outreach by 26 percent compared with 2012. These outreach programs included speaking engagements, plant tours, direct stakeholder engagement and plant open houses. Altogether, our efforts resulted in direct communication with 23,500 people around post-Fukushima safety enhancements and facility structural integrity. As of July 2013, 82 percent of people living near Exelon plants were confident that the facilities could withstand earthquakes and other extreme natural events, compared with 75 percent immediately following the events at Fukushima.



Exelon operates our nuclear plants in a manner that keeps our communities and employees safe.





Exelon is proud to support local community projects, such as the 606 Project in Chicago.

## Giving Back to Our Communities

At Exelon, we believe in giving back to the communities where we live and work. With innumerable opportunities for Exelon to make a difference, we prioritize our support on the following four focus areas:

- Educational programs that promote STEM or that encourage students to stay in school;
- Environmental programs that improve the quality of our environment and promote energy efficiency;
- Neighborhood development partnerships with local civic organizations that improve the quality of life in our service areas; and
- Art and cultural institutions with broad public exposure and programs designed to make arts more accessible to a wider audience.

### Supporting the 606 Project in Chicago

The 606 Project includes the Bloomingdale Trail and is an innovative project that is transforming three miles of unused elevated rail line into a multi-use recreational trail and greenway that connects the West Side of Chicago to existing bike lanes that feed into the city. Exelon has donated \$5 million in funding to support both the construction of the park as well as the hiring of an Exelon Fellow. The Exelon Fellow will develop an environmental educational curriculum to benefit teachers, students and families at the 25 schools located along The 606, who will use the trail as an outdoor resource center to learn about nature and the history of the site. The 606 Trail is scheduled to open in the fall of 2014.

## Corporate Giving

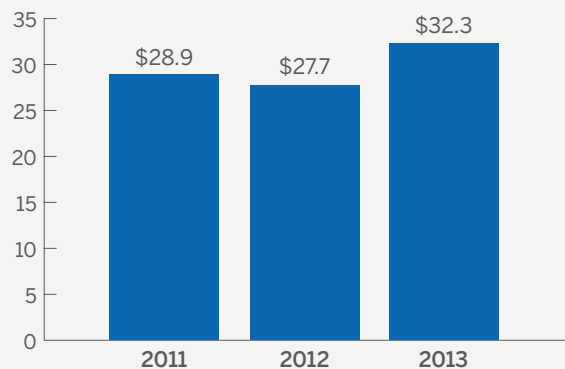
The amount that we are able to give varies year to year, based on our financial performance. This is yet another example of the link between economic and social sustainability for Exelon and our communities: the more we can grow and succeed, the greater our ability to fund nonprofit activities. In 2013, our giving increased to more than \$32.3 million to local and national nonprofit organizations, for a total of \$88.9 million over the past three years.

Integral to our giving strategy is a focus on organizations serving the needs of diverse populations. In 2013, \$20.1 million, or 62 percent of our total giving, went to programs or organizations that support Exelon's D&I goals.

The Exelon Foundation is an independent nonprofit organization with a mission to encourage respect for the environment and strengthen the social and economic fabric of the community by supporting programs in environment and conservation; math and science education; and diversity and tolerance. In 2013, the Exelon Foundation contributed \$3.3 million to nonprofit organizations in Illinois, Pennsylvania and Washington, D.C.

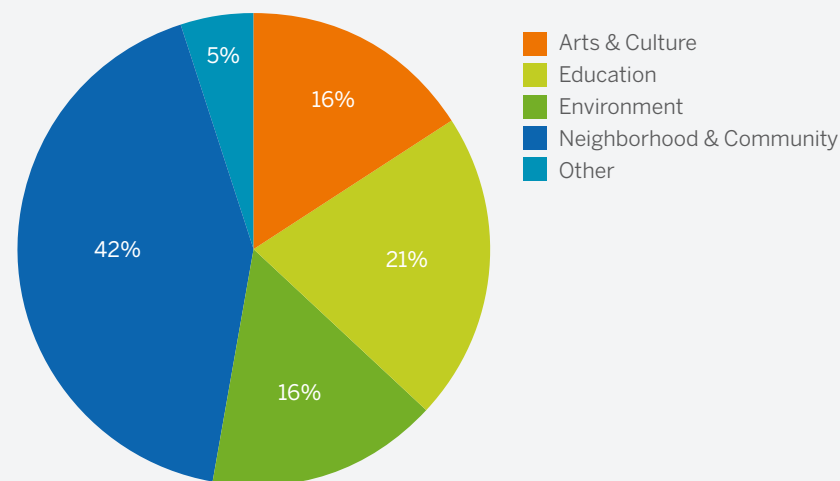
### Corporate Giving<sup>1</sup>

dollars in millions



<sup>1</sup> 2011 data have been aggregated or recalculated to reflect the combined performance for Exelon and Constellation Energy so that 2012 and 2013 data can be compared to 2011 information. Data for all years do not include Exelon Foundation giving.

### 2013 Contributions by Program Area



## Volunteerism

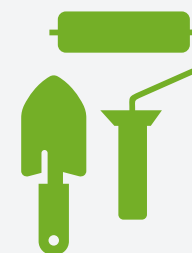
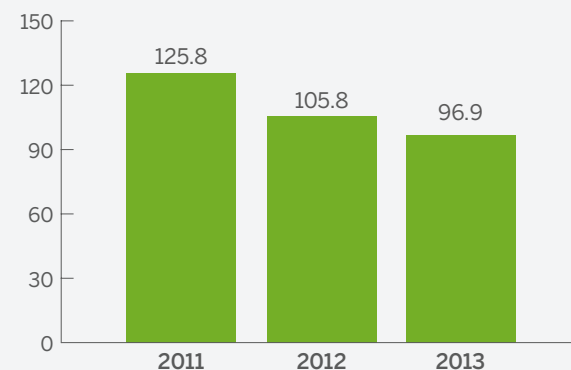
We encourage our employees to support the organizations they value. An employee survey in 2013 found that 95 percent of volunteers feel that they make a positive impact and 80 percent believe their volunteering activities help broaden their understanding of people from different backgrounds. In 2013, 3,796 employee volunteers served 96,939 hours on 804 volunteer projects. We support a number of initiatives to facilitate employees' ability to give back to the community including:

- **National Volunteer Week.** Each spring, Exelon employees participate in National Volunteer Week, a nationwide commitment to community service. In 2013, 1,216 employees contributed 6,229 hours of community service work on 160 volunteer projects in the areas of community development, environment and education.
- **Board Participation.** In 2013, our employees sat on more than 550 nonprofit boards, lending their time and expertise to organizations such as the Chicago Urban League, Congreso De Latinos Unidos, Houston Habitat for Humanity, National Aquarium in Baltimore, Special Olympics and many others.
- **Dollars for Doers.** To encourage and reward employee volunteerism, we provide Dollars for Doers grants ranging between \$100 and \$400 to nonprofits in honor of employee volunteer efforts with these organizations. In 2013, 806 employees participated in the program, which provided more than \$282,100 to 1,485 recipient organizations.
- **Volunteer Award Program.** Annually, Exelon provides grants to organizations to honor employees who make exceptional contributions to community service. In 2013, Exelon granted 18 awards totaling \$140,000 in grants ranging from \$5,000 to \$20,000 to nonprofits where an employee volunteered a minimum of 50 hours.

- **Matching Gifts.** For educational donations and critical fundraising needs, Exelon matches qualifying employee philanthropic gifts. In 2013, Exelon matched more than \$820,000 in donations to more than 790 501(c)3 organizations.
- **Employee Giving Campaigns.** We are particularly proud of Exelon's Employee Giving Program — a company-wide initiative that encourages employees to support nonprofit organizations across the Exelon service area through personal contributions. In 2013, 55 percent of our employees participated in the campaign and pledged \$5.9 million.

### Volunteer Hours<sup>1</sup>

volunteer hours, in thousands



<sup>1</sup> 2011 data have been aggregated or recalculated to reflect the combined performance for Exelon and Constellation Energy so that 2012 and 2013 data can be compared to 2011 information. During 2013, Exelon migrated to a new database system to track volunteer hours. Based on historical data, Exelon estimates that during the migration period an additional 8,184 of projected volunteer hours occurred that were not captured during the transition period. Those hours are included in the 2013 volunteer hour count.



## Exelon Employees Give Back to Communities

Across the company, our employees are committed to increasing the vitality of the communities they serve. Throughout the year, employees participated in a number of events supporting a wide array of causes, including:

- **ComEd:** ComEd rallied a team of more than 400 employees to take a dip in Lake Michigan in early March as part of the Special Olympics-Chicago's Polar Plunge. The team, the largest at the event, raised \$130,000 for the cause.
- **PECO:** More than 50 PECO employees and family members packed more than 2,000 meals and distributed more than 3,000 meals as part of MANNA's Thanksgiving Week initiative.
- **BGE:** More than 100 volunteers participated in a KaBoom! Build Day to build a playground that will serve more than 1,200 local children in Annapolis, Maryland.
- **Constellation:** More than 120 Baltimore-based employees participated in a day of service to ready a local Living Classrooms school for the fall.
- **Exelon Generation:** Exelon's Braidwood nuclear station hosted its annual Fishing for a Cure Tournament, which raised \$57,000 for the Alzheimer's Association of Greater Illinois.



PECO's MANNA initiative was one of more than 800 volunteer projects supported by Exelon employees in 2013.

# Practicing Good Governance



- **Undertook a comprehensive risk assessment** to identify and focus on the highest-priority risks facing the company
- **Launched advanced security programs** including the Exelon Security Operations Center (SOC) and Cyber Security Operation Center (CyberSOC)
- **Achieved a 7 percent reduction in Supply Chain operations energy** use since 2008
- **Sourced \$906 million from diversity-certified suppliers**, surpassing our goal of \$720 million



Acting ethically and transparently is fundamental to our success in the marketplace and our ability to maintain our license to operate. Our values and Code of Business Conduct guide us to act in the best interest of our company and our stakeholders. We also maintain strict processes for managing risk and opportunities across our business and supply chain.

## Living Our Values

Our values underpin our Code of Business Conduct to which every employee is bound. We updated our Code to reflect new requirements or changes, and we develop programs to ensure effective implementation of the Code. For example, in 2013, the company trained 100 percent of our employees to recognize and avoid conflicts of interest; prevent, recognize and report acts of sabotage; and raise employee awareness of company guidelines regarding the permissible use of social media. We also maintain a compliance hotline that employees and other stakeholders can use to report potential breaches in conduct. Our legal counsel oversees investigations by seasoned investigation departments, and we take appropriate action, up to and including dismissal, when wrongdoing is substantiated. In 2013, Exelon was not involved in any legal actions related to anti-competitive or anti-trust behavior.

Our Board of Directors oversees our annual performance. All members of the Exelon Board, except the Chairman and the Chief Executive Officer (CEO), are independent directors under criteria established by the New York Stock Exchange. As of January 1, 2014, the Board comprised six committees (Corporate Governance, Audit, Compensation and Leadership Development, Investment Oversight, Finance and Risk, and Generation Oversight) responsible for specific aspects of our performance and operations. Currently, our 15-member Board of Directors includes two women and four minorities. For more information on Exelon's governance structure, please see the [corporate governance section](#) of our website.



The values that Exelon lives by every day include a relentless focus on safety.

### The Values We Live By Every Day

- We are dedicated to safety.
- We actively pursue excellence.
- We innovate to better serve our customers.
- We act with integrity and are accountable to our communities and the environment.
- We succeed as an inclusive and diverse team.



Exelon continues to use innovative technologies to manage risks and meet customer energy needs.

## Managing Risks

Given the rapidly evolving external landscape, Exelon's Enterprise Risk Management Group is charged with identifying and mitigating risks across our organization that could have significant financial, operational, strategic, reputational or other impacts on our company. In 2013, the Group undertook a comprehensive assessment to identify and focus on the highest-priority risks facing the company. This recalibration allowed the group to more closely analyze 14 high-priority risks and develop enhanced governance oversight and support, concrete mitigation actions and clear and transparent metrics for each risk. As examples, two of these risk categories and the actions we have taken to address them are:

- **Disruptive Technologies.** With the rapid evolution of technology, Exelon must track technologies that could impact and even transform the industry. Some of these technologies include shale gas development, solar and photovoltaic technology, electric vehicles and energy storage. To better assess and manage technology impacts, we established a dedicated knowledge and innovation group to spread understanding across the enterprise and coordinate an Exelon response. This group also provides increased resources to support Constellation Technology Ventures to help Exelon capitalize on technological opportunities and create strategies for mitigating risk.
- **Physical and Cyber Security.** We recognize that the security of our business and partners is paramount to reliable service for our customers and our operations. In response to the threats to our cyber infrastructure, Exelon increased our cyber security investments through implementation of state-of-the-art technology to detect potential threats and assess the potential impact of those attacks on business activities. As we continue to enhance our efforts in this area, Exelon has established a Chief Security Officer position and formed enterprise-wide security committees as discussed below. Exelon continues to break ground in working cooperatively within the industry and with government to proactively protect critical infrastructure.

In addition to enterprise-wide assessments, Exelon also employs various market, credit, liquidity and operational risk control tools to identify financial and business risk exposures across the company. For example, in the Constellation commercial business, we employ a robust suite of market and credit risk tools for managing exposures. To evaluate market risks, we conduct position reporting, various "at-risk" calculations, market and portfolio evaluation, and market stress scenario analyses, among others.

We also recognize the importance of building standardized protocols into our business continuity processes to ensure that, should a situation emerge, our leaders can take control as quickly and seamlessly as possible. Within

the Corporate & Information Security Service organization, the Business Continuity Services program comprises certified business continuity professionals who offer subject matter expertise in the resumption of critical business operations and crisis management. The Program follows an “all-hazards” planning approach, which enables leadership, employees and contractors to be prepared for the full spectrum of threats that may cause a business disruption. The program has also implemented corresponding tools and trainings to help leadership, employees and contractors quickly receive information and respond in a consistent manner, regardless of their operating unit.

## Public Policy

Exelon advocates for sound policies at the federal, regional, state and local levels to enable our industry to provide reasonably priced electric and gas services to the customers and communities we serve, while minimizing impacts to the natural environment. We discuss our positions on specific legislation throughout this report and on [our website](#).

We are also a member of various trade associations that advocate on behalf of the industry. We sit on a number of committees to find solutions for issues facing Exelon and our peers. In many cases, we are in alignment with the advocacy positions of these associations; however, in instances where our views diverge, we find alternative avenues to voice our positions. As an example, Exelon is a strong proponent of competition and progressive air quality regulations, and as such, we are not always in alignment with all members of our national industry associations.

As part of our engagement in policy dialogue, Exelon contributes to political candidates and organizations in accordance with our Corporate Political Contributions Guidelines. Our Guidelines, as well as semiannual disclosures of our political and trade associations contributions, are available on [our website](#).

## Demonstrating Leadership in Security Services

Exelon's Corporate and Information Security Services is responsible for preventing, detecting and responding to security incidents throughout the organization, as well as assuring compliance with security-related regulations. Led by the company's Chief Security Officer, the team goes beyond regulatory requirements to employ cutting-edge measures to better protect our facilities, employees, customers and communities. In 2013, the Corporate and Information Security Services group launched the Exelon Security Operations Center (SOC) and Cyber Security Operation Center (CyberSOC). The SOC enables around-the-clock monitoring of our facilities, which allows our security team to remotely control access to sensitive areas, detect events on the ground as they occur to minimize impacts, and identify persons responsible, if necessary. The CyberSOC uses advanced detection methods to constantly monitor the state of Exelon's networks.

Exelon also sits on the Edison Electric Institute's security committee and actively engages with federal, state and local entities on security regulations in order to share advancements as well as promote a regulatory environment more conducive to best practices. In recognition of Exelon's innovative programs and leadership efforts, the Corporate and Information Security Services organization was honored by *Security Magazine* as the top security organization in the power, electric, gas, nuclear and hydro utilities sector in 2013.

## Sustainable Supply Chain

Exelon works to manage our supply chain by reducing the potential impacts of the materials and services we procure and encouraging our suppliers to improve their operational performance.

### Greening Our Supply Chain

To ensure environmentally responsible purchasing decisions, we provide our supply chain managers a list of 40 environmental criteria to use in evaluating products during the procurement process. We also have implemented a number of additional best practices. For instance, we have taken steps to match our orders more closely to our needs (e.g., rather than ordering an entire roll of cable, we request only the amount that we need). When applicable, we also specify in contracts that vendors take back recyclable materials and properly dispose of waste products.

As a large purchaser with the potential to influence the sustainability practices of our suppliers, we are active in industry and government efforts to improve supply chain operations. As one of the founders of the Electric Utility Industry Sustainable Supply Chain Alliance ([www.euissca.org](http://www.euissca.org)), Exelon has helped develop industry standards for evaluating the environmental impacts of key materials and services, as well as performance metrics for suppliers. Since its inception, the Alliance has accomplished a number of key milestones, including the following:

- Established a strategic plan that includes supplier goals for reducing GHG emissions and supply chain goals for reducing energy use, a direct proxy for GHG emissions;

- Conducted educational outreach to our suppliers that enables them to track GHG emissions and set GHG targets;
- Developed voluntary standards that define environmental best practices for industry supply chain operations and for suppliers;
- Developed environmental questions members may use in Requests for Proposals;
- Conducted annual supplier surveys and publicly issued the results;
- Sponsored category working teams that study various industry infrastructure challenges — including wood poles, wires and cables, transformers, and vehicle fleets — and publish their results;
- Engaged environmental NGOs and trade organizations in stakeholder feedback sessions to shape the work and strategic direction of the Alliance; and
- Engaged the U.S. EPA and the Edison Electric Institute (EEI) to provide technical support to the Alliance.

In support of the Alliance's initial GHG goal to reduce the energy use attributable to member supply chain operations by 10 percent by 2015 against a 2008 baseline, Exelon has taken steps to improve the internal efficiency of our supply chain operations, such as replacing lighting in warehouses, transitioning to electric forklifts in some locations and consolidating under-utilized space. Including an adjustment in our baseline following the Constellation Energy merger in 2012, Exelon reported a 7 percent reduction in energy use for Supply Chain operations since 2008.

### Exelon Named to CDP Supplier Climate Performance Leadership Index

In 2013, Exelon was named to the new CDP Supplier Climate Performance Leadership Index. The Index, CDP's latest supply chain evaluation and benchmarking tool, recognizes 79 companies out of almost 3,000 for demonstrating strong and transparent climate strategies and emissions reductions programs. Exelon has disclosed to CDP our GHG emissions since 2004 and water use since 2011. Exelon first participated in the CDP Supply Chain Program in 2011.





## Local Sourcing Efforts

Exelon sources materials, goods and services from thousands of large and small businesses across the country. In 2013, Exelon spent nearly \$8 billion with suppliers, excluding fossil and nuclear fuel purchases. Approximately 45 percent of this was spent locally in the four states — Illinois, Pennsylvania, Maryland and Texas — where our business is most heavily concentrated.

## Promoting Supplier Diversity

Exelon supports an array of diversity-certified suppliers that reflect a commitment to economic empowerment of the diverse communities we serve. In 2013, Exelon's purchases made with diversity-certified suppliers totaled \$906 million, surpassing our goal of \$720 million. This total aligns with national calibrated benchmarks for corporate supplier diversity success as determined by the National Minority Supplier Development Council.

As part of our commitment to investing in the communities we serve, Exelon arranged \$123 million in credit lines with 31 community and minority-owned banks in Illinois, Pennsylvania, Maryland and New Jersey in 2013. Unique to the energy industry, Exelon's minority and community banking program has grown substantially since its launch in 2003 with a \$36 million credit facility from eight community banks.

Exelon has a demonstrated commitment to supplier diversity and has made it a critical part of our overall supply chain strategy. Exelon also supports supplier development programs to improve supplier capacity and enable diversity-certified suppliers to advance in an increasingly rigorous sourcing environment. Participants are exposed to concepts in field safety, just-in-time delivery, lowering costs and other best practices that foster business growth through innovation.



Exelon works to increase business with diverse suppliers throughout all of our operating companies.

## Supporting Diverse Supplier Development Programs

In July 2013, BGE launched its internal supplier development program in support of the diverse supplier inclusion goals of the Maryland Public Service Commission. BGE's Focus 25 Program was created in support of BGE's strategy to meet the requirements of the Memorandum of Understanding (MOU) signed between BGE and the Maryland Public Service Commission. According to the MOU, Maryland utilities will seek to achieve a 25 percent diverse supplier inclusion goal by 2025. The underlying purpose of the program is to provide a select group of diversity-certified suppliers with the tools and knowledge to attain the next level of growth in their businesses through ongoing one-on-one mentorship, technical assistance workshops highlighting business development processes, safety policies and the nuances of BGE's sourcing processes. ComEd has also been actively growing their Five Forward diverse supplier development program, increasing their diverse supplier spend with Five Forward companies from \$1.1 million in 2009 to a total of \$7.6 million in 2013. In 2014, Exelon will expand our supplier development efforts to our mid-Atlantic regions and PECO.



# Appendix



## 2013 Electric Generation By Major Station<sup>1,2</sup>

	Location <i>Water Body</i>	Net Operational Capacity (MW) <sup>3</sup>	GENERATION (GWh) <sup>4</sup>			EMISSIONS (thousand short tons) <sup>5</sup>				TECHNOLOGY	
			2011	2012	2013	Type	2011	2012	2013	Current Air Pollution Control	Cooling Water <sup>6</sup>
Fossil											
<b>Colorado Bend Energy Center</b> 4 gas 2X1 combined cycle turbines & 2 steam generators (intermediate)	Wharton, Texas <i>Colorado River</i>	498	1,524	1,644	1,739	SO <sub>2</sub> NO <sub>x</sub> CO <sub>2</sub>	* 0.1 759	* 0.1 830	* 0.1 861	SCR, low-NO <sub>x</sub> burners	Closed
<b>Conemaugh</b> 2 coal units (baseload) 31.28%	New Florence, Pa. <i>Conemaugh River</i>	532	3,382	3,324	3,678	SO <sub>2</sub> NO <sub>x</sub> CO <sub>2</sub>	2.3 5.5 3,349	2.0 5.1 3,368	2.0 5.7 3,624	SO <sub>2</sub> scrubbers and low-NO <sub>x</sub> burners with separated overfire air. SCR under construction for 2015	Closed
<b>Eddystone</b> 2 coal units — retired 2 oil/gas steam units (intermediate) 4 combustion turbines (peaking)	Eddystone, Pa. <i>Delaware River</i>	820	427	46	138	SO <sub>2</sub> NO <sub>x</sub> CO <sub>2</sub>	0.9 1 577	0.1 0.1 99	* 0.1 74	Coal-utilized SO <sub>2</sub> scrubbers, NO <sub>x</sub> SNCR, and low-NO <sub>x</sub> burners with separated overfire air	Open
<b>Fore River</b> Combined cycle: 4 gas 2X1 turbines & 3 steam generators (intermediate)	North Weymouth, Mass. <i>Town River</i>	726	4,781	4,048	3,818	SO <sub>2</sub> NO <sub>x</sub> CO <sub>2</sub>	* 0.1 2,018	* 0.1 1,733	* 0.1 1,640	SCR, low-NO <sub>x</sub> burners	Closed
<b>Gould Street</b> 1 gas steam unit (peaking)	Baltimore, Md. <i>Patapsco River</i>	97	21	40	19	SO <sub>2</sub> NO <sub>x</sub> CO <sub>2</sub>	* * 17	* * 29	* * 13	low-NO <sub>x</sub> burners	Open
<b>Handley</b> 3 gas steam units (2 peaking and 1 intermediate)	Fort Worth, Texas <i>Lake Arlington</i>	1,265	585	858	343	SO <sub>2</sub> NO <sub>x</sub> CO <sub>2</sub>	* 0.1 422	* 0.1 601	* * 251	NO <sub>x</sub> SCR	Open
<b>Handsome Lake</b> 5 combustion turbines (peaking)	Kennerdell, Pa. <i>Ground Water</i>	268	44	117	143	SO <sub>2</sub> NO <sub>x</sub> CO <sub>2</sub>	* * 29	* 0.1 82	0.5 0.1 100	water injection	

## 2013 Electric Generation By Major Station<sup>1,2</sup> (continued)

	Location Water Body	Net Operational Capacity (MW) <sup>3</sup>	GENERATION (GWh) <sup>4</sup>			EMISSIONS (thousand short tons) <sup>5</sup>				TECHNOLOGY	
			2011	2012	2013	Type	2011	2012	2013	Current Air Pollution Control	Cooling Water <sup>6</sup>
Fossil (continued)											
Hillabee Energy Center Combined cycle: 2 gas 2X1 turbines & 1 steam generator (intermediate)	Alexander City, Ala. Municipal Supply	670	4,166	5,007	3,557	SO <sub>2</sub> NO <sub>x</sub> CO <sub>2</sub>	* 0.1 1,786	* 0.2 2,123	* 0.1 1,520	SCR	Closed
Keystone 2 coal units (baseload) 41.98%	Shelocta, Pa. Keystone Lake	714	4,692	3,998	5,229	SO <sub>2</sub> NO <sub>x</sub> CO <sub>2</sub>	19.5 8.7 4,766	12.4 7.3 4,121	11.1 7.0 5,195	SO <sub>2</sub> scrubbers, NO <sub>x</sub> SCR and low-NO <sub>x</sub> burners	Closed
Mountain Creek 3 gas steam units (2 peaking and 1 intermediate)	Dallas, Texas Mountain Creek Cooling Pond	805	627	847	285	SO <sub>2</sub> NO <sub>x</sub> CO <sub>2</sub>	* 0.1 457	* 0.2 571	* 0.1 208	Units 6 and 7 utilize NO <sub>x</sub> -induced flue gas recirculation; Unit 8 utilizes NO <sub>x</sub> SCR	Open
Mystic & Mystic Jet Combined cycle: 4 gas 2X1 turbines, 3 steam generators & 1 combustion turbine (intermediate)	Charlestown, Mass. Mystic River	2,002	9,324	8,627	7,054	SO <sub>2</sub> NO <sub>x</sub> CO <sub>2</sub>	* 0.3 4,102	* 0.3 3,735	0.8 0.4 3,138	SCR, low-NO <sub>x</sub> burners	Closed
Quail Run Energy Center Combined cycle: 4 gas 2X1 turbines & 2 steam generators (intermediate)	Odessa, Texas Municipal Supply	488	681	416	680	SO <sub>2</sub> NO <sub>x</sub> CO <sub>2</sub>	* 0.1 398	* 0.1 245	* 0.1 385	SCR, low-NO <sub>x</sub> burners	Closed
Riverside 1 gas steam unit & 3 gas/oil combustion turbines (peaking)	Baltimore, Md. Patapsco River	228	20	27	21	SO <sub>2</sub> NO <sub>x</sub> CO <sub>2</sub>	* * 20	* * 21	* * 16		Open
Wolf Hollow <sup>7</sup> Combined cycle: 2 gas turbines & 1 steam generator (intermediate)	Granbury, Texas Lake Granbury	704	654	2,604	2,936	SO <sub>2</sub> NO <sub>x</sub> CO <sub>2</sub>	* 0.1 330	* 0.4 1,231	* 0.3 1,411	SCR	Closed

## 2013 Electric Generation By Major Station<sup>1,2</sup> (continued)

	Location <i>Water Body</i>	Net Operational Capacity (MW) <sup>3</sup>	GENERATION (GWh) <sup>4</sup>			EMISSIONS (thousand short tons) <sup>5</sup>				TECHNOLOGY	
			2011	2012	2013	Type	2011	2012	2013	Current Air Pollution Control	Cooling Water <sup>6</sup>
Renewable											
Conowingo <sup>8</sup> 11 hydro units (baseload)	Harford County, Md. <i>Susquehanna River</i>	572	2,518	1,639	1,699						
Fairless Hills <sup>9</sup> 2 landfill gas units (peaking)	Falls Township, Pa. <i>Delaware River</i>	60	242	247	240	SO <sub>2</sub> NO <sub>x</sub> CO <sub>2</sub>	0.1 0.1 208	0.1 0.1 353	0.1 0.1 173		Open
Muddy Run 8 pumped-storage units (intermediate)	Drumore, Pa. <i>Susquehanna River</i>	1,070	1,282	1,097	1,467						
Safe Harbor 12 hydraulic turbines (baseload) 66.7%	Safe Harbor, Pa. <i>Susquehanna River</i>	278	1,092	631	674						
Exelon Wind <sup>10</sup> 753 units 94 – 100%		1,298	2,002	2,646	3,638						
Solar <sup>10</sup> 42 units 4.2 – 100%		359	57	156	620						

## 2013 Electric Generation By Major Station<sup>1,2</sup> (continued)

	Location Water Body	Net Capacity (MW) <sup>3</sup>	GENERATION (GWh) <sup>4</sup>			TECHNOLOGY  Cooling Water <sup>6</sup>	NUCLEAR OPERATIONS DATA			
			2011	2012	2013		Unit	Commercial Ops. Began	Current License Expiration <sup>12</sup>	Spent Fuel Pool Capacity Reached <sup>13, 14</sup>
Nuclear <sup>11</sup>										
Braidwood 2 PWR units (baseload)	Braidwood, Ill. Kankakee River	2,353	19,777	18,806	19,662	Closed (dedicated pond)	1 2	1988 1988	2026 2027	Dry cask storage in operation
Byron 2 PWR units (baseload)	Byron, Ill. Rock River	2,319	18,203	18,318	19,547	Closed	1 2	1985 1987	2024 2026	Dry cask storage in operation
Calvert Cliffs 2 PWR units (baseload) 50.01%	Lusby, Md. Chesapeake Bay	878	7,195	6,783	7,134	Open	1 2	1974 1976	2034 2036	Dry cask storage in operation
Clinton 1 BWR unit (baseload)	Clinton, Ill. Clinton Lake	1,067	8,658	9,375	8,196	Closed	1	1987	2026	2015; Dry cask storage will be in operation in 2015
Dresden <sup>15</sup> 2 BWR units (baseload)	Morris, Ill. Kankakee River	1,843	14,714	14,802	15,413	Open	2 3	1970 1971	2029 2031	Dry cask storage in operation
LaSalle 2 BWR units (baseload)	Seneca, Ill. Illinois River	2,327	19,256	19,595	18,760	Closed	1 2	1984 1984	2022 2023	Dry cask storage in operation
Limerick 2 BWR units (baseload)	Sanatoga, Pa. Schuylkill River <sup>16</sup>	2,316	18,463	18,156	19,542	Closed	1 2	1986 1990	2024 2029	Dry cask storage in operation
Nine Mile Point 1 PWR & 1 BWR (baseload) 50.01%	Scriba, N.Y. Lake Ontario	833	6,222	5,866	6,941	Open/Closed	1 2	1969 1986	2029 2046	On-site spent fuel pool; dry cask storage in operation
Oyster Creek <sup>17</sup> 1 BWR unit (baseload)	Forked River, N.J. Barnegat Bay	625	5,298	4,715	5,102	Open	1	1969	2029	Dry cask storage in operation
Peach Bottom <sup>18</sup> 2 BWR units (baseload) 50.00%	Peach Bottom Township, Pa. Susquehanna River	1,167	9,412	9,403	9,397	Open	2 3	1974 1974	2033 2034	Dry cask storage in operation
Quad Cities 2 BWR units (baseload) 75.00%	Cordova, Ill. Mississippi River	1,403	11,401	11,630	11,668	Open	1 2	1973 1973	2032 2032	Dry cask storage in operation



## 2013 Electric Generation By Major Station<sup>1,2</sup> (continued)

	Location Water Body	Net Capacity (MW) <sup>3</sup>	GENERATION (GWh) <sup>4</sup>			TECHNOLOGY  Cooling Water <sup>6</sup>	NUCLEAR OPERATIONS DATA			
			2011	2012	2013		Unit	Commercial Ops. Began	Current License Expiration <sup>12</sup>	Spent Fuel Pool Capacity Reached <sup>13,14</sup>
Nuclear <sup>11</sup> (continued)										
R.E. Ginna 1 PWR (baseload) 50.01%	Ontario, N.Y. Lake Ontario	288	2,157	2,301	2,497	Open	1	1969	2029	Dry cask storage in operation
Salem 2 PWR units (baseload) 42.59%	Lower Alloways Creek Twp., N.J. Delaware Estuary	1,006	7,595	8,026	8,181	Open	1 2	1977 1981	2036 2040	Dry cask storage in operation
Three Mile Island 1 PWR unit (baseload)	Middletown, Pa. Susquehanna River	837	6,519	7,038	6,659	Closed	1	1974	2034	2023; Dry cask storage expected when spent fuel pool capacity reached

1 Owned generation as of Dec. 31, 2013. Table does not include station auxiliary equipment, plants comprised solely of peaking combustion turbines or joint-owned plants where Exelon owned less than 100 MW. However, the corporate emission and intensity totals presented in the Reducing Air Emissions section of this report include emissions and generation from all equity owned generation. Further, the Reducing Air Emissions section emissions and intensities include retired and divested fossil unit emissions for the time periods in 2011–2013 during which Exelon operated these units. Numbers have been rounded.

2 Percentages listed under station name reflect Exelon's fractional ownership. Data are reflected as ownership interest.

3 For nuclear stations, capacity reflects the annual mean rating. Fossil stations reflect a summer rating. Wind and solar facilities reflect nameplate capacity. Depicted capacity is operational only and does not include retired unit capacity.

4 Net generation available for sale.

5 \* Indicates emissions less than 50 short tons.

6 Open — a system that circulates cooling water withdrawn from the environment, returning it at a higher temperature to its source.

Closed — a system that recirculates cooling water with waste heat dissipated to the atmosphere through evaporation.

7 Wolf Hollow Generation Station acquired on Aug. 25, 2011; no data presented for period prior to Exelon acquisition.

8 The current FERC license for Conowingo expires on Sept. 1, 2014 and for Muddy Run on Aug. 31, 2014.

9 Of the total CO<sub>2</sub> presented for Fairless Hills, 98 percent is biogenic emissions from the landfill gas that is combusted, with the remaining 2 percent from fossil fuels.

10 Ownership may vary with each asset.

11 BWR — boiling water reactor; PWR — pressurized water reactor.

12 Dates in bold indicate that NRC license renewals have been received. Generation is in various stages of the process of pursuing license extensions on the nine operating nuclear units for which an extension has not yet been granted.

13 Dry cask storage will be in operation at all sites prior to the closing of on-site storage pools.

14 Zion Station, a two-unit site in Illinois, has ceased power generation; its SNF is currently stored in on-site storage pools.

15 Dresden Unit 1 has ceased power generation; its SNF is stored in dry casks.

16 Supplemented with water from the Wadesville Mine Pool and the Still Creek Reservoir at Tamaqua via the Schuylkill River, and the Delaware River via the Bradshaw Reservoir, and Perkiomen Creek.

17 On Dec. 8, 2010, in connection with an Administrative Consent Order with the NJDEP, Exelon announced that Generation will permanently cease generation operations at Oyster Creek by Dec. 31, 2019.

18 Peach Bottom Unit 1 has ceased power generation; its SNF has been transferred to the DOE and is stored in Idaho.

## About This Report

The Exelon 2013 Sustainability Report details our company's sustainability performance, including economic, governance, environmental and social initiatives. Exelon is committed to reporting on our sustainability performance annually, and this report follows our 2012 Sustainability Report. This report was developed using the Global Reporting Initiative (GRI) G4 Sustainability Reporting Framework with the Electric Utilities Sector Supplement and with reference to the Ceres 21st Century Roadmap for Sustainability. This section details where specific GRI indicators appear in this report. This report was prepared in accordance with the GRI G4 "core" report requirements.

Data cover years 2011 through 2013, with an emphasis on activities in the reporting period of January 1, 2013 through December 31, 2013. Where it may be helpful to the reader to understand relative trends over time, this report presents graphs or tables covering three years of activity or performance. Unless otherwise footnoted, 2011 data in the presented graphs or tables have been aggregated or recalculated to reflect the combined activity or performance for Exelon and Constellation Energy during the year prior to their merger so that 2012 and 2013 data can be

compared to pro forma year 2011 information. This approach was adopted to give the reader a more concise view of relative activity and performance over time rather than separate historic Exelon and Constellation Energy information. Data reflects all wholly or partially owned generating units unless otherwise noted. Contracted power (i.e., purchases for trading or resale) is outside of the scope of this report.

Additionally, Stantec, Incorporated, an American National Standards Institute-accredited greenhouse gas (GHG) verifier, provided third-party verification of Exelon's 2013 GHG emission inventory to a reasonable assurance level pursuant to The Climate Registry (TCR) and International Organization for Standardization (ISO) 14064 standards. View [Exelon's verification statement](#) on our website.

For additional information, please see the Cautionary Statements Regarding Forward-Looking Information on the [last page of this report](#).

## GRI Content Index

The indicators below are from G4 and the Electric Utilities Sector Supplement, and fulfill the G4 Core In Accordance model. Indicators with an asterisk (\*) indicate they have been externally assured.

General Standard Disclosures		Report Section
Indicator		
<b>Strategy and Analysis</b>		
G4-1	CEO message	<a href="#">Letter from CEO Chris Crane</a>
<b>Organizational Profile</b>		
G4-3	Name of organization	<a href="#">About Exelon</a>
G4-4	Primary brands, products, services	<a href="#">About Exelon</a>
G4-5	Location of headquarters	<a href="#">About Exelon</a>
G4-6	Number of countries	<a href="#">About Exelon</a>
G4-7	Ownership and legal form	<a href="#">About Exelon</a>
G4-8	Markets served	<a href="#">About Exelon</a>
G4-9	Scale of organization	<a href="#">About Exelon</a>
G4-10	Total workforce	<a href="#">Creating a Diverse and Inclusive Community</a> ; Statistics on contractor workforce not collected at this time
G4-11	Workforce covered by collective bargaining agreements	<a href="#">Engaging Employees</a> ; Statistics on contractor workforce not collected at this time

**Organizational Profile (continued)**

G4-12	Organization's supply chain	Materiality; Sustainable Supply Chain
G4-13	Significant changes in organization	None in 2013
G4-14	Precautionary approach	Exelon 10-K
G4-15	External initiatives	Stakeholder Engagement; Greening Our Supply Chain
G4-16	Memberships in associations	Exelon website
EU1	Installed capacity	Advancing Clean Energy; Electric Generation by Major Station
EU2	Net energy output	Advancing Clean Energy; Electric Generation by Major Station
EU3	Number of customers	About Exelon
EU4	Transmission and distribution mileage	About Exelon
EU5	CO <sub>2</sub> e emissions allowances	Not applicable in areas where we operate. (RGGI state allowances are auctioned.)

**Identified Material Aspects and Boundaries**

G4-17	Operational structure	About Exelon; Electric Generation by Major Station
G4-18	Process for defining report content	Materiality
G4-19	Material aspects	Materiality; About This Report
G4-20	Aspect boundaries — within organization	Materiality; About This Report
G4-21	Aspect boundaries — outside organization	Materiality; About This Report
G4-22	Restatements of information	Throughout report
G4-23	Significant changes in scope and boundaries	About Exelon

**Stakeholder Engagement**

G4-24	Stakeholder groups	Stakeholder Engagement
G4-25	Identification of stakeholders	Stakeholder Engagement
G4-26	Approaches to engagement	Stakeholder Engagement
G4-27	Response to stakeholder concerns	Stakeholder Engagement

**Report Profile**

G4-28	Reporting period	About This Report
G4-29	Date of previous report	About This Report
G4-30	Reporting cycle	About This Report
G4-31	Contact point	Back Cover
G4-32	GRI index	About This Report
G4-33	External assurance	Appendix

**Governance**

G4-34	Governance structure	Sustainability Governance; Living Our Values
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**Ethics and Integrity**

G4-56	Values, principles, standards	Driving Sustainability throughout Our Company; Living Our Values
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## Specific Standard Disclosures

Material Aspect	Indicator	Report Section
<b>Economic</b>		
Economic performance	G4-DMA	Economic performance
	G4-EC1	Direct economic value
	G4-EC2	Climate change financial implications
	G4-EC3	Benefit plan obligations
Indirect economic impacts	G4-DMA	Indirect economic impacts
	G4-EC7	Infrastructure investments
	G4-EC8	Indirect economic impacts
Procurement practices	G4-DMA	Procurement practices
	G4-EC9	Local suppliers
Availability and reliability	G4-DMA	Availability and reliability
	EU10	Capacity and demand
Demand-side management	G4-DMA	Demand-side management
Research and development	G4-DMA	Research and development
Plant decommissioning	G4-DMA	Plant decommissioning
System efficiency	EU11	Generation efficiency
<b>Environmental</b>		
Energy	G4-DMA	Energy
	G4-EN3	Energy consumption — within organization
	G4-EN6	Reduction of energy consumption
	G4-EN7	Reduction of energy of products/services
Water	G4-DMA	Water
	G4-EN8	Total water withdrawal by source
	G4-EN9	Water sources affected
	G4-EN10	Water recycled and reused
Biodiversity	G4-DMA	Biodiversity
	G4-EN11	Sites near high biodiversity areas
	G4-EN12	Impacts on biodiversity
	EU13	Biodiversity offset habitats
Emissions	G4-DMA	Emissions
	G4-EN15	Direct GHG emissions*
	G4-EN16	Indirect GHG emissions*
	G4-EN17	Other indirect GHG emissions*
	G4-EN19	Reduction of GHG emissions*
	G4-EN21	NO <sub>x</sub> , SO <sub>x</sub> and other air emissions
Effluents and waste	G4-DMA	Effluents and waste
	G4-EN22	Total water discharge
	G4-EN23	Waste by type and disposal
	G4-EN24	Significant spills
	G4-EN26	Water and runoff discharges
Products and services	G4-DMA	Products and services
	G4-EN27	Initiatives to mitigate environmental impacts
Supplier environmental assessment	G4-DMA	Supplier environmental assessment
	G4-EN32	Percentage of new suppliers screened

## Specific Standard Disclosures (continued)

Material Aspect	Indicator		Report Section
<b>Labor Practices and Decent Work</b>			
Employment	G4-DMA G4-LA2	Employment Benefits to full- and part-time employees	Fostering a Safe, Rewarding and Dynamic Workplace 98.9 percent of Exelon's employees were classified as "full-time" in 2013 and eligible for Exelon's <a href="#">Total Rewards program</a> .
Labor/management relations	EU18 G4-DMA G4-LA4	Percentage of contractors receiving safety training Labor/management relations Minimum notice periods in agreements	100 percent <a href="#">Engaging Employees</a> <a href="#">Engaging Employees</a>
Occupational health and safety	G4-DMA G4-LA6	Occupational health and safety Injury and absenteeism rates	<a href="#">Our Safety Programs</a> <a href="#">Our Safety Performance</a>
Training and education	G4-DMA G4-LA10 G4-LA11	Training and education Programs for skills management Performance reviews	<a href="#">Employee Training Programs</a> <a href="#">Employee Training Programs</a> <a href="#">Rewarding Performance Excellence</a>
Diversity and equal opportunity	G4-DMA G4-LA12	Diversity and equal opportunity Employee diversity	<a href="#">Creating a Diverse and Inclusive Community</a> <a href="#">Creating a Diverse and Inclusive Community</a>
<b>Human Rights</b>			
Non-discrimination	G4-DMA G4-HR3	Non-discrimination Incidents of discrimination	<a href="#">Creating a Diverse and Inclusive Community</a> <a href="#">Creating a Diverse and Inclusive Community</a>
Freedom of association and collective bargaining	G4-DMA G4-HR4	Freedom of association and collective bargaining Right to freedom of association	<a href="#">Engaging Employees</a> <a href="#">Engaging Employees</a>
<b>Society</b>			
Local communities	G4-DMA G4-SO1 G4-SO2 EU22	Local communities Local community engagement Significant community impacts Displacement and compensation	<a href="#">Engaging with Communities on Issues of Concern</a> <a href="#">Engaging with Communities on Issues of Concern</a> <a href="#">Engaging with Communities on Issues of Concern</a> Not applicable to Exelon
Anti-corruption	G4-DMA G4-SO4	Anti-corruption Anti-corruption training	<a href="#">Living Our Values</a> <a href="#">Living Our Values</a>
Public Policy	G4-DMA G4-SO6	Public policy Political contributions	<a href="#">Public Policy</a> <a href="#">Public Policy</a>
Anti-competitive behavior	G4-DMA G4-SO7	Anti-competitive behavior Legal actions for anti-competitive behavior	<a href="#">Living Our Values</a> <a href="#">Living Our Values</a>
Compliance	G4-DMA G4-SO8	Compliance Significant fines and sanctions	<a href="#">Living Our Values</a> <a href="#">Managing Environmental Risks; Exelon 10-K</a>
Disaster/emergency planning and response	G4-DMA	Disaster/emergency planning and response	<a href="#">Nuclear Safety;</a> <a href="#">Engaging with Communities on Issues of Concern</a>



## Specific Standard Disclosures (continued)

Material Aspect	Indicator	Report Section
<b>Product Responsibility</b>		
Customer health and safety	G4-DMA	Customer health and safety
	G4-PR1	Percentage of products reviewed
	EU25	Injuries and fatalities to the public
Product and service labeling	G4-DMA	Product and service labeling
	G4-PR5	Customer satisfaction
Access	G4-DMA	Access
	EU28	Power outage frequency
	EU29	Average power outage duration
	EU30	Average plant availability factor
Provision of information	G4-DMA	Provision of information

Nuclear Safety; Engaging with Communities on Issues of Concern  
 100% of energy delivery products; see Nuclear Safety and  
 Engaging with Communities on Issues of Concern  
 Confidential information; Exelon does not disclose information  
 that may relate to potential litigation  
 Better Serving Our Customers  
 Improving Service Delivery and Customer Satisfaction  
 Low-Income Assistance  
 Improving Service Delivery and Customer Satisfaction  
 Improving Service Delivery and Customer Satisfaction  
 Our Clean Energy Portfolio  
 Low-Income Assistance

## Exelon 2020 Accounting Protocol

### Exelon 2020 Greenhouse Gas Abatement Goal

The greenhouse gas (GHG) abatement goal for *Exelon 2020* is an annual emissions goal that relates to the combined impact of emissions reductions from our internal operations compared to our inventory baseline, as well as emissions abatement associated with our customer programs and emissions displaced/avoided as a result of increased low-carbon generation from our existing nuclear facilities. *Exelon 2020* represents Exelon's overall CO<sub>2</sub>-equivalent emissions abatement across our value chain, aggregating our own Scope 1 and 2 reductions, with reductions in our Scope 3 emissions that were directly tied to the products and services we provide. Calendar year 2013 performance has been third-party verified in accordance with the initially designed program parameters and established accounting principles to ensure achievement of the *Exelon 2020* goal during this reporting period.

From its establishment in 2008 through 2012, the *Exelon 2020* goal was 15.7 million metric tons of CO<sub>2</sub>-equivalent emissions. For 2013 and going forward, the goal was updated to 17.5 million metric tons of CO<sub>2</sub>-equivalent emissions. The update of the goal occurred to incorporate two prior GHG commitments made by Constellation Energy prior to the merger. These prior Constellation Energy commitments include the goal to enable customers to avoid 7 million short tons CO<sub>2</sub>, on a cumulative basis, between 2010 and 2015 (equated to 1,027,059 metric tons annual GHG emissions), and a secondary goal to reduce pounds of GHG per MWh generated 5 percent by 2015 (equated to 814,261 metric tons annual GHG emissions — 2010 emissions at original intensity less 2010 emissions at target intensity).

### Direct and Indirect Emission Reductions

Reductions in GHG emissions from our operations are relative to the baseline year that the business or asset was acquired by Exelon. For legacy Exelon sites, this is our 2001 base-year emissions; while starting in 2013, for sites acquired during the Constellation Energy merger, their baseline year is 2012. Our GHG inventory and baseline emissions are prepared and third-party verified in conformance with The Climate Registry General Reporting Protocol, which allows for the use of EPA Mandatory Reporting Rule (40 CFR Part 98) requirements where applicable, and is based on the

World Resources Institute GHG Protocol. Emissions include stationary and mobile combustion of fossil fuels, fugitive emissions of GHGs (e.g., methane, SF<sub>6</sub>, CO<sub>2</sub> and hydrofluorocarbons) and indirect emissions associated with the purchase of electricity from external sources. All years of the inventory have been third-party verified except 2009. Accounting for reductions is performed in accordance with The Climate Registry General Reporting Protocol guidance as it relates to baseline management. A catalogue of changes and updates has been maintained for each baseline, reflecting known emission changes that may be a result of improved or corrected data or emission factor refinements, the total of which has not been significant enough to trigger a baseline adjustment. Exelon is maintaining separate baselines for newly acquired sites due to the difficulty of attaining comparable and verifiable data for all sources back to 2001 and in order to focus on the current and future impacts made by Exelon. Beginning with 2013, total reductions were the aggregation of change that occurred for each of the baseline years. While the EPA issued updates to the Part 98 Mandatory GHG reporting rule to move emissions reporting to the global warming potentials (GWP) from the IPCC Fifth Assessment report, the *Exelon 2020* program accounting was closed out using the AR2 GWPs for conversion to CO<sub>2</sub>-equivalent to stay consistent with the initial program accounting in our 2001 baselines. Exelon plans to move to the AR5 GWPs to align with regulatory reporting in 2014.

### Offsets

Exelon procures and retires Green-e certified Renewable Energy Credits (RECs) as part of the electricity supply for certain facilities, including some that have been LEED certified. These offsets have been identified in our annual GHG disclosure and the emissions equivalent is accounted for as part of our *Exelon 2020* performance. Exelon also retired 44,083 Climate Reserve Tonnes (CRTs) in 2013 to offset our carbon footprint associated with our business travel, which have also been captured in the *Exelon 2020* accounting. The factors (pounds/MWh) used for estimating the avoided fossil generation GHG emissions associated with RECs for 2013 are based on the eGRID2012 Year 2009 GHG Annual Output Emission Rates: 1,528.76 pounds CO<sub>2</sub>-equivalent per MWh in Illinois and 952.63 pounds CO<sub>2</sub>-equivalent per MWh in Pennsylvania and include an adjustment to exclude emissions associated with Exelon Generation in each grid region.

## Project-Based Reductions

Reductions related to changes in operations that are considered Scope 3 and outside of Exelon's Climate Registry-conformant GHG inventory for direct and indirect emissions. These include material recycling and sequestration projects, and are included as project-based reductions in *Exelon 2020* performance. Including these activities in our *Exelon 2020* performance enables us to account for their real contributions to global GHG emission reductions and promote the value of engaging in these activities. The EPA Waste Reduction Model methodology was used as the basis for estimating emissions reductions from our commercial facility material recycling and investment recovery activities. A methodology for waste oil recycling was developed with our oil recycling vendor, which recycles this material for reuse, thereby avoiding the incremental emissions associated with producing virgin product for our use. Our GHG reduction estimates for oil recycling and reuse are based on 23 pounds CO<sub>2</sub>-equivalent per gallon for transformer oil. All elements of these project-based reductions were included in the third-party verification covering the achievement of the program in 2013.

## Customer Abatement

Through the ComEd and PECO Smart Ideas® programs, Exelon is helping our customers reduce their electricity use through energy efficiency measures, in conformance with Illinois and Pennsylvania state-mandated requirements. Exelon also is procuring and retiring RECs for retail customer supply, in compliance with state-mandated renewable supply requirements. The customer energy efficiency estimates for GHG abatement are based on the megawatt-hours reported to the Illinois Commerce Commission by ComEd and to the Pennsylvania Public Utility Commission by PECO. The factors (pounds/MWh) used for estimating the avoided fossil generation GHG emissions for both energy efficiency and REC purchases are based on eGRID 2012 factors as adjusted to exclude Exelon Generation Scope 1 emissions on the grid. The methodology for this customer abatement accounting was detailed and documented to the Voluntary Carbon Standard (VCS) 2007.1 (version November 18, 2008) and VCS Project Description Template (version November 19, 2007) by a third-party consultant early on during the program. Starting in 2013, BGE also contributed customer abatement performance from their Energy Smart Savers® program in conformance with Maryland state-mandated requirements in alignment

with the established protocol methodology. Constellation's retail energy efficiency and green products sales, which are wholly market driven, were also incorporated starting in 2013. Because Constellation does not provide these programs under a regulatory structure, the accounting previously designed by Constellation in coordination with their related GHG commitment was carried forward. Customer energy efficiency performance was based on 1.354 kWh of reduction per revenue dollar; distributed solar performance is based on actual solar generation captured from distributed solar systems using e-GRID factors associated with the region of generation; voluntary REC sales are based on actual annual sales volumes for wind RECs; and demand response performance is based on actual demand response events assuming 75 percent use curtailment with the balance being backfilled by diesel emergency generation. All elements of these customer abatement reductions were included in the third-party verification covering the achievement of the program in 2013.

## GHG Displacement from Low-Carbon Generation

Through the addition of new low-carbon generating capacity from uprates at existing nuclear plants, Exelon is able to displace marginal, more carbon-intensive fossil generation, thereby reducing the GHG emissions from generation in its operating regions. PJM Interconnection develops marginal CO<sub>2</sub> emissions factors each year, based on actual marginal operating plant emissions. Utilizing the average marginal emissions rates for on-peak and off-peak periods during the applicable year, the displaced CO<sub>2</sub> emissions are estimated for the generation produced from Exelon's equity share of the nuclear capacity uprates. To avoid any potential for double-counting Exelon fossil plant emission reductions and nuclear displacement, the potential interaction between increased nuclear generation in the vicinity of Exelon fossil generation, which could result in reduced fossil plant capacity factors, was addressed by discounting the estimated displacement by 2 percent (the percent impact of new Exelon nuclear capacity on Exelon PJM fossil plant emissions). The methodology for this nuclear displacement accounting was detailed and documented to the Voluntary Carbon Standard (VCS) 2007.1 (version November 18, 2008) and VCS Project Description Template (version November 19, 2007) by a third-party consultant early on during the program. Displacement associated with nuclear uprates was included in the third-party verification covering the achievement of the program in 2013.

## Comments

We welcome your comments and questions regarding this report. Please e-mail us at [responsibility@exeloncorp.com](mailto:responsibility@exeloncorp.com) or write to: Bruce Alexander, Senior Manager, Strategic Environmental Analysis, 2301 Market Street, Floor S23-3, Philadelphia, PA 19101.

## Cautionary Statements Regarding Forward-Looking Information

This report contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that are subject to risks and uncertainties. The factors that could cause actual results to differ materially from the forward-looking statements made by Exelon Corporation, Commonwealth Edison Company, PECO Energy Company, Baltimore Gas and Electric Company and Exelon Generation Company, LLC (Registrants) include those factors discussed herein, as well as the items discussed in (1) Exelon's 2013 Annual Report on Form 10-K in (a) ITEM 1A. Risk Factors, (b) ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and (c) ITEM 8. Financial Statements and Supplementary Data: Note 22; (2) Exelon's First Quarter 2014 Quarterly Report on Form 10-Q in (a) Part II, Other Information, ITEM 1A. Risk Factors; (b) Part 1, Financial Information, ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations and (c) Part I, Financial Information, ITEM 1. Financial Statements: Note 15; and (3) other factors discussed in filings with the SEC by the Registrants. Readers are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date of this report. None of the Registrants undertakes any obligation to publicly release any revision to its forward-looking statements to reflect events or circumstances after the date of this report.

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