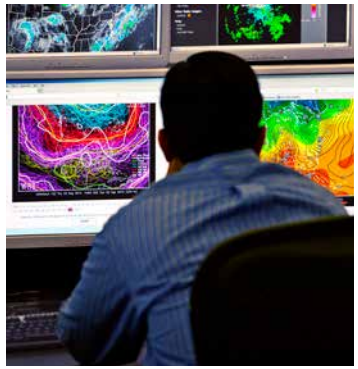
Exelon


EXELON CORPORATION

SUSTAINABILITY REPORT 2016

CONTENTS

Exelon.

A MESSAGE FROM OUR CEO

2016 was another successful year for Exelon, as we continued to execute on our business strategy to create value for our customers and the communities we serve. Our ultimate objective is to provide our customers with clean, affordable and reliable energy, and I am pleased with the results our employees achieved last year toward that goal.

As we work to create the next-generation energy company, we are focused on making targeted investments in core markets and delivering new technologies. We recognize this journey must involve continuous dialogue with our customers and other stakeholders to determine their interests and needs associated with the rapid transformation of our industry.

Transformation in our industry is shaped by a number of long-term trends. These include little growth in demand for energy; sustained low natural gas prices; continued deployment of local generation at customer homes and businesses; and an increasing customer interest in new products and services that are being enabled by innovation and emerging technologies. Our business strategy is informed by these key trends and identifies how we will respond through our capital investment focus, creation of a culture of innovation and technology, and a continued focus on operational excellence. Our strategy is also focused on continuing to work with our stakeholders to support needed changes to government policies and regulations at the state, regional and federal levels that will enable the energy system of the future.

One of our most significant strategic accomplishments in 2016 was the completion of the Pepco Holdings merger in March 2016. With this merger, Exelon now is the largest family of utility companies in the United States by customer count with more than 10 million customers. We have made, and are making, significant progress with integrating the Pepco Holdings utilities into Exelon, meeting our commitments and realizing customer benefits by leveraging Exelon's size, scale, scope and best practices sharing to create financial, operational and community benefits.

We invested $5.5 billion in our utilities in 2016, as part of our plan to invest $25 billion between 2016 and 2020 to make the grid smarter, more reliable and more resilient for our customers. These investments are yielding significant operational efficiency, economic and environmental benefits. I am proud that Exelon's utilities are among the leaders in the nation in deploying smart meter and smart grid technologies.

$25 billion

Being invested in utilities through 2020

$1.9 billion

Spent with women- and minority-owned businesses

$46 million

Donated to nonprofits

At Exelon Generation, our emphasis is on maintaining operational efficiency and readiness, with new plant investments focused on contracted generation opportunities. During 2016, we completed construction of the 197-megawatt (MW) Bluestem wind project in Oklahoma, bringing our wind portfolio to more than 1,500 MW of generation in 11 states. At Constellation, we have now installed almost 300 MW of solar at 380 commercial, municipal and industrial locations. In June 2017, Exelon Generation's new 2,189 MW of highly efficient combined cycle natural gas generation in Texas will achieve commercial operation, and we added the FitzPatrick nuclear plant to the fleet on March 31.

Across our utilities, operating performance is strong and improving, with all utilities having best-on-record or best-in-class performance for several important metrics. Regarding reliability, PECO and ComEd both performed in the first decile for outage frequency and ComEd's results were best-on-record and best-in-class. Pepco Holdings outage frequency was also best-on-record. BGE achieved its best performance ever for outage duration, while ComEd and PECO were first quartile among industry peers.

All of our utilities continue to demonstrate top quartile performance in several customer operations metrics. BGE, ComEd and PECO saw excellent results for the Customer Satisfaction Index, having all achieved best-on-record and top decile performance. At the Generation company, Nuclear had its best operating year ever, with a record high 94.6 percent capacity factor and highest net generation ever. Exelon Power ended the year with strong operating, safety and environmental performance. Dispatch match for the fossil units achieved the goal of 97.2 percent, and wind/solar energy capture was best-ever.

We continued to take steps during 2016 to support a culture of innovation and technology among our employees. We are deploying new technologies that will improve operational performance, safety and efficiency. For example, the digital worker takes advantage of wearable technologies, biometrics and expanded mobile apps, among other components. Advanced analytics will optimize asset performance and predictive maintenance. Robotics and drone technologies are being explored. Innovation Expos are being used to drive employee engagement.

Exelon is subject to many market, utility and environmental regulatory regimes. During 2016, we worked with stakeholders to achieve several important policy breakthroughs. For example, the New York Zero Emissions Credit (ZEC) rule and the Illinois Future Energy Jobs Bill saved

Exelon President and CEO Chris Crane and employees celebrate Exelon being named a Fortune 100 company.

the future of seven nuclear units, preserving jobs and local tax bases, and better coordinating state environmental and energy policy, including preservation and expansion of low-carbon resources, new renewable energy and expanded energy efficiency in Illinois.

We are actively engaged in corporate and employee philanthropic activities that contribute substantially to our ability to support community development. In 2016, Exelon companies and the Exelon Foundation donated more than $46 million to nonprofit organizations — our largest amount ever. Employees provided more than 170,000 volunteer hours — the most ever. Employees donated more than $10 million through the giving campaign and matching gifts program — one of the most successful years ever.

We also recognize that supporting our people is essential to a high-performing work culture. Toward this end, in 2016 we expanded our paid leave policies to what are truly best-in-class with 16 weeks for maternity, eight weeks for fathers and adoptive parents, and two weeks of family leave. We were also the first utility to sign the Equal Pay Pledge. With regard to safety, we continued our focus on performance improvement, with increased use of leading indicators to prevent injuries. I am pleased to report that in 2016 Exelon's OSHA recordable rate was first decile versus our industry benchmark.

Being a good citizen also means supporting our local businesses. In 2016, our spending with women- and minority-owned businesses reached $1.9 billion, an increase of more than 200 percent since 2011 and representing almost 20 percent of our sourceable spending.

I am proud of what Exelon and our 34,000 employees delivered in 2016 — affordable, reliable and clean energy does not happen without a dedicated workforce. We are committed to continued engagement with our stakeholders in 2017 as we work to deliver the energy system of the future.

Christopher M. Crane, President and Chief Executive Officer

By the Numbers

33,975
employees

$31.4
billion in operating revenues

$114.9
billion in assets

$5.5
billion invested in utilities in 2016

171,341
employee volunteer hours

729
merger commitments completed or on track

8.8
million electric utility customers

1.3
million natural gas utility customers

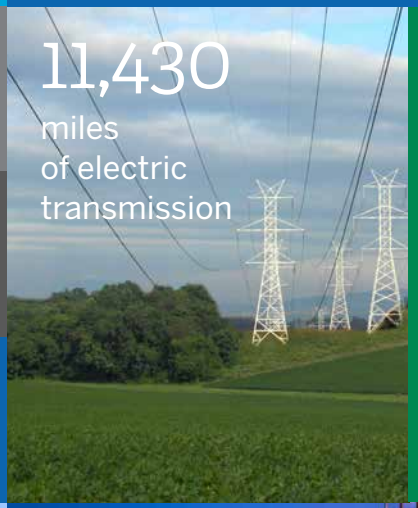
2.2
million competitive retail customers

First utility to sign Equal Pay Pledge

Only utility on the Fortune 100 list

Dow Jones Sustainability North America Index

11,430
miles of electric transmission



24,915
square miles of combined utility service territory

534 MW
solar generation capacity

1,529 MW
wind generation capacity in 11 states

32,720 MW
owned generating capacity

Exelon Corporation (Exelon) is a Fortune 100 company headquartered in Chicago that supplies power generation, competitive energy sales, transmission and delivery.

- Exelon is one of the largest **competitive generators** with more than 32,700 MW of owned capacity, comprising one of the nation's cleanest, lowest-cost power generation fleets.
- As the nation's leading **competitive energy provider**, Exelon does business in 48 states, the District of Columbia and Canada. The company's competitive energy business unit, Constellation, provides energy products and services to more than 2.2 million residential, public sector and business customers, including more than two-thirds of the Fortune 100.
- Our **six utilities** deliver electricity and/or natural gas to more than 10 million customers in New Jersey (Atlantic City Electric, or ACE), northern Illinois (ComEd), Delaware (Delmarva Power, or DPL), southeastern Pennsylvania (PECO), Maryland (BGE, DPL and Pepco) and the District of Columbia (Pepco).

Of the $1.1 billion in GAAP earnings in 2016, approximately 32 percent was from our Generation business unit (including Constellation) and 68 percent was from our regulated utilities. Exelon is a publicly traded company listed on the New York Stock Exchange under the symbol EXC.

In 2016, Exelon made or announced a number of significant investments (see more information in the Building the Next-Generation Energy Company section of this report). In March 2016, we completed our merger with Pepco Holdings, Inc. (PHI), parent company of Pepco, Atlantic City Electric and Delmarva Power. We also acquired ConEdison Solutions in September 2016, adding to our retail energy platform. Exelon sold its 50 percent ownership share of the Sunnyside waste coal plant effective February 3, 2017, eliminating the last coal asset from our owned generation portfolio. On March 31, 2017, Exelon Generation assumed ownership and management of operations of the 838-MW James A. FitzPatrick nuclear power plant in Scriba, New York. In April 2017, a wholly owned subsidiary of Exelon Generation and John Hancock Life Insurance Company (U.S.A.) entered into a purchase agreement under which Hancock agreed to purchase 49 percent of the membership interests of ExGen Renewables Partners, LLC, an owner and operator of approximately 1,296 MW of operating wind and solar electric generating facilities.

FINANCIAL PERFORMANCE[1]

dollars in millions, except for earnings and dividends per share

	2014	2015	2016
Revenues	$ 27,429	$ 29,447	$ 31,360
Operating expenses	25,039	25,056	28,200
Net income attributable to common shareholders	1,623	2,269	1,134
Total assets	86,416	95,384	114,904
Total liabilities	62,283	68,062	87,292
Total equity (includes noncontrolling interests and preference stock)	24,133	27,294	27,612
Earnings per common share (diluted)[2]	1.88	2.54	1.22
Dividends per common share (diluted)	1.24	1.24	1.26
Cash flow from operations	4,457	7,616	8,445
Payments to capital providers and the government	2,319	2,377	2,065
Dividends paid on common stock	1,065	1,105	1,166
Interest (net of amount capitalized)	940	930	1,340
Income taxes paid (net of refunds)[3]	314	342	-441

1 The 2014 financial results include the operations of CENG from the date Generation assumed operational control of the Constellation Energy Nuclear Group, LLC (CENG) nuclear fleet, April 1, 2014 through December 31, 2014. Pepco Holdings financial results are included in 2016 from the date of the merger.

2 Earnings represented are in accordance with GAAP.

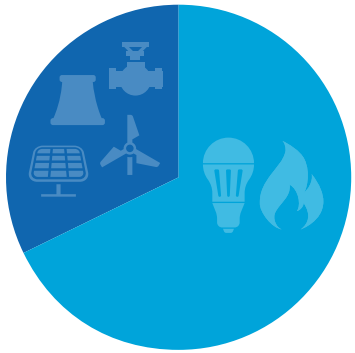
3 Taxes other than income is not included.

Information from Pepco Holdings has been consolidated into Exelon's 2016 performance data, and fully integrated into the sustainability results presented in this report. For select instances where specific data points do not include Pepco Holdings performance, footnotes on charts and tables indicate the data included. More details on the company and the merger can be found in the Pepco Holdings Integration Update section of this report. When Exelon and Pepco Holdings pre-merger utilities are referenced in this report, they may be referenced as "legacy utilities" in cases where the reference is to each organization's pre-merger utilities, to assist the reader in understanding the immediate context and scope of the utility information being discussed.

BUSINESS COMPOSITION BY GAAP EARNINGS[1]

As of Dec. 31, 2016

32%
Generation



68%
Regulated Utilities

1 First year that regulated utility GAAP earnings have exceeded Generation earnings as Exelon executes its business strategy to increase earnings from regulated utility investments as a share of total corporate earnings.

2016 EXELON-OWNED CAPACITY AND GENERATION

	Capacity[1]		Generation output[2]	
	MW	%	GWh	%
Nuclear	19,457	59.5%	160,138	86.0%
Gas	6,565	20.1%	18,355	9.9%
Oil/Gas	1,910	5.8%	1,472	0.9%
Oil	981	3.0%	15	0.0%
Waste Coal[3]	26	0.1%	200	0.1%
Hydroelectric	1,642	5.0%	1,008	0.5%
Wind	1,529	4.7%	3,790	2.0%
Solar	534	1.6%	984	0.5%
Landfill Gas	66	0.2%	250	0.1%
Battery	10	0.0%	—	—
Total	32,720	100.0%	186,212	100.0%

1 Equity share of capacity as of Dec. 31, 2016. For nuclear stations, capacity reflects the annual mean rating. Fossil stations reflect a summer rating. Wind and solar facilities reflect nameplate capacity. Source: Item 2. Properties of the 2016 Exelon 10-K, page 68.

2 Equity share of GWh production in 2016 for period of ownership during the year.

3 Generation sold its 50 percent (26 MW) interest in Sunnyside effective February 3, 2017 and no longer has any owned coal generating assets.

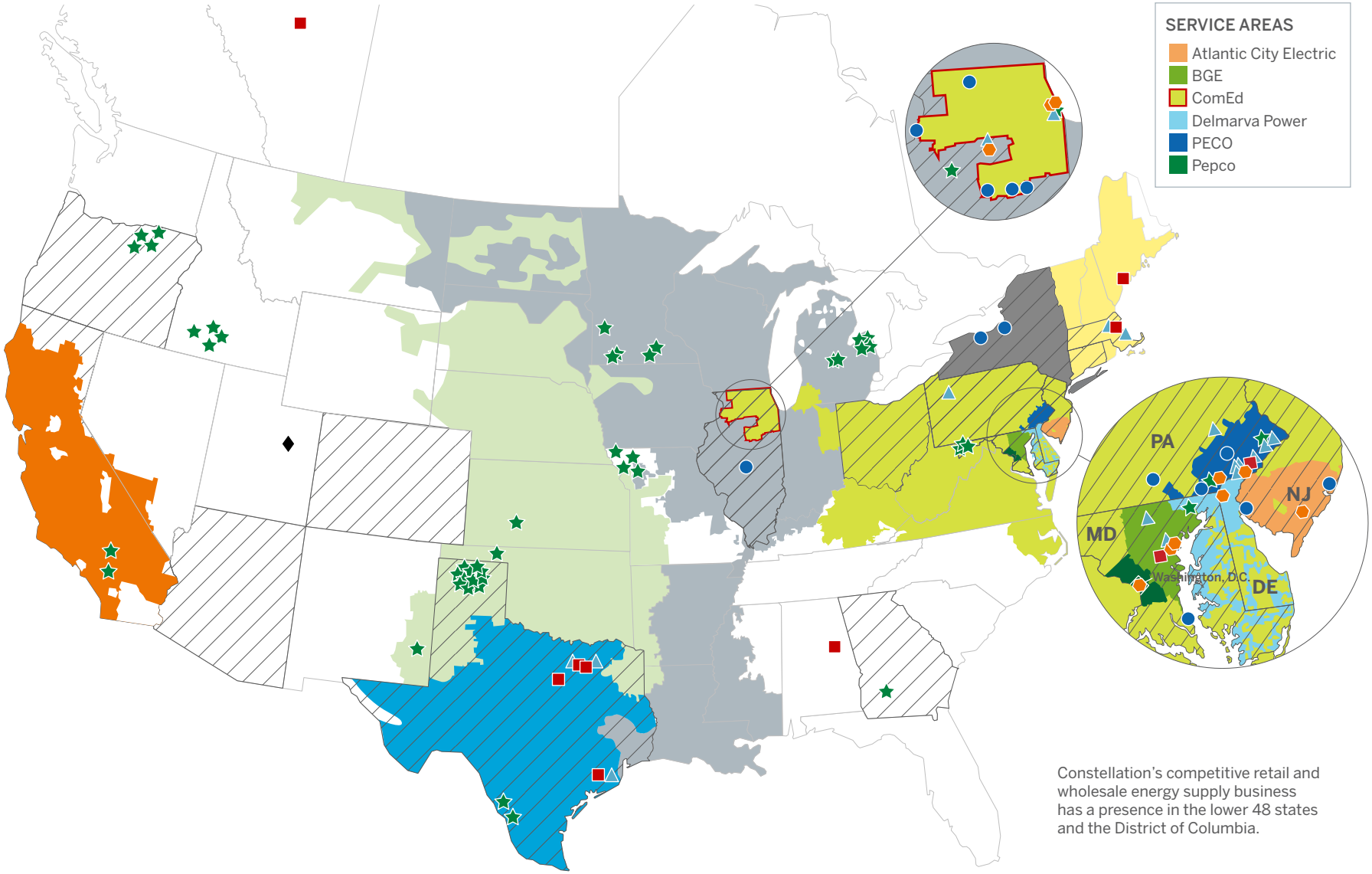
INVESTMENT GRADE RATINGS

	Credit Ratings[1]		
	Moody's[2]	S&P	Fitch
Exelon	Baa2	BBB-	BBB
ComEd	A2	A-	A
PECO	Aa3	A-	A
BGE	A3	A-	A-
PHI	Baa2	BBB	BBB
ACE	A3	A	A-
DPL	A2	A	A
Pepco	A2	A	A-
Generation	Baa2	BBB	BBB

1 Current senior unsecured ratings for Exelon, Exelon Generation, BGE and PHI; and senior secured ratings for ComEd, PECO, ACE, DPL and Pepco as of Dec. 31, 2016.

2 At Moody's, ComEd has a positive outlook. All other ratings have a stable outlook.

EXELON SERVICE AREA AND GENERATION ASSETS AS OF DECEMBER 31, 2016



EXELON OWNED ASSETS / HEADQUARTERS

- Nuclear
- Gas/Oil Intermediate
- Peakers
- Renewable: Utility-scale (Hydro, Wind, Solar, Biomass)
- Headquarters Locations
- Waste Coal (sold Feb. 2017)

REGIONAL TRANSMISSION ORGANIZATION (RTO)

CAISO | MISO | SPP | ERCOT | PJM | NYISO | ISO-NE

CONSTELLATION DISTRIBUTED ENERGY
(including solar, cogeneration, fuel cells and energy storage)

Constellation has invested in over 440 MW of distributed energy assets.

Exelon.

Exelon Performance Data 2014–2016[1]

	2014	2015	2016
FINANCIAL AND BUSINESS RESULTS			
Revenue (million USD)	$27,429	$29,447	$31,360
Exelon-owned capacity (MW)	32,753	32,741	32,720
Exelon-owned generation (GWh)	190,818	179,921	186,212
Nuclear capacity factor	94.3%	93.7%	94.6%
Dispatch match	96.5%	98.6%	97.2%
Wind/solar energy capture	95.2%	95.5%	95.6%
CUSTOMERS			
Customer satisfaction index			
BGE	7.57	7.75	7.78
ComEd	7.73	7.85	7.97
PECO	7.84	7.91	7.98
PHI	7.24	7.16	7.42
Reliability — SAIFI (average interruptions per customer)			
BGE	0.77	0.82	0.90
ComEd	0.81	0.78	0.62
PECO	0.77	0.70	0.77
PHI	1.15	1.08	1.02

	2014	2015	2016
ENVIRONMENT			
Total GHG emissions (Scope 1 and 2, location-based, with biomass, metric tons CO_2e)	23,877	14,950	17,130
Total water use (million gallons per year)	13,849,522	13,440,851	13,221,748
Percent of total water use that is consumptive	1.7%	1.9%	1.7%
Municipal solid waste recycling rate	68.9%	73.1%	65.3%
CO_2 emission intensity (lbs/MWh - owned generation)	180.0	83.0	105.8
NO_x emission intensity (lbs/MWh - owned generation)	0.20	0.03	0.03
SO_2 emission intensity (lbs/MWh - owned generation)	0.20	0.01	0.01
EMPLOYEES			
OSHA recordable rate	0.73	0.91	0.65
Number of employees	29,232	29,362	33,975
Female employees in workforce	21.5%	21.7%	23.3%
Minority employees in workforce	21.3%	22.1%	24.9%
COMMUNITIES			
Corporate giving (million USD)	$31.4	$33.1	$42.5
Volunteer hours (in thousands)	112.7	129.2	171.3
Spend with minority suppliers (billion USD)	$1.1	$1.3	$1.9

1 Additional context for the metrics in this table is available by clicking the hyperlinks in the left column.

Exelon.

Managing Sustainability

Exelon's commitment to sustainability is central to our mission of providing reliable, clean, affordable and innovative energy products. Our operational excellence and environmental stewardship values drive us to conduct business in a way that is sustainable for our customers and communities.

Sustainability Governance

Sustainability considerations are integral to our business success and supported at the highest levels of management. Within the company, we establish and measure our own sustainability goals, performance and impacts, and we report on results using the Global Reporting Initiative (GRI) Standards. Our sustainability team sits within our corporate strategy function to inform decision-making at the highest levels within the company. Sustainability strategy and performance is led by our Chief Sustainability Officer and SVP Corporate Strategy, Innovation and Sustainability, with specific oversight from the Exelon Corporate Governance Committee of the Board of Directors. A listing of Corporate Governance Committee members and the Corporate Governance Committee Charter are available on the corporate website.

Sustainability is inextricably linked to our business strategy and decision-making — informing investments, energy efficiency programs, climate risk mitigation and other issues. The entire Board of Directors is engaged in guiding our strategy and approach to sustainability, and the very nature of our business requires active participation from the Board to weigh in on pertinent sustainability challenges. The interconnections between sustainability and our business strategy are further discussed in the Building the Next-Generation Energy Company section of this report.

Key Sustainability Issues

In 2016, we refreshed our materiality assessment to ensure that we are addressing and reporting on those issues most important to our business and to our stakeholders. GRI defines material aspects as those issues that reflect the organization's significant social, economic and environmental impacts; or substantively influence the assessments and decisions of stakeholders.

We reviewed our 23 issues and reasons for being material, which span economic, environmental, social and governance considerations. The continued relevance of these issues was determined based upon our strategy and objectives, peer reviews, stakeholder engagement and criteria in external indices and frameworks. In particular, we reviewed: customer surveys and requests for sustainability information; Edison Electric Institute (EEI) surveys of large utility investors; Electric Power Research Institute (EPRI) material sustainability issues for the North American Electric Power Industry, Exelon's Enterprise Risk Heatmap, Exelon's 2016 DJSI scorecard and our Ceres stakeholder engagement summary.

All findings and results were reviewed with the executive Corporate Sustainability Report Editorial Board. In addition to providing further clarification in some descriptions as to why certain issues are relevant to Exelon, we have added "meeting our commitments" to our list in recognition of the importance Exelon places on meeting our merger commitments to our customers and stakeholders, most recently related to the PHI merger. Exelon's key sustainability issues and why they are material, organized by report section, are detailed in the following table.

OUR MISSION

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

OUR VISION

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 communities.

Key Sustainability Issues	Why It Is Material
BUILDING THE NEXT-GENERATION ENERGY COMPANY	
Fuel diversity and generation reliability	The number, type and mix of generation sources and their ability to provide power when it is needed by the grid supports price stability and affordability, while meeting customers' expectations for clean and reliable power supplies.
Generation efficiency	Converting renewable, fossil and nuclear energy as efficiently as possible into useful electric power results in lower costs per kilowatt-hour produced and maximizes the production of useful energy from natural resources.
Investments in energy infrastructure	Continued investment in the grid ensures reliable, more resilient and more efficient transmission and distribution of electricity and gas, including the ability to integrate local energy into the nation's energy system.
Meeting our commitments	Exelon's continued business success is dependent upon meeting our merger and other commitments to create community and economic value for our customers.
Value of clean energy	Customer interest in clean energy requires appropriate valuation of all forms of reliable clean energy resources in the marketplace to ensure continued net gains in low-carbon resources and continued progress toward a lower-carbon economy.
CREATING VALUE FOR CUSTOMERS	
Energy affordability	Reasonably priced electric and gas service, with updated regulatory frameworks to support the grid of the future, enables economic performance across all sectors of the economy and allows customers to benefit from smart grid investments.
Innovative products and services	By delivering innovative products and services that give customers more choices and control over their energy usage, Exelon enhances both customer and shareholder value.
Service to customers	Providing reliable service and achieving high customer satisfaction are key metrics for our core business, enabling customers to efficiently buy, manage and use energy.
REDUCING OUR ENVIRONMENTAL IMPACTS	
Air quality	By focusing on low-emission generation technologies and protective air quality standards, Exelon is supporting a healthier environment for our customers.
Climate adaptation/resilience	Climate change threatens to exacerbate many of the system challenges that Exelon has managed for decades, such as storm restoration. Continued efforts to make the system more resilient will maintain and enhance reliable electric and gas service to customers.
Greenhouse gas (GHG) emissions	GHG emissions drive climate change, which, in addition to creating adverse environmental impacts, can affect our ability to adapt to physical changes and ensure consistent prices for customers.
Habitat and biodiversity	With Exelon utility service areas encompassing 24,915 square miles and generation asset properties in 18 U.S. states and Alberta, Canada, Exelon manages unique habitats that can be enhanced to benefit biodiversity.
Nuclear fuel cycle	As the largest nuclear generator in the United States, the Exelon Nuclear Management Model is focused on efficiently and effectively managing all aspects of the nuclear fuel cycle, including spent nuclear fuel and radiological wastes, to ensure employee and community safety.
Water management	The effects of climate change and increasing demand for shared water resources requires Exelon to continue to monitor consumptive water use and water quality impacts, and seek new business opportunities related to responsible water use.

Key Sustainability Issues	Why It Is Material
A SAFE, INNOVATIVE AND REWARDING WORKPLACE	
Diversity and inclusion	Fostering a diverse and inclusive workplace ensures that our employees and supply chain reflect and recognize the varied perspectives of our customer base and society, allowing Exelon to succeed by drawing upon a much larger pool of ideas and resources.
Employee engagement	Our people are our greatest asset. Engaged employees help us succeed in understanding and meeting customer expectations and continuing to innovate into the next-generation energy company.
Health, safety and wellness	Keeping employees healthy and safe is our highest priority and also builds a desirable work environment, reduces health care costs and improves business performance.
Talent attraction, development and retention	Exelon must continue to seek skilled employees, particularly in the STEM areas, to enable our continued evolution into the next-generation energy company and address challenges posed by an aging workforce.
SUPPORT FOR COMMUNITIES	
Community development	Exelon's business value is inextricably linked with the success of the communities that we serve. Exelon operations support local communities through jobs, taxes paid, corporate philanthropy and community engagement around company initiatives, including development of new infrastructure and projects.
Public health and safety	With operations throughout multiple states and hundreds of communities, Exelon must protect the public health and safety of those in the regions we serve in the course of our daily operations and in the case of an emergency event.
EFFECTIVE GOVERNANCE	
Corporate governance	An ethical culture with strong corporate governance and risk management processes are critical to maximizing Exelon's operational results, minimizing risks and ensuring compliance with applicable laws and regulations, with Board Corporate Governance Committee oversight of Exelon's sustainability performance.
Cyber security/physical security	Protection of customer information and Exelon's electronic and physical assets is of paramount importance, as our transmission, distribution and generation assets represent critical national infrastructure.
Policy engagement	Exelon's businesses are subject to a wide range of state and federal laws and regulations. Exelon seeks to engage with policy makers to find solutions that support our business interests, provide more value to customers and create desirable outcomes for stakeholders.

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

CDP
DRIVING SUSTAINABLE ECONOMIES

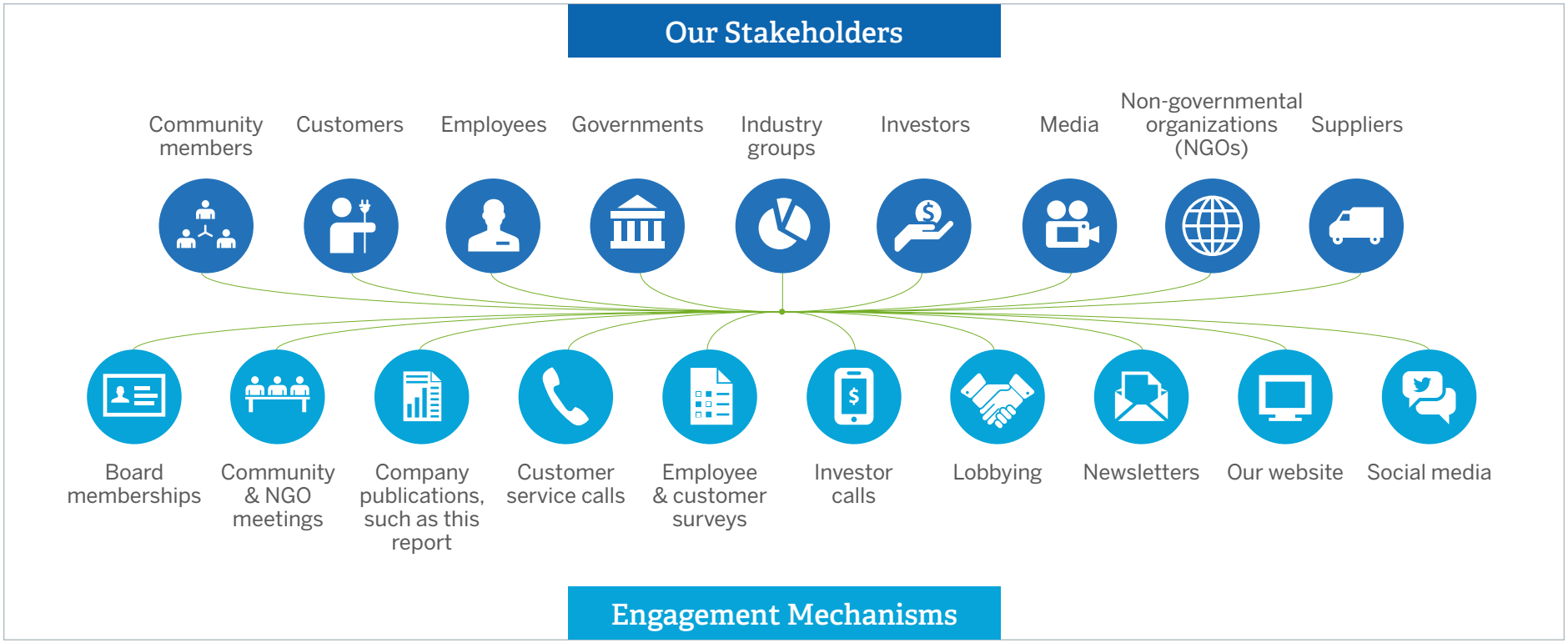
Sustainability Recognition

We participate in a number of voluntary reporting initiatives including the Dow Jones Sustainability Indices (DJSI) and the CDP Climate Change, Water and Supply Chain surveys. Exelon has been named to the DJSI North America Index for the past 11 years, which includes the top-scoring 20 percent of the 600 largest North American companies. We also scored an "A-" on all three CDP disclosures in 2016: Climate Change, Water and Supply Chain. Visit our website to view our responses to the Climate Change survey and Water survey.

Stakeholder Engagement

Exelon regularly engages with stakeholders through a number of channels. We value the interests of all our stakeholders, and recognize that stakeholder engagement is essential to our ability to understand emerging trends and to address stakeholder needs or concerns. As described in this report, we use their feedback to inform our sustainability strategy and business plans. The variety of stakeholders and ways in which we engage are depicted in the image below.

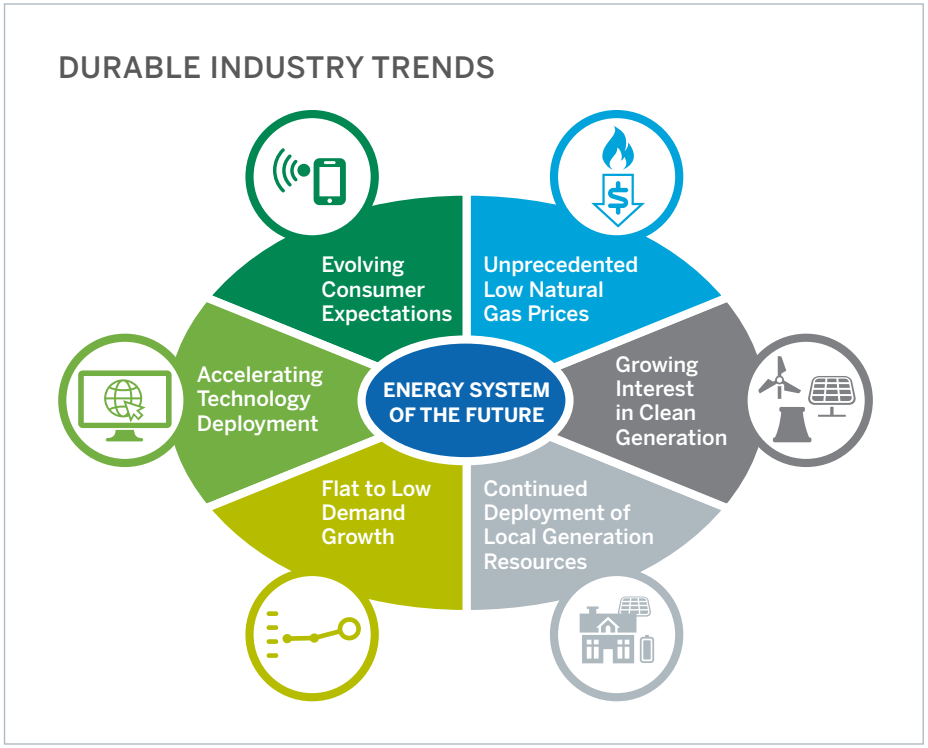
We hold specialized forums with individual stakeholder groups throughout the year to discuss their sustainability interest and concerns. For example, we have engaged with Ceres, a nonprofit organization advocating for sustainability leadership, every year since 2008. Ceres is able to provide the company with outside perspectives on key material issues, and helps Exelon advance our sustainability performance. As part of our annual engagement, Ceres convened a group of stakeholders and Exelon participants in April 2017 to engage in a discussion about the sustainability aspects of our corporate strategic plan as well as our sustainability performance and reporting efforts through a structured feedback session. A summary of the resulting discussion is available on our website. Additionally, we engaged with RobecoSAM on our DJSI Scorecard and with CDP on our disclosure results to better understand the scoring and areas for improvement.



BUILDING THE NEXT-GENERATION ENERGY COMPANY

- Embraced a culture of technology and innovation with customers, employees, partnerships and investments
- Invested $5.5 billion in utilities, as part of our plan to invest $25 billion through 2020
- Achieved a 94.6% nuclear capacity factor, 97.2% fossil and hydro dispatch match, and 95.6% wind and solar energy capture rate

Exelon is in a unique position to deliver value to our customers, communities and shareholders as the pace of electrification and digitization of our national economy continues to accelerate. As the largest competitive integrated electric and gas energy company in the United States — serving more than 10 million utility and 2.2 million competitive retail customers — we can leverage our size, scale and scope to deliver the results that our customers seek, including affordable energy, reliable electric and gas service, clean energy, deployment of technology and innovation to empower customers, and investment in people and local communities.



Durable Industry Trends Shaping Exelon's Business Strategy

Exelon's business strategy is informed by our views on trends shaping the energy landscape as well as customer demands. Exelon's executive team regularly assesses the key trends affecting our industry and works with our Board of Directors to evolve Exelon's business strategy over time to ensure that we anticipate the needs of our customers and that we continue to deliver the products, services, results and value that matters to them.

We see industry transformation occurring due to fundamental shifts in customer expectations and markets, the advent of new technologies and evolving public priorities. Based on our assessment of the major durable trends impacting our industry, Exelon has adopted a plan to respond to these trends by leveraging our core assets and competencies in four strategic areas. The four key focus areas of our business plan include embracing a culture of technology and innovation; investing for attractive returns; operational excellence; and advocacy for appropriate regulatory and market structures.

The nexus of Exelon's business plan is the creation of value for our customers and communities; value for our shareholders will follow. The industry trends include:

Evolving Consumer Behavior and Expectations. Customers are expressing a strong desire for greater personal control over their energy use and choices — from energy generation sources to home and business products and services. Our customers expect their energy to be affordable and reliable — and they expect it to be clean. Customers are increasingly

considering energy generation and use as an integral part of their lives and businesses by embracing local generation, such as residential and commercial solar, by playing a more active role in implementing energy efficiency measures, and by utilizing technology to track and manage home and business energy usage. As an energy provider, Exelon will be increasingly called on to offer value-added products and services that cater to new customer interests driven by access to new technologies, while at the same time maintaining core customer interests in a reliable and affordable grid. In some cases, the combined effects of new technologies, new business models and evolving customer interests are challenging utilities and state public service commissions to revisit historic regulatory frameworks that govern the operations and funding of regulated utility transmission and distribution (T&D) systems to ensure that the system remains reliable and adequately funded, and that customer interests in new products and services are addressed.

Increased Natural Gas Supply and Low Natural Gas Prices. The spread of new shale gas drilling technologies in the United States continues to support lower natural gas prices and higher supply, prompting greater use of natural gas for power generation and other end uses. At the same time, low gas prices continue to maintain lower competitive power prices, negatively affecting the economics of all power generation resources, including low-carbon generation resources such as nuclear power. Low natural gas prices come against a backdrop of generally lower prices for many other commodities, such as oil and metals. Low commodity prices have a ripple effect throughout the economy, creating risks and opportunities for Exelon and our customers.

Flat to Low Demand Growth. In addition to low natural gas prices, power prices have also been pressured due to sluggish growth in the demand for electricity. After decades of steady growth in load, over the past decade power suppliers are seeing flat to very low growth in demand, due in part to a permanent shift toward increased energy efficiency, as well as due to the last recession. This is a fundamental shift in market dynamics compared with the higher demand growth rates of prior decades. For example, the U.S. Energy Information Administration (EIA) has projected electricity load growth to increase with a 0.8 percent compound annual growth rate through 2050, meaningfully less as compared to projected GDP growth in the United States. In the Exelon utility territories, load growth is expected to be slightly lower to flat in future years compared with historical levels.

Henderson-Hopkins students learn about their school's new 178-kW solar project developed by Constellation.

Continued Deployment of Local Generation Resources. The deployment of local generation such as solar, wind or fuel cells in private residential and commercial applications continues to increase. This is largely in response to customer interest in renewable energy, as well as interest in options to increase local reliability through technologies such as fuel cells and battery storage. State renewable portfolio standard mandates, various state and federal incentives, new project financing approaches and the continued decline in wind and solar energy technology costs are driving the trend toward installation of renewable energy resources. Renewable energy deployed by local utilities, competitive generation companies and private customers is supplanting some conventional generation, offering potential environmental benefits such as reduced fossil fuel consumption and lower carbon emissions. At the same time, increased deployment of these technologies can create new challenges, such as how to integrate and manage variable resources within the current T&D system. The original T&D system was designed, regulated and funded for one-way, central station to end-customer power flows, with conventional generation resources providing controllable power supplies to respond quickly to changes in hourly energy demand. This is an additional example of an area where utilities and public service commissions may need to collaborate on solutions to meet evolving customer interests and the impacts of new technologies on business models and regulations that were developed before significant amounts of local generation began to be deployed.

Accelerating Technology Deployment. The centralized generation and T&D system, though fundamentally needed to supply and distribute electric power, is at the same time transforming. An intelligent electric network, enabled by two-way communication technologies and the expanding "internet of things," is emerging to create a smart power grid. Both regulated utilities and third parties are deploying new technologies that provide options for more efficiently monitoring and managing energy usage. With the introduction of new technologies, there is an ever increasing need for all parties to understand and manage the effects of technologies on the shared grid.

Growing Interest in Clean Generation. We see sustained and growing public interest in reducing the impacts of energy usage on the environment, whether related to climate change and carbon dioxide emissions, or other air pollutant emissions such as nitrogen oxide and sulfur dioxide that can contribute to unhealthy air quality at regional and local levels. While the future of the actions taken by the federal government to address air pollutant emissions is now uncertain, in many cases states are expected to continue to lead the way on energy policy. States will be seeking to manage the interplay of energy and environmental policy on key customer interests with regard to affordable, clean and reliable energy. While the balance of effort at the federal and state levels may shift back and forth over time, customers' long-term interest in clean generation has remained constant.

Exelon Strategic Plan Focus Areas

In response to our analysis of durable industry trends, Exelon's four strategic plan focus areas — culture of technology and innovation, investments, operational excellence, and advocacy for appropriate regulatory and market structures — have been developed to guide our business actions and deliver value to our customers. These four focus areas form the basis of our business strategy and work together to deliver value for our customers and other stakeholders. The focus areas are not unrelated; they build upon each other in a virtuous cycle that creates the opportunity to invest at attractive returns. As we execute our strategy in each of the four focus areas, we apply a consistent customer value screen to ensure that we are meeting our customers' interests and remain relevant to them in a rapidly changing energy environment. This value screen includes consideration of customer interests in affordable energy, reliable electric and gas service, clean/low-carbon energy, technology and innovation, and investment in people and local communities.

Executing Our Strategic Plan

EXELON STRATEGIC PLAN FOCUS AREAS	KEY CUSTOMER VALUE SCREEN	EXAMPLE EXELON ACTIONS	CUSTOMER AND STAKEHOLDER BENEFITS
Culture of Technology and Innovation	**Investment in people and communities** **Affordable energy** **Reliable electric and gas service** **Clean/low-carbon energy** **Technology and innovation to empower customers**	Big data — smart meters New products and services Investing in innovative venture-stage companies Partnerships with leading academic and government organizations	- Enhanced power quality - Real-time energy use management - Storm response prioritization - Integration of renewable energy - Time of use pricing - Electric buses (Proterra) - Intelligent energy storage (Stem) - Solar and energy efficiency for low- to moderate-income households (PosiGen)
Investing at Attractive Returns		Invest $25 billion in utilities (2016–2020) Invest in customer energy efficiency programs Pilot new technologies — microgrids; battery storage New natural gas plants in Texas Corporate philanthropy Acquisition of ConEd Solutions	- Enhanced resilience and reliability - More efficient electric and gas delivery - Greater customer awareness and control of energy use - Customers saved 14.9 million MWh and avoided 7.6 million metric tons of GHG emissions through Exelon utility EE programs in 2016 - Rapid response units enable renewable energy integration - Over $46 million provided to 4,438 organizations in 40 states in 2016 in areas such as education, environment and arts
Operational Excellence		Business Intelligence Data Analytics GE Predix Use of digital worker and robotics technologies Meeting merger commitments at PHI utilities	- Enhanced electric and gas utility reliability - World-class generation performance supports affordable energy - Best practice sharing with PHI - Enhanced public and employee safety
Advocacy for Appropriate Regulatory and Market Structures		Working with regulators to enable "Utility of the Future" business model Support market value for all low-carbon energy in all forums — NY Clean Energy Standard and IL Future Energy Jobs legislation	- Energy efficiency - Lower costs - Greater utility investment in renewable and distributed energy, energy efficiency, new products and services - Maintain and expand clean/low-carbon generation

Exelon.

Culture of Technology and Innovation

As we look at the major trends facing our industry, we recognize the need to embrace technology and innovation across all aspects of our business. This is a foundational requirement to support Exelon's continued growth and to meet stakeholder expectations. We believe that the best ideas emerge when individuals from diverse backgrounds work together, sharing ideas and insights, to tackle our biggest business challenges. To this end, we have formed a number of teams that bring together passionate employees and external experts to find practical solutions to advance the future of energy. These teams foster a culture of innovation that drives operational excellence and accelerates adoption of new technologies, products and services. The teams involve representatives from all parts of the company to work together to drive the evaluation and deployment of new technologies and innovation across Exelon.

The **Corporate Innovation Team** is charged with identifying technology that has the potential to improve productivity and efficiencies within our existing businesses. The team applies Exelon's innovation framework to identify opportunities, pilot emerging technologies and implement them quickly.

Over the past five years, the team has facilitated a series of Innovation Expos to bring employees together to learn about new technologies impacting our industry and to share employee ideas on how to leverage innovation and technology for our customers. The 2016 Exelon Innovation Expo, which focused on new technologies that will augment human capabilities for the digital worker, involved more than 1,400 employees who engaged on an interactive basis to both learn about, and create, new ideas to improve service and efficiency and deliver new products and services. The digital worker focus area includes opportunities such as wearable technologies, biometrics and expanded mobile applications.

In addition to digital worker technologies, Exelon is working to expand our understanding and use of robotics and drone technologies to more efficiently and safely perform company operations, such as in aerial transmission line and windmill blade inspections. We are also working to explore and pilot artificial intelligence applications, such as machine learning, natural language processing and computer vision, that are designed to endow computers with human-like faculties such as hearing, seeing, reasoning and learning, so that artificial intelligence applications

GENERAL ELECTRIC (GE) PREDIX TO HELP EXELON ACCELERATE DIGITAL TRANSFORMATION

In late 2016, Exelon announced an enterprise-wide software agreement with GE to deploy GE's entire suite of Predix software applications across Exelon Generation's fleet of nuclear, hydroelectric, wind, solar and natural gas facilities. This digital technology is being used to improve power plant reliability and performance. In addition to providing its Predix platform, GE has also provided Exelon with its Digital Power Plant and Digital Wind Farm solution suites, including Asset Performance Management, Operations Optimization, Business Optimization, Cybersecurity and Advanced Controls/ Edge Computing solutions. As part of this agreement, Exelon and GE will work to co-create and commercialize future software applications as we gain additional insights into how this software can be used and refined to improve operating performance across the entire industry. Exelon's partnership with GE is part of our broader strategy to collaborate with technology companies, top universities, national labs, government agencies and venture capitalists to explore and implement new technologies that could transform the industry while promoting affordable, reliable and clean generation and energy delivery resources.

can interact real-time with employees in a wide variety of applications. These may include asset health monitoring, damage assessment, anomaly detection and real-time information retrieval and visual display to support maintenance operations, such as presenting a technician with equipment schematics or real-time tutorials on task implementation.

Driving a culture of innovation throughout the company is an ongoing focus for the team, with every aspect being addressed and monitored for progress through a company-wide **Sustaining Innovation iNdex**. Employees are encouraged and rewarded for their ideas leading to improved collaboration through our internal crowdsourcing tool. The team works with a diverse ecosystem including startup companies, academia, research labs, government agencies and others to establish the broadest understanding of emerging technologies and potential applications throughout Exelon.

In addition to the Corporate Innovation Team, Exelon also utilizes its internal **Exelorate Growth Board** to evaluate and manage growth-related business ideas developed by employees. The Growth Board is composed of a dozen senior leaders from across Exelon's businesses. New opportunities are subjected to a five-stage process to test and pilot technologies that will provide benefits for customers. Allocation of appropriate human capital and financial resources and executive mentoring of employees are key components of the process as we seek to engage and encourage employees to embrace innovation and new technologies. During 2016, the Board focused on a number of opportunity areas, including increasing vehicle electrification and improving last-mile delivery of electricity and gas, among others.

Another Exelon team is the **TechEXChange**, charged with exploring technology that has the potential to form the basis of new businesses. Under TechEXChange, teams of up to 60 individuals from throughout the company collaborate with government and industry associations, national labs, top universities, technology companies, and venture capital and private equity firms to identify innovations that will shape the future energy landscape. To date, the team has identified more than 25 opportunities within its five focus areas of battery storage, fuel cells, vehicles powered by alternative fuels, water and hydrogen. These innovations have the potential to impact energy markets and create new value channels for Exelon and our customers.

In the changing energy landscape, we recognize the importance of our customers, especially as their wants and needs evolve. As the number of options and choices for energy products increases, we need to understand our customers and what key factors weigh into their decision-making process. To help us better understand our customers, the TechEXChange conducted a study in 2016 that focused on customer purchasing behavior to better understand decision-making. For example, we examined how consumers make decisions about distributed energy resources. We evaluated both the economic and the emotional aspects of the decision. This analysis of the decision-making process led to observations about how Exelon currently segments different kinds of customers, and ideas for new ways to look at customer segmentation in the energy space to better address customers' needs. We are using this project to re-examine and validate Exelon's business model: Are customers getting what they need and want from our company? Through the exploration of the customer decision-making process, we gain insights about customer preferences that will help us to creatively satisfy customer needs in this changing landscape.

Exelon's technology evaluation processes continue to lead to new business opportunities, such as fuel cells.

EXELON TECHNOLOGY AND INNOVATION PARTNERSHIPS

Exelon's vision of the energy system of the future indicates that the grid is evolving, and will continue to change and improve. To actively participate in this future, Exelon continues to seek meaningful stakeholder partnerships as we build the next-generation energy company. We have convened a number of collaborative relationships with other private companies, academia, government institutions and national labs. These partnerships facilitate collaboration on very early-stage research, not only between Exelon and our partners in each category, but also across categories in order to develop well-rounded technologies that tackle long-term challenges. We share our vision of the future with our partners, who add their expertise and input. Technologies that may play a role in that vision of the future are selected for investment. In addition to monetary investment, Exelon also provides expertise and resources to further the collaboration. In 2016, Exelon announced partnerships with MIT, Northwestern University and Argonne National Lab. Through these partnerships, we learn about and collaborate on nascent energy technologies across a very broad range of topics, from transmission and distribution, to generation, storage and customer-facing technologies.

Because electric vehicle adoption may play a key role in the future landscape and evolving grid, TechEXChange, in conjunction with the Exelorate Growth Board, explored ways to encourage the adoption of electric vehicles to help reduce overall carbon emissions during 2016. Potential avenues include options such as helping to provide the infrastructure required to support larger numbers of electric vehicles, and educating consumers and our workforce about the benefits of electric vehicle ownership. Within our own operations, Exelon Utilities has committed to EEI's Electrification Challenge, where we have committed to spend 5 percent of our annual fleet acquisition budget on plug-in hybrid electric vehicle and electric vehicle technology. Through Constellation Technology Ventures (described below) we are also involved in vehicle charging infrastructure and networks (ChargePoint) and electric bus design and manufacturing (Proterra).

With regard to customers, Exelon's utilities are transforming the way we interact with customers through innovative online- and mobile-based applications and creating strategic partnerships with innovation companies to leverage the capabilities of the smart grid network. In 2016, the legacy Exelon utilities launched new websites to enhance the customer experience, working with Pepco Holdings utilities who shared lessons learned from their earlier website updates. Exelon utility customers are now able to move seamlessly across devices — mobile, tablet and desktop. Customers can also go on their local utility's website to download their energy usage data, with the utilities continuing to roll out new features over time, such as the ability to evaluate weather impacts on energy usage and receive home energy and high usage reports. In some cases, data and analysis are available through third-party partners with permission from the customer.

In addition to our internal efforts to foster a culture of technology and innovation, Exelon is investing in venture-stage energy technology companies through **Constellation Technology Ventures** (CTV). CTV invests in growth-stage companies representing innovations that complement, or may disrupt, Exelon's core businesses, with the goal of providing new solutions to Exelon and our customers. Investments made by CTV encompass a range of themes, including electric vehicles, distributed generation, energy storage, renewable generation and intelligent buildings. Following investment, portfolio companies engage with CTV's New Business Incubator, where a specialized team facilitates commercialization of CTV investments and other new technologies within Exelon business units.

The following companies illustrate the range of technologies included in CTV's portfolio:

Proterra is a leader in the design and manufacture of zero-emission vehicles that enable bus fleet operators to eliminate the use of fossil fuels and to significantly reduce operating costs while delivering clean, quiet transportation to the community. When a Proterra bus replaces a diesel bus, an estimated 244,000 pounds of carbon dioxide (CO_2) are avoided. In 2016, Proterra saw a 228 percent year-over-year increase in sales. Proterra has now sold more than 380 vehicles to 36 different municipal, university and commercial transit agencies in 20 states across the United States. Proterra's configurable electric vehicle platform, battery and charging options make its buses well suited for a wide range of transit and campus routes. Proving further that this technology has crossed the threshold from promising to practical, King County Metro in Seattle and adjoining communities placed an order for 73 Proterra buses in 2016 — the largest order of its kind in North America. Proterra products are designed, engineered and manufactured in the United States. Additional information on Proterra is available at www.proterra.com.

PosiGen was founded in 2011 with a focus on serving the low- to moderate-income homeowner markets by pairing energy efficiency retrofits with solar power systems to both reduce household energy consumption and to self-generate energy through innovative financing, purchasing options and 20-year lease contracts. These investments help to improve the financial stability of low-to-moderate income families, who are most susceptible to rising energy costs, by reducing their energy consumption and providing opportunities to leverage state and federal incentives. To date, almost 10,000 homes have been retrofitted. PosiGen's solution provides socially responsive benefits to historically disadvantaged communities, and to a segment that has been underserved by the broader residential solar industry. More information is available at posigen.com.

Stem combines self-learning software with advanced energy storage to help businesses and public institutions automate energy cost savings, respond to changing rates and support a sustainable grid. Stem shifts energy use away from times when it is most expensive, learning each building's energy patterns to maximize the value of on-site storage. With Stem's turnkey service, organizations unlock the benefits of energy storage with no upfront costs or disruption. Together, Stem's customers form a network that helps utilities create a more efficient, sustainable and resilient electrical grid. Stem's network includes more than 100 MWh across 600 facilities, making it the largest commercial-scale energy storage network in North America. More information is available at www.stem.com.

Zero-emission Proterra buses are in use in 20 states across the United States.


Stem energy storage systems help businesses automate energy cost savings.

Investing in Our Markets at Attractive Returns

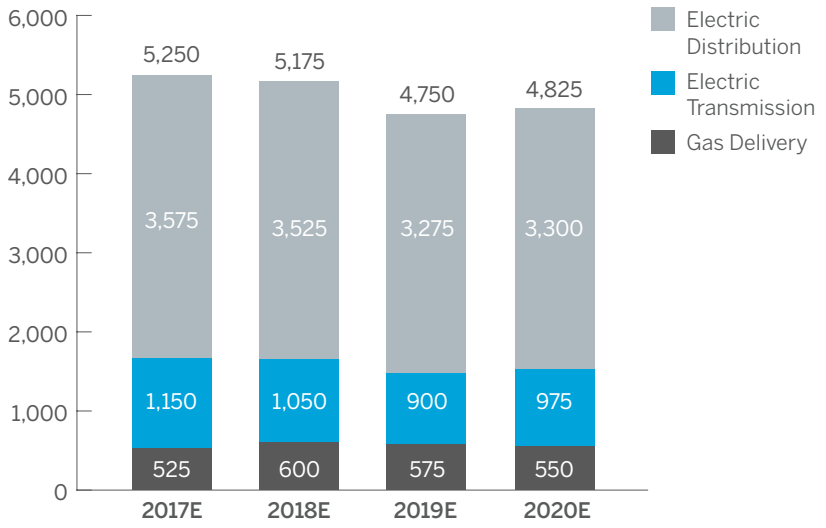
In the face of stagnant demand growth and continued low wholesale power prices, Exelon has adopted a strategy to focus on continued regulated utility growth across our six utilities with plans to invest $25 billion from 2016 through 2020. At Exelon Generation, we are optimizing value by focusing on continued operational excellence, seeking fair compensation for the zero-carbon attributes of our fleet, monetizing assets and maximizing the value of the generation fleet through our "generation to load" matching strategy. Our capital allocation is focused primarily on organic utility growth, return of capital to shareholders via dividends, debt reduction and modest contracted generation investments. Exelon Generation's strong free cash flow is being used to both support utility growth and to reduce debt by about $3 billion over the next four years. Maintaining a strong balance sheet is a priority, with all businesses focused on maintaining investment grade credit metrics.

Investments in Regulated Utilities

In 2016, as part of our five-year plan to invest $25 billion in our regulated utilities, Exelon invested more than $5.5 billion of capital across BGE, ComEd, PECO and PHI. As can be seen in the adjacent graph, the majority of Exelon's utility investments over the next four years will be in the electric distribution system, followed by the electric transmission and gas distribution systems.

Of note, Exelon's utilities have completed the majority of their investments in smart meter technology. The details and results of past investments in some of these areas are discussed in more detail later in this report. Through December 2016, we have upgraded more than 7.3 million smart electric and gas meters at the Exelon utilities. These advanced metering technologies enable a wide range of system and customer benefits. From an operational perspective, these new meters allow the utilities to remotely connect or disconnect service, provide enhanced information to help identify and respond to power outages and better monitor circuit voltage, saving customers money and avoiding excess GHG emissions. At the same time, these technologies give customers real-time insights into their energy usage and opportunities to save energy and money, through smart usage rewards and other programs.

EXPECTED EXELON UTILITIES INVESTMENTS



Adapted from Exelon 2016 Q4 Earnings Call Materials.

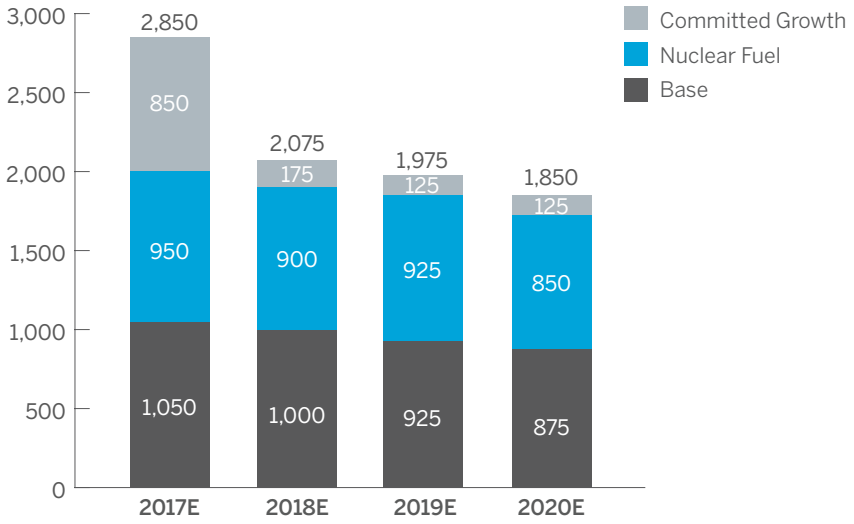
Investments in Generation

Our capital deployment through 2020 in our Generation business is focused primarily on investments that will support, and improve, our existing plants' ability to generate electric power efficiently and reliably. In 2016,

Exelon Generation completed most construction work on 2,189 MW of highly efficient, combined cycle natural gas generation at our existing Wolf Hollow and Colorado Bend generating stations in Texas, with the balance of construction completed in early 2017. The quick ramping nature of this generation allows it to respond rapidly to changes in demand and supply, including variable wind power production, supporting a more reliable power system. Depending on annual dispatch, these units also have the potential to lower regional grid emissions by an estimated 1 million metric tons of CO_2 by displacing higher-emitting generation sources.

EXPECTED EXELON GENERATION INVESTMENTS

dollars in millions



Adapted from Exelon 2016 Q4 Earnings Call Materials.

Exelon Power also completed construction of the 198-MW Bluestem Wind project in 2016. As depicted in the adjacent bar graph, Exelon Generation has committed growth projects through 2020, primarily related to contracted renewable energy generation projects.

During 2016, work also continued on a 28-MW biogas-fueled cogeneration plant that will supply 100 percent of the steam and electricity produced to power Los Angeles Sanitation's Hyperion Water Reclamation Plant; Exelon Generation serves as the operator of the cogeneration facility. Constellation also began construction of a biomass-fueled, combined heat and power plant in Albany, Georgia, which will help power one of Procter & Gamble's largest U.S. facilities. Albany Green Energy will build, own and operate the cogeneration plant, which will supply steam to Procter & Gamble's paper manufacturing facility and generate up to 50 MW of electricity for the local utility. Exelon Generation is a 90 percent owner of Albany Green Energy.

During 2016, Exelon Generation achieved a 20-year license extension from the Nuclear Regulatory Commission (NRC) at the LaSalle nuclear plant. With the exception of the Clinton Station, Exelon Generation has obtained initial 20-year operating license renewal extensions (i.e., extending the total license term to 60 years) for all of its operating nuclear units (including the two Salem units co-owned by Exelon, but operated by PSEG). Exelon Generation intends to apply for an initial 20-year renewal for the Clinton unit. Last year we also completed a 3.5-MW adjustable speed drive uprate at the Peach Bottom nuclear power plant. Additional nuclear uprate activities are planned for several Exelon Nuclear plants through 2020, with an estimated capacity increase of 47 MW. On March 31, 2017, Exelon Generation also assumed ownership and management of operations of the 838-MW James A. FitzPatrick nuclear power plant in Scriba, New York. These investments further expand Exelon's ability to produce reliable zero-carbon energy for our customers.

Maintaining Operational Excellence, Productivity and Efficiency

Operational excellence at our regulated utilities and in our generation business is foundational for Exelon as a next-generation energy company. Our 10 million utility customers depend on us to provide affordable, reliable and clean energy each and every day of the year. To drive improvement, Exelon's operating companies engage in frequent industry benchmarking and utilize a variety of management tools to identify and share best practices across, and within, our operating companies. Given Exelon's size, scale and scope, even small opportunities for improvement can yield big results for our customers.

Exelon Utilities Operational Metrics[1]

Operations	Metric	2016			
		BGE	ComEd	PECO	PHI
Electric Operations	OSHA Recordable Rate	Q1	Q1	Q1	Q2
	2.5 Beta SAIFI (Outage Frequency)	Q2	Q1	Q1	Q4
	2.5 Beta CAIDI (Outage Duration)	Q1	Q1	Q1	Q2
Customer Operations	Customer Satisfaction	Q1	Q1	Q1	N/A
	Service Level — Percentage of calls answered in <30 seconds	Q1	Q1	Q1	Q1
	Abandon Rate	Q1	Q1	Q1	Q1
Gas Operations	Percentage of calls responded to in <1 hour	Q1	No gas operations	Q1	Q1

1 Exelon Utilities has identified and transferred best practices at each of its utilities to improve operating performance in areas such as system performance, emergency preparedness, customer satisfaction, corrective and preventive maintenance and customer care. Similar to the performance improvement at BGE after the Constellation Energy merger, Exelon Utilities is working to help improve PHI performance to first quartile levels over time.

Performance Quartiles: Q1 Q2 Q3 Q4

Regulated Utilities

Exelon has been pursuing operational excellence and the integration of utilities under the Exelon umbrella for almost two decades. At our start, Exelon was formed by the merger of Commonwealth Edison and PECO Energy in 2000. With the 2012 Constellation Energy merger, Exelon added Baltimore Gas and Electric to our family of utilities. In 2016, we added the Pepco Holdings (PHI) utilities to our suite of regulated electric and gas utilities.

Central to the growth of the utility portfolio is the Exelon utility management model that focuses on continuous pursuit of operational excellence in areas such as system reliability, customer service and safety. Driving this progress is the identification and sharing of best practices across our utilities, including system performance, emergency preparedness, and corrective and preventive maintenance.

As the adjacent table demonstrates, Exelon's legacy utilities generally achieved first quartile performance in 2016. In fact, BGE, ComEd and PECO each achieved first decile performance in our Customer Satisfaction Index (CSI) that was our best-ever performance at each utility (PHI is in the process of adopting the Exelon utility CSI metrics for 2017). ComEd and PECO achieved first decile performance for outage frequency, with ComEd's results best on record and best in class. PHI outage frequency was best ever on record.

During 2017, Exelon's legacy utilities will continue to work with PHI utilities to identify and share best practices to support additional improvement across the board. In addition to sharing best practices, the PHI utilities will continue to deploy new technology and make capital investments in T&D infrastructure to support performance improvement and to meet PHI merger commitments to our stakeholders. BGE achieved significant performance improvement after its integration into the Exelon family of utilities in 2012; we expect to see similar improvement over time as we work

with PHI utilities to make the right investments in people, technologies and equipment that are needed to drive increased utility performance. For more information on Exelon's merger commitments, see the Pepco Holdings Integration Update section of this report.

Exelon Generation

Given the current state of low wholesale power prices and stagnant demand growth in most markets, Exelon Generation continues to focus on operating power generation assets at world class performance levels. In support of our customers' interests in affordable, reliable and clean energy, we take pride in operating one of the most reliable power generation fleets in the country — a fleet with the lowest CO_2 emission rate of, by an order of magnitude, the nation's 20 largest investor-owned power generators.

OPTIMIZING OUR PORTFOLIO

	2014	2015	2016
Nuclear Capacity Factor[1]	94.3%	93.7%	94.6%
Dispatch Match[2]	96.5%	98.6%	97.2%
Fossil EFORd[3]	3.5%	4.9%	3.1%
Wind/Solar Energy Capture[4]	95.2%	95.5%	95.6%

1 Nuclear Capacity Factor: Capacity factor for the nuclear fleet excludes Salem. The 2014 fleet capacity factor also excludes the three CENG nuclear plants. The three CENG nuclear plants operated at a 92.6 percent capacity factor in 2014. Capacity factors reflect Exelon's ownership share.

2 Dispatch Match: Expressed as a percentage, dispatch match reflects fossil and hydro units' revenue capture when they are called upon for generation. Factors that adversely impact dispatch match include forced outages, derates and failure to operate to the desired generation signal.

3 Fossil Equivalent Forced Outage Rate (EFORd): Measure of the portion of time a unit is in demand but is unavailable due to a forced outage.

4 Wind/Solar Energy Capture: The energy capture percentage is an indicator of how efficiently the installed assets capture the natural energy available from the wind and the sun. It is expressed as an energy-based fraction, the numerator of which is the energy produced by wind turbine generators or solar cells, and the denominator of which is the total wind or solar energy available at the site during that time period.

In 2016, the Exelon nuclear fleet achieved a record capacity factor of 94.6 percent, generating 160,138 gigawatt-hours and avoiding more than 86 million metric tons of GHG emissions if replaced by the current grid mix, less that same nuclear supply. Our dispatch match — a measure of unit revenue capture when it is called on for generation — was 97.2 percent. Our fossil forced outage rate was 3.1 percent. Our wind and solar energy capture rate was a record 95.6 percent. Our current wind fleet comprises 45 projects across 11 states, operating 856 utility-scale wind turbines.

In addition to our leading generation performance, our Constellation business continues to maintain its "generation to load" matching strategy, under which price and performance risk is managed by ensuring that Constellation's competitive customer load in each region of the country is backed by an acceptable level of Exelon owned and contracted resources in those regions. By ensuring that Constellation has enough generation in its portfolio to match demand on a region-by-region basis, Constellation manages price and performance risk. In some cases, Generation has had a long position in generation in certain markets and has actively sought to increase customers in those regions. For example, in 2016 Constellation completed its acquisition of ConEdison Solutions to increase its customer base in certain areas of the country, such as in Illinois, to better match generation to competitive load.

Evolving Our Business Models and Regulatory and Market Structures

To address evolving customer interests, Exelon is working with states to identify and advance legislative and regulatory opportunities to modernize the regulatory compact and better enable the next-generation energy company. Opportunities include enabling investment in areas where state regulation may currently limit utility investment in areas such as deployment of urban microgrids, energy storage applications and provision of solar options to low-income customers. We are also working to ensure the

value of the grid that is used by all central and local resources is recognized and adequately funded. As local generation and other technologies that change the historic balance of energy usage among customers grow, we must also consider updates to utility rate design that has historically been based on charging customers based on the volume of their consumption (kilowatt-hours used). In order for our utilities to create a platform architecture that allows all users to better interface and use the grid, we are working to support rate design and utility revenue formulas that will not cause some customers to pay more than their fair share.

While Exelon is pursuing consistent objectives in our operating states with regard to needed regulatory compact reform, by definition, the scope and pace of state-by-state updates will vary over time. To address this, Exelon will continue to offer competitive products and services through our Constellation consumer platform so that multiple channels to meet customer needs for products and services are available. Our focus in both regulated and competitive offerings is to position our companies to meet the energy needs of all of our current, and potential, customers.

POLICIES TO ADVANCE CLEAN, AFFORDABLE AND RELIABLE ENERGY

During 2016, Exelon worked with stakeholders in several states to advance customer interests in clean, affordable and reliable energy.

New York Clean Energy Standard

As part of New York's strategy to increase renewable energy supply in the state to 50 percent of supply by 2030 and to reduce state greenhouse gas (GHG) emissions by 40 percent from 1990 levels by 2030 and by 80 percent by 2050, the Public Service Commission adopted a Clean Energy Standard in 2016. The standard includes the updated renewable energy target for 2030, new energy efficiency measures and the first state effort to value the zero-emissions attribute of nuclear energy. Beginning in April 2017, upstate nuclear plants will receive compensation for the zero-emissions attribute from the sale of zero-emission credits (ZECs) under a 12-year contract with the New York State Energy Research and Development Authority to ensure the state does not backslide on GHG emissions while working toward its 2030 targets. State and independent analyses by utilities and others demonstrate that preserving New York's nuclear plants will produce significant benefits for New York consumers and avoid the release of tens of millions of tons of GHG emissions.

Illinois Future Energy Jobs Bill

The Future Energy Jobs bill was signed into law in December 2016 after almost three years of work by Exelon, ComEd, environmental, consumer, labor and other interests to develop a forward-looking, economy-driving comprehensive energy policy for Illinois. The final legislation authorizes increased deployment of energy efficiency measures, with a provision that allows utilities to earn a rate of return on their investments; provides for decoupling of utility revenue from energy usage, ensuring adequate funding for the T&D system even as energy efficiency may reduce levels of delivered power; updates the state RPS program to provide for more in-state renewable energy; provides for solar rebate programs for commercial and community solar projects that utilities could fund through customer bills; and includes a requirement for the Illinois Power Agency to implement contracts with ZECs equal to 16 percent of the actual electricity delivered in 2014. The ZEC provision of the legislation when implemented will significantly benefit Illinois consumers and avoids increased carbon emissions.

The 2,347-MW Byron Generating Station produced nearly 20 million MWh of zero-carbon generation for Illinois residents in 2016.

The Value of Low-Carbon Generation

Almost 60 percent of the nation's low-carbon generation is produced by nuclear power. Exelon's 2016 ownership of 19,457 MW of capacity at 14 nuclear plants represents about 22 percent of the nation's total. In addition to owning the largest share of nuclear power in the United States, Exelon Generation was the 12th largest wind producer in the country in 2016, with 1,529 MW of wind generation in 11 states. In April 2017, Exelon Power reached an agreement to sell a minority interest in a portfolio of Exelon's renewable assets to John Hancock; Exelon will continue to retain majority ownership and management control of the assets. This transaction does not impact Exelon Generation's commitment to advancing clean energy and supporting its existing renewables business. For detailed information on Exelon's wind portfolio, please visit our website.

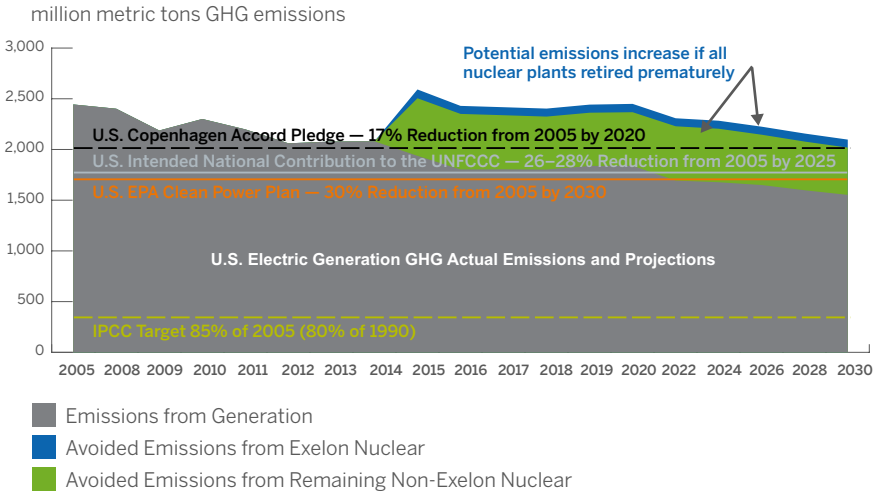
Exelon sees enormous value in the continued operation of our nuclear fleet at world-class performance levels, as we again achieved in 2016 with a record nuclear fleet capacity factor of 94.6 percent. Nuclear facilities provide reliable and affordable electricity to millions of customers and are essential to reducing the nation's carbon emissions under evolving state, federal and international emission reduction efforts. In 2016, we continued to work with government officials, regulators and other stakeholders to recognize the critical role of nuclear power in achieving carbon reduction goals and to support policies, both at the state and federal levels, to establish a clear and consistent price signal to reduce carbon emissions. While there are multiple options at the state and federal levels to drive emission reductions, the need to reduce carbon emissions remains constant in all scenarios and Exelon is committed to low-carbon solutions in response to our customers' continued interest in clean generation.

As the adjacent area graph shows, in 2016 alone, power sector GHG emissions could have been more than 548 million metric tons, or nearly 35 percent, higher if all nuclear plants retired prematurely. This includes more than 86 million metric tons in avoided emissions from the Exelon-owned nuclear fleet. Early retirement of any of these plants would hinder the United States' ability to meet existing and future state and national GHG reduction targets. For illustrative purposes, the adjacent area graph depicts emission reduction levels needed to meet various federal and international targets that have been identified over the years. Because of nuclear power's significant role in providing large quantities of low-carbon, reliable 24/7 power generation, Exelon has continued to advocate for market rules and regulatory policies that appropriately reflect its value to society. See the Viewpoints section of our website for more information.

Going Forward

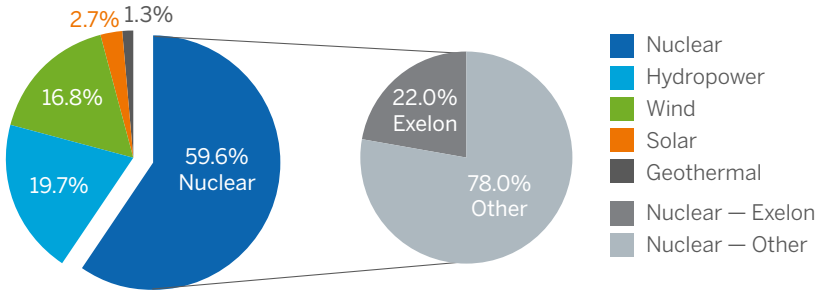
Exelon is committed to working with stakeholders to shape a more sustainable energy landscape as we create the next-generation energy company. Our focus is first and foremost on creating and delivering value for our customers; value for Exelon and our shareholders will follow. We will advance on our strategic plan focus areas in the coming years: investing in our utilities, pursuing innovation, focusing on operational excellence and continuing advocacy for appropriate energy and environmental policies. Through these initiatives that are aimed at supporting our customers' interests in affordable, clean and reliable energy, Exelon will maintain and grow our relevance and value to meeting our customers' current and future energy needs.

POWER SECTOR REDUCTIONS REQUIRED TO MEET GOVERNMENT CLIMATE CHANGE GOALS[1]



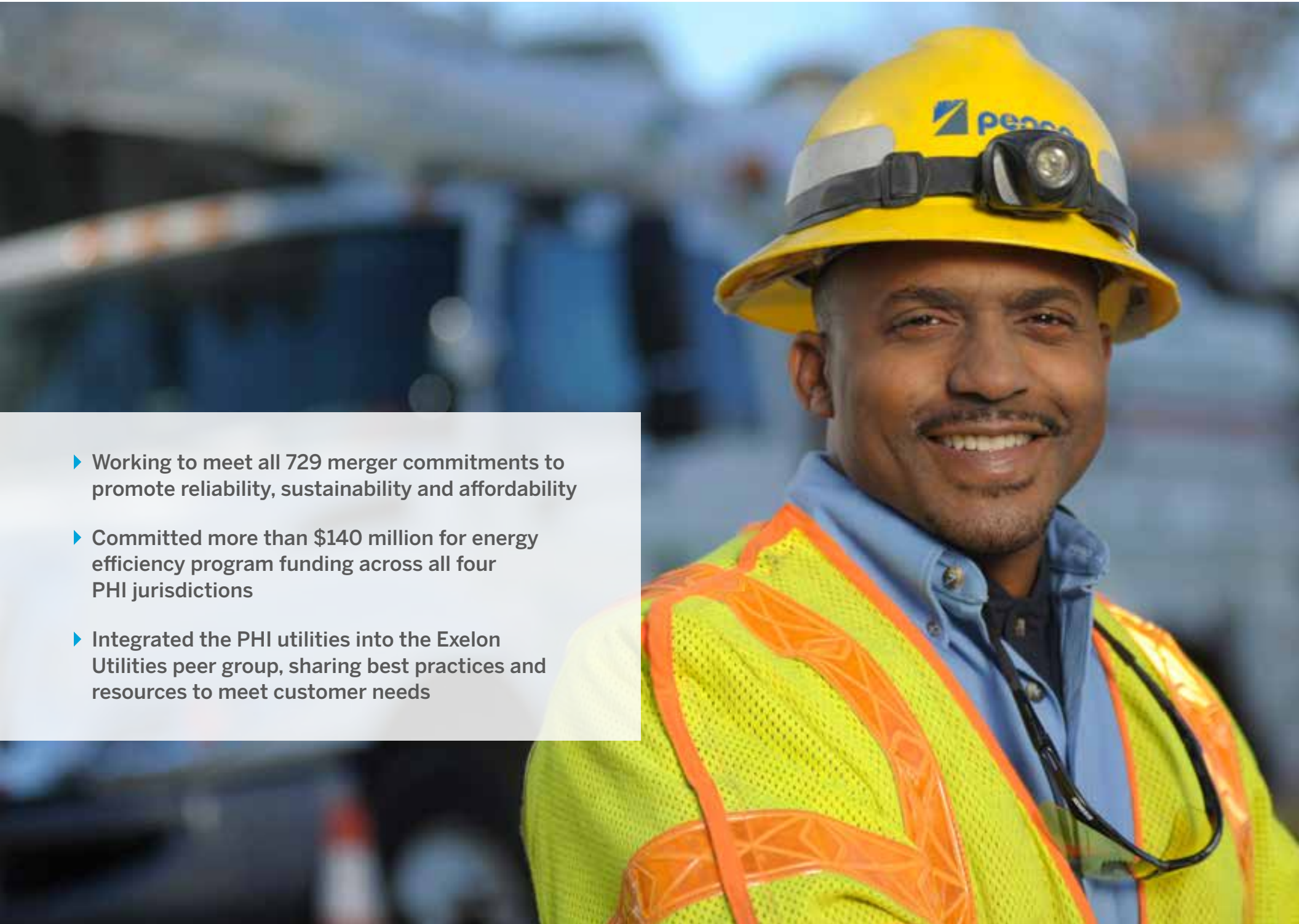
1 Emissions data prior to 2015 is based on the U.S. GHG Emissions Inventory dated April 2016. Generation data prior to 2017 is from EIA Table 1.1 Net Generation by Energy Source dated March 2017. Emissions and nuclear generation projections 2015 and forward are based on the EIA Outlook 2017. The March 28, 2017 Presidential Executive Order on Promoting Energy Independence and Economic Growth requires that U.S. EPA reconsider its Clean Power Plan (CPP) regulation as soon as practicable and develop a plan to suspend, revise or rescind the CPP guidance.

U.S. SOURCES OF LOW-EMISSION ELECTRICITY (2016)[1]



1 Exelon share includes CENG assets at 100 percent output.

PEPCO HOLDINGS INTEGRATION UPDATE



- Working to meet all 729 merger commitments to promote reliability, sustainability and affordability
- Committed more than $140 million for energy efficiency program funding across all four PHI jurisdictions
- Integrated the PHI utilities into the Exelon Utilities peer group, sharing best practices and resources to meet customer needs

Exelon's mission to provide clean, affordable, reliable energy to our customers has been supported by our merger with Pepco Holdings (PHI). Since March 2016, we have been working to integrate the PHI family of utilities into our legacy Exelon operations, with a focus on maximizing efficiencies and providing value to customers, communities and local economies in the territories where we operate. We are focused on meeting all 729 merger commitments to promote reliability, sustainability and affordability to serve our customers and our communities in the four jurisdictions where PHI utilities are located.

PHI utilities are focused on maintaining reliable power distribution systems for customers.

Merger Commitments and Benefits

We value the needs and interests of our customers very highly, and have worked with all of the jurisdictions in which we operate — Delaware, District of Columbia, Maryland and New Jersey — to ensure our efforts provide substantial benefits to customers and communities. Our commitments range from bill credits and technology updates to corporate donations and workforce development programs. The specific benefits provided to PHI customers are outlined in the following table.

Merger Benefits

	Customer Benefits	Community Benefits	Economic Benefits
Delaware	One-time direct bill credits of $122.64 for residential electric customers and $49.95 for residential gas customers. $20 million in energy efficiency program funding, including $4 million for low-income households. Forgave unpaid residential bills that were more than three years past due.	In 2016, Delmarva Power donated more than $900,000 to community nonprofits serving Delaware residents since March 23, 2016. These contributions are in excess of a guaranteed minimum annual average of $699,000 in contributions over the next 10 years. Rolled out enhanced employee matching gifts and volunteer programs, including Dollars for Doers, which delivers funds directly to an organization based on how many hours a company volunteer has worked.	Dedicated $2 million to workforce development programs in Delaware. Provided $6 million for business and economic development. Started actively recruiting qualified candidates, and expect to hire more than 80 new union employees. Pepco Holdings spent $18.6 million with diversity certified suppliers in Delaware in 2016.

Merger Benefits *(continued)*

	Customer Benefits	Community Benefits	Economic Benefits
District of Columbia	$14 million for a one-time direct bill credit — $54.59 per residential customer. Committed $25.6 million to offset future customer rate increases. Committed $32.8 million for energy efficiency program funding, with a portion directed toward low- and limited-income households, and pilot projects for modernization of the grid. Developing or assisting in developing 7 MW of new solar generation. Forgave unpaid residential bills that were more than two years past due.	In 2016, Pepco donated more than $1.9 million to community nonprofits serving District of Columbia residents since March 23, 2016. These contributions are in excess of a guaranteed minimum annual average of $1.9 million in contributions over the next 10 years. Rolled out enhanced employee matching gifts and volunteer programs, including Dollars for Doers, which delivers funds directly to an organization based on how many hours a company volunteer has worked.	Committed more than $5 million for workforce development in the District. Started actively recruiting qualified candidates and expect to hire at least 100 new union employees. Pepco Holdings spent $46.2 million with diversity certified suppliers in the District of Columbia in 2016. Spent $49.6 million with Certified Business Enterprises (local business), including diversity certified suppliers.
Maryland	Both Pepco and Delmarva Power have funded two $50 per customer direct bill credits to residential customers, for a total of more than $69 million in bill credits. Committed more than $82 million for energy efficiency program funding, with a portion directed toward limited- and moderate-income customers. Forgave unpaid residential bills that were more than two years past due and providing $6.7 million to fund electric utility bill assistance to low- and moderate-income customers. Committed to develop or assist in the development of 20 MW of solar and Tier One generation by Dec. 31, 2018.	In 2016, Pepco and Delmarva Power donated $777,000 to community nonprofits serving Maryland residents since March 23, 2016. These contributions are in excess of a guaranteed minimum annual average of $656,000 in contributions over the next 10 years. Pepco has committed to make up to $5 million in market rate loans for development of renewable energy in Montgomery County. Engaged in discussions on pilot microgrid projects in Maryland. Rolled out enhanced employee matching gifts and volunteer programs, including Dollars for Doers, which delivers funds directly to an organization based on how many hours a company volunteer has worked.	Pepco and Delmarva Power have dedicated $4 million for workforce development programs in Montgomery County, Prince George's County and the Delmarva Power service territory in Maryland. Started actively recruiting qualified candidates and expect to hire more than 110 new union employees in Maryland. Pepco spent $25.6 million with diversity certified suppliers in Maryland in 2016. Delmarva Power spent $7.3 million with diversity certified suppliers in Maryland in 2016.
New Jersey	$62 million for a one-time direct bill credit — $113.16 per customer. Committed $15 million for energy efficiency programs, including $4 million for low-income customers. Provided $16.7 million to reduce customer bills for state mandated surcharges.	In 2016, Atlantic City Electric donated more than $880,000 to community nonprofits serving New Jersey residents since March 23, 2016. These contributions are in excess of a guaranteed minimum annual average of $709,000 in contributions over the next 10 years.	Committed funding of $6.5 million for workforce development. Started actively recruiting qualified candidates and expect to hire more than 60 new union employees. Pepco Holdings spent $6.6 million with diversity certified suppliers in New Jersey in 2016.
Across all jurisdictions	Upgraded technology and infrastructure to improve reliability, resulting in fewer and shorter power outages.	Provided faster and easier solar installations, including an improved online application for solar interconnection.	Purchasing 100 MW of wind power in PJM.

For more information on benefits of the merger, please visit www.phitomorrow.com.

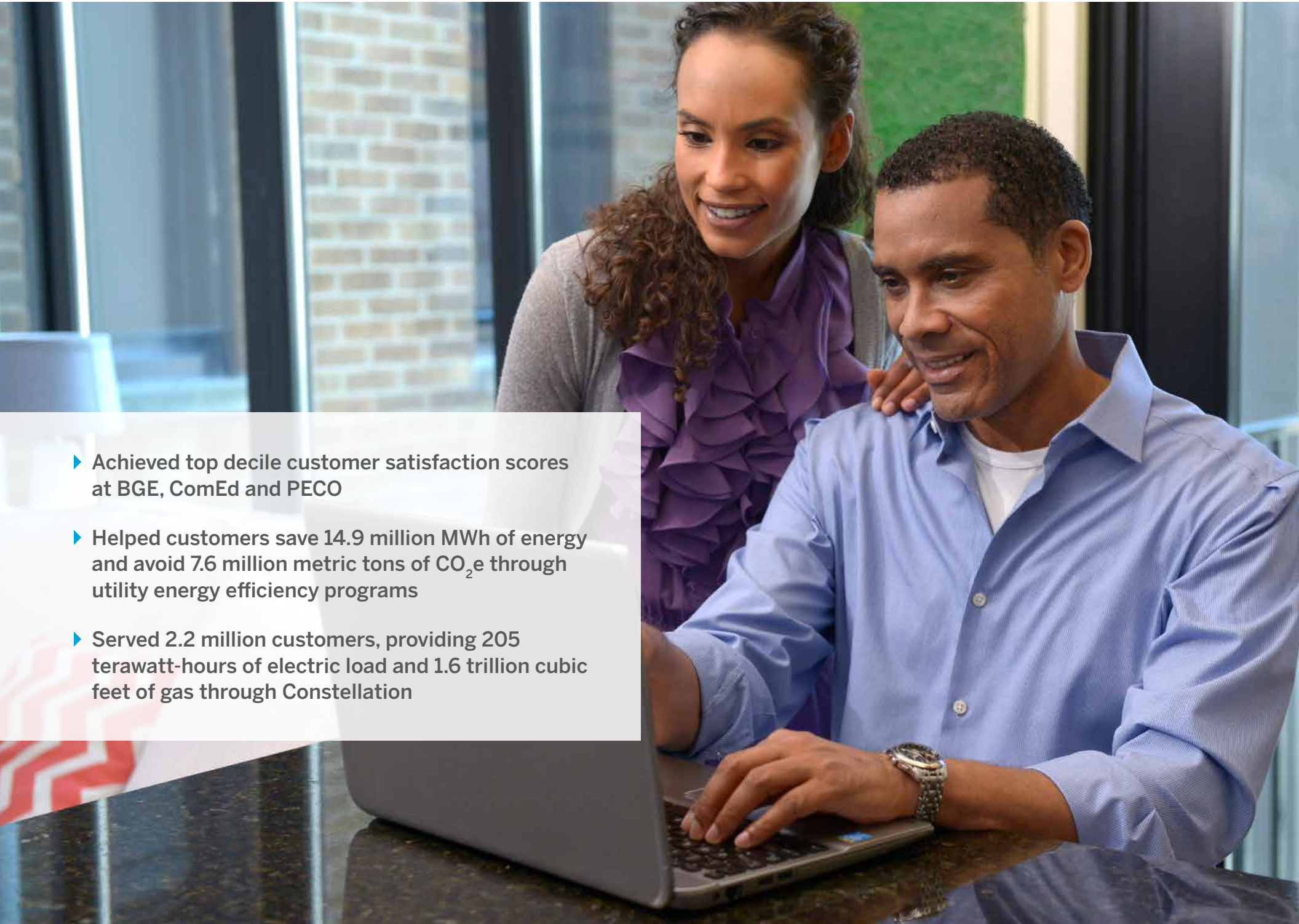
Integration Progress

Integration of legacy Exelon utilities and the PHI utilities is ongoing. We have integrated the PHI utilities into our existing Exelon Utilities peer groups, which are used to share best practices, lessons learned and resources across all the six utilities. We have already made significant progress and will continue our efforts over the coming years. Some examples of immediate benefits and efficiencies include:

- **Safety.** Aligning the PHI safety function with the Exelon management model has been a top priority for ensuring the safety of our workers and customers. Since the merger, PHI has adopted the Exelon Safety Policy and worked to embrace the Exelon safety management program. Best practices and lessons learned have been shared across the enterprise so that both PHI and legacy Exelon can benefit from one another's experience.
- **Storm response.** In the Mid-Atlantic area, the merger is already providing benefits and efficiencies to customers through our expanded team. We are able to leverage crews from our five utilities in the area to more quickly restore power after storm events. For example, in April 2016, the PECO service territory was hit by wind storms and crews from Pepco and Delmarva Power assisted in removing fallen branches, restoring wires and replacing poles, all with the outcome of restoring power faster to our customers. With all utilities working from the same procedures and safety expectations, we will be able to safely and efficiently share resources for years to come.
- **Customer service.** We are working to provide a premier customer experience for all of our utility customers. We are implementing improvements to the customer service call handling process to improve our service level and call center customer satisfaction, based on tools and best practices employed at other Exelon utilities.
- **Environmental.** Our environmental teams at each of the utilities are working to share best practices and integrate these into their day-to-day operations. Throughout 2016, we have worked to ensure PHI utility alignment with Exelon procedures, and in 2017 we will continue to drive best practices across all six utilities. One area in particular where PHI has provided the legacy Exelon utilities many best practices is in the area of avian protection programs.

Legacy PHI and Exelon utilities are working to share best practices, technologies and resources to respond even faster to storm events.

CREATING VALUE FOR CUSTOMERS



- Achieved top decile customer satisfaction scores at BGE, ComEd and PECO
- Helped customers save 14.9 million MWh of energy and avoid 7.6 million metric tons of CO_2e through utility energy efficiency programs
- Served 2.2 million customers, providing 205 terawatt-hours of electric load and 1.6 trillion cubic feet of gas through Constellation

Our focus on efficiency and service is key to creating value for customers. We provide innovative products and services that meet energy needs, while minimizing both costs to customers and the environmental impact of operations. Our customized programs deliver efficient and reliable energy solutions, which enable customers to effectively manage their energy use.

Operational Excellence at Our Regulated Utilities

Exelon's utility companies are committed to providing customers with reliable service, and we continue to invest in new technologies that make the physical grid more efficient and resilient. Our six utilities deliver electricity and natural gas to approximately 10 million customers in Delaware, Illinois, Maryland, New Jersey, Pennsylvania and the District of Columbia.

Creating a Smarter Power Grid

A smart grid is a modern electrical system that uses automated data and two-way communications and technology to deliver energy to customers more reliably and efficiently. It provides awareness of hourly energy usage for customers, and allows utilities to control and monitor the power system at a much more granular level compared to traditional distribution systems. Smart meters installed at customer properties provide the necessary data to support smart grid operations, and enable two-way power flows that are required to integrate distributed energy resources such as private solar photovoltaics at homes and businesses. Smart meters also allow interested customers to see and manage their energy usage through utility and third-party software applications.

Smart meters transmit data directly to the local utility, helping to improve customer service and operations. These meters also help customers manage their energy use by offering access to detailed usage information,

Exelon utilities are working to deploy energy-efficient technologies.

which is supplemented by programs to encourage conservation and energy savings. The new meters provide faster service to customers by enabling utilities to remotely connect or disconnect service, and eliminating the need to send a crew to customer properties for many requests. The ability to conduct work remotely also reduces the utility's own fuel consumption,

Exelon is working to envision and create a smarter power grid.

lowers GHG emissions and reduces labor costs. In 2016, Exelon utilities avoided more than 600,000 service calls through the use of smart meters. In addition, the enhanced outage information provided by the new metering technology significantly aids response and allows for quicker restoration work during storms or other power disturbances.

Advanced gas meters, like electric smart meters, have remote sensing benefits and provide usage data to support efficiency and reliability. Deployment of advanced gas meters helps improve public safety while reducing maintenance costs.

Exelon utilities invested $5.5 billion in 2016, including $367 million on smart meters and smart grid. Through December 2016, we have upgraded more than 7.3 million smart electric and gas meters at the Exelon utilities. Highlights include the following:

BGE. BGE completed the vast majority of its smart meter deployment activities in September 2015 with the installation of more than 1.2 million electric smart meters and more than 594,000 advanced gas meters. Current efforts to install remaining meters relate to those in an "exceptions status," meaning that a specialized communication or action must take place before the meter can be installed. BGE customers reduced energy usage by 126,281 MWh in 2016 through the BGE Smart Energy Manager program. This excludes deemed savings from other energy efficiency programs. The Smart Energy Manager program paid out $11.1 million in bill credits in 2016, reducing peak load by 318 MW. Through continued use of smart meter disconnect switches, BGE avoided 117,000 truck rolls in 2016. Enhancements are constantly evaluated, and in 2017, the program will offer a bill threshold alert where a customer can set a dollar amount and BGE will notify them when they are trending toward that amount. Finally, BGE signed a contract to move BGE distribution automation and conservation voltage reduction (CVR) to SSN communications infrastructure starting in 2017. By the end of 2016, BGE had enabled CVR on 64 substations, representing approximately 30 percent of BGE's primary electric distribution system, with plans for an additional 12 substations in 2017. The expansion of the CVR program across BGE's system is expected to extend through 2021.

ComEd. Through the end of 2016, ComEd has installed nearly 3 million smart meters out of the total 4.2 million planned. ComEd's smart meter installation will be complete by 2018, three years ahead of the originally planned completion date. Deployment acceleration allows more customers to realize smart meter benefits sooner than originally expected and will provide customers with more reliable service and better control over their energy use. Peak Time Savings, an innovative demand response program made possible by smart meter technology, completed its second summer in 2016 with approximately 150,000 residential customer participants. In just two summers, Peak Time Savings has issued more than $1.2 million in cumulative bill credits. ComEd uses smart meter data via notifications and online to provide residential customers with detailed insights into their energy usage. Customers can sign up to receive high-usage alerts, notifying them when their usage is trending higher than normal for that period, and weekly usage reports that summarize their past week's usage. Customers with smart meters can also view their daily and hourly usage data on ComEd.com/MyAccount and learn about ways to save after completing a short questionnaire on their home.

PECO. PECO continues to drive innovation, advancing smart energy to provide safe, reliable, affordable and clean energy to customers. PECO completed the vast majority of its electric smart meter deployment in June 2016 and advanced gas meter deployment in September 2016. Complete installation of the remaining 4,000 hard-to-access electric and gas meters is expected in 2017. PECO's investment in smart meter technology continues to provide significant benefits to customers, including faster and more convenient service, as well as enhanced information to help customers make more informed decisions about their energy use. PECO continues to experience significant benefits to outage restoration, interruption frequency and interruption duration metrics resulting from smart metering. Outage benefits were achieved by using the system to avoid more than 10,000 outage response truck rolls. Smart meters also made significant contributions to the reduction of customer debt in 2016.

PHI. Through the end of 2016, PHI has installed more than 1.4 million smart meters and avoided 193,000 truck rolls related to service connection and disconnection. PHI is currently implementing a project to identify and analyze ongoing smart meter issues, and also has a two-year project underway for routine battery replacement in all advanced gas meters. PHI customers see a host of benefits from smart meters including: outage restoration improvements, remote pinging of meters, Peak Energy Savings Credit, remote connection functionality in support of move ins and move outs, credit support activities and interval billing. Benefits associated with the smart meter network and the data it provides are constantly being evaluated for enhancements. For example, the feeder and premise voltage information data from smart meters is evaluated to provide system information in support of the distribution network.

SMART ELECTRIC AND NATURAL GAS METER DEPLOYMENT ACROSS EXELON UTILITIES AS OF DEC. 31, 2016

Electric	BGE	ComEd	PECO	PHI	Total
Total smart meters planned (in thousands)	1,283	4,157	1,730	1,417	8,587
Deployed	1,243	2,983	1,727	1,404	7,357
Remaining[1]	40	1,174	3	13[2]	1,230
Avoided truck trips related to service connect/disconnect transactions (in thousands, for 2016 only)	117	207	95	193	612
Natural Gas					
Total gas meter upgrades planned (in thousands)	668	N/A	525	135	1,328
Deployed	621	N/A	524	132	1,277
Remaining[1]	47	N/A	1	3	51

1 Some hard-to-access meters will require additional time to complete beyond overall estimated program completion dates.

2 An additional 560,000 meters are planned for installation in ACE's service territory. Approval to purchase and install will be pursued over next five years.

Customer Service and Reliability

Our utilities are committed to improving customer satisfaction through the delivery of reliable and cost-effective service. Each utility pursues programs for achieving a high level of reliability and maintaining exceptional customer focus.

In 2016, we continued to reduce the average number of interruptions per customer, with PECO and ComEd both performing in the first decile for outage frequency, with ComEd's results being both best on record and best in class. Similarly, BGE, ComEd and PECO each achieved first quartile performance for outage duration. BGE attained another best-ever year for average length of an outage. Improvements at our utilities are due to a number of factors including:

- Use of advanced distribution automation systems to make real-time adjustments in generation loads and distribution;
- Installation of new electronically controlled switches to reduce the number of customers affected when outages occur;
- Targeted reliability upgrades to address areas where reliability is below the system average;
- Replacement of overhead wires with modern tree-tolerant construction or underground cable;
- Continued integration of information from smart meters into the outage management process;
- Measurement and management of outage restoration processes for improved efficiency;
- Underground distribution cable replacement and remediation programs; and
- Ongoing vegetation management to keep overhead lines and other assets free from falling trees and limbs.

RELIABILITY

	2014	2015	2016
SAIFI[1]			
BGE	0.77	0.82	0.90
ComEd	0.81	0.78	0.62
PECO	0.77	0.70	0.77
PHI	1.15	1.08	1.02
CAIDI[2]			
BGE	92	91	87
ComEd	84	82	86
PECO	90	84	88
PHI	94	100	101

1 System Average Interruption Frequency Index (SAIFI) = Average number of interruptions per customer (total interruptions), excluding major events, per IEEE definition 1366, and planned interruptions.

2 Customer Average Interruption Duration Index (CAIDI) = Average outage duration (in minutes), excluding major events, per IEEE definition 1366, and planned interruptions.

Our utilities are dedicated to enhancing the customer experience through the implementation of a broad set of initiatives encompassing net metering offerings, communications and energy efficiency programs. In particular, these include:

- Providing innovative service options that enable a variety of channels (e.g., mobile apps, social media, website, text) to communicate relevant and important information to customers;
- Improving the accuracy and timeliness of information to customers during storm outages, including restoration estimates;

- Helping customers manage energy use and lower costs through implementation of a growing portfolio of energy efficiency and smart usage rewards programs;
- Communicating proactively with government officials, agencies and media during storm events to help customers understand safety concerns, challenges faced, the extent of efforts to restore power and when they should have their power back on; and
- Supporting the local economy, community, education and nonprofit organizations through dozens of corporate citizenship activities.

In 2016, BGE, ComEd, PECO and PHI continued to enhance the tools available to customers through the online Preference Center. The Preference Center is a personalized service tool that gives customers the option to choose how they would like to receive communications from their utility provider. It was developed based on direct feedback from customers in an effort to enhance the customer experience. The new Preference Center gives small business and residential customers the ability to receive personalized alerts and notifications for power outages and timing for power restorations, billing and payment information, electricity usage updates, and applicable energy saving tips. Customers can select to receive this information from a variety of communications channels including emails, texts, phone calls, or mobile app notifications.

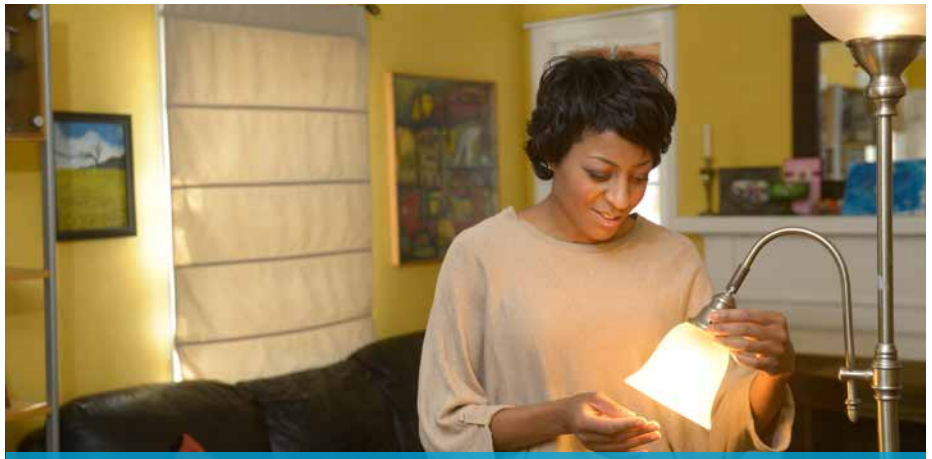
Our Customer Satisfaction Index monitors our progress and captures our performance in three survey measures: overall satisfaction, meeting expectations and overall favorability. Our three legacy Exelon utilities achieved top decile customer satisfaction scores in 2016. Coupled with comparatively mild weather, all of the initiatives and activities described above contributed to our continued high performance in our Customer Satisfaction Index scores in 2016.

CUSTOMER SATISFACTION INDEX

	2014	2015	2016
BGE	7.57	7.75	7.78
ComEd	7.73	7.85	7.97
PECO	7.84	7.91	7.98
PHI	7.24	7.16	7.42

2016 AWARDS

ComEd. ComEd was a 2016 Residential Customer Champion in the Cogent Reports/Market Strategies International 2016 Utility Trusted Brand & Customer Engagement Study. ComEd was also named Brand of the Year for targeting and empowering customer segments.



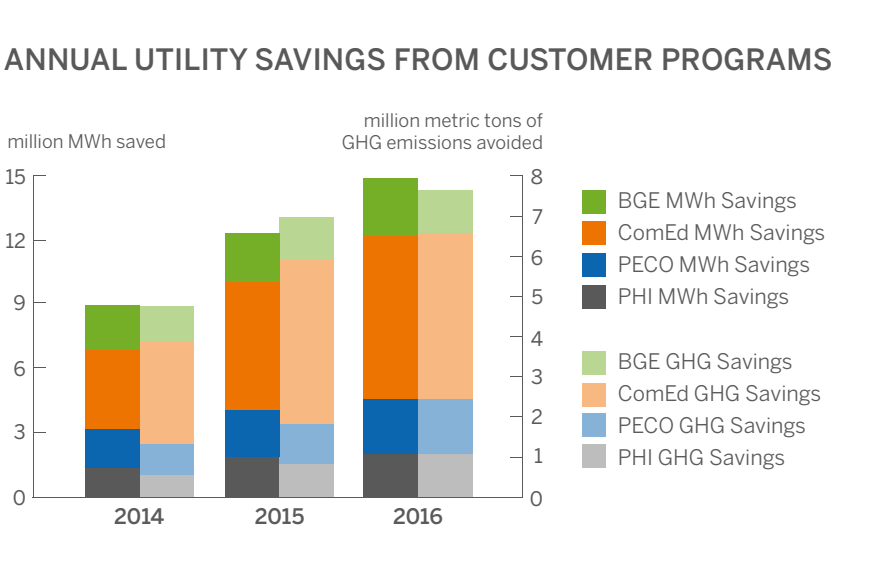
Exelon utilities are focused on measuring and improving customer satisfaction.

Energy Efficiency

Exelon's utilities help customers save energy and reduce their monthly bills by providing them with the tools necessary to allow them to make energy choices that will make their homes and business more efficient. These tools include a variety of energy efficiency, real-time pricing and smart usage rewards programs.

Energy Efficiency Programs

In 2016, through the results of a combination of new and prior year investments, our Exelon utilities helped customers save almost 14.9 million MWh of energy through the ComEd and PECO Smart Ideas® programs, BGE Smart Energy Savers Program® and the comparable PHI Home Energy Savings Program®. This equates to more than 7.6 million metric tons of CO_2e emissions avoided. These programs encourage customer savings through home energy audits, lighting discounts, appliance recycling, home improvement rebates, equipment upgrade incentives, new construction design and optimizing building operations and industrial processes. The adjacent chart shows a summary presentation of MWh saved and GHG emissions avoided as a result of these programs over the past three years.



BGE. BGE customers participating in the BGE Smart Energy Savers Program® between 2008 and the end of 2016 have realized more than $3.8 billion in benefits. This includes $3.4 billion in bill reductions over the estimated life cycle of the measures installed and more than $440 million in rebates, discounts and incentives paid when measures were purchased or installed. BGE's energy efficiency programs reached two major milestones in 2016. The Quick Home Energy Check Up (QHEC) program saw its 200,000th QHEC conducted since 2009. This represents 200,000 direct customer opportunities to provide energy-saving installations, energy education and increased customer satisfaction. Additionally, BGE's residential lighting markdown program has seen nearly 28 million energy efficient light bulbs sold through the program, saving nearly $40 million at checkout with instant discounts. BGE customers with a smart meter are eligible to participate in BGE's behavioral energy efficiency program including home energy reports, usage alerts and online tools. There are more than 900,000 eligible customers who have saved more than 330,000 MWh of electricity and more than 5.5 million therms of natural gas since the start of the program.

ComEd. The ComEd energy efficiency program provides residential and business customers easy and accessible ways to manage their energy usage, save money and help the environment. Residential programs provide lighting discounts, appliance recycling, installation of energy efficient products such as smart thermostats for single-family homes, and rebates for home improvements and qualifying ENERGY STAR® appliances. Business programs give customers the opportunity to improve efficiency in existing building systems, data centers, new construction and industrial systems, and provide an array of cash incentives for energy efficiency measures including lighting, smart thermostats, motors, HVAC equipment and chillers. In FY2016, the ComEd energy efficiency program helped

customers to reduce their energy usage by 1.35 million MWh, an additional savings of nearly $157 million on their electric bills. Since 2008, ComEd customers have saved $2.4 billion on their electric bills and achieved more than 22.3 million net MWh of energy savings. This level of energy savings is the equivalent of eliminating 15.6 million metric tons of CO2 emissions from the atmosphere, removing 3.3 million cars off the road for one year, or the amount of carbon sequestered by 14.8 million acres of trees in one year.

PECO. Offering customers ways to save energy and money has been the hallmark of PECO Smart Ideas® since its launch in 2009. Through this award-winning suite of energy efficiency programs, PECO customers have saved $600 million in energy consumption, incentives and rebates. This includes $240 million in rebates, discounts and incentives, and $360 million saved by using less energy overall. Customers have reduced electric consumption by more than 2.6 million MWh — enough electricity to power about 193,000 homes for an entire year. In 2016 alone, customers reduced consumption by an additional 404,000 MWh. This is the environmental equivalent of eliminating 284,000 metric tons of greenhouse gases from the atmosphere, removing 60,000 cars from the road for one year or the amount of carbon sequestered by 269,000 acres of trees in one year.

PHI. Customers participating in Pepco and DPL's Energy Saving Programs have realized $2.1 billion in life cycle benefits since the programs' inception in 2008. In addition, Pepco and DPL's Maryland customers will receive $1.7 billion in bill reductions over the estimated life cycle of the measures installed and more than $368 million in rebates, discounts and incentives paid since the programs began in 2008. This equates to 20.6 million gross MWh in life cycle energy reductions and 14.7 million metric tons of CO_2 life cycle emissions reductions, which is the equivalent of taking 3 million cars off the roads in the state of Maryland. More than 520,000 distinct customers have participated in the Residential Efficiency and Energy Wise Rewards Programs since 2008 and more than 30,000 customers have

Exelon utilities offer a wide range of energy efficiency programs to customers.

participated in multiple residential energy efficiency programs. The energy efficiency programs reached some major milestones in 2016 as the non-residential program reported its first completed projects in the Combined Heat & Power Program with three projects producing more than 17,000 MWh of energy savings, and the DPL Residential New Homes program surpassed $500,000 in rebates.

Hourly Pricing and Smart Usage Rewards Programs

Each of the Exelon utilities offers hourly pricing or smart usage rewards programs so that customers are able to manage their costs and reduce load during peak times.

BGE. BGE's direct load control and demand response program, PeakRewards℠, offers residential electricity customers with central air conditioning the choice of a programmable thermostat or outdoor switch. This allows the utility to control usage during times of summer peak demand. Additionally, customers with an electric water heater have the option to enroll in the PeakRewards℠ water heater program. Water heaters are typically cycled in the winter months and during summer peak periods. In 2016, more than 323,000 customers with 357,000 air conditioning devices and 20,000 water heater devices participated in the program and

Exelon utilities offer a variety of time-of-use programs to help customers lower energy costs.

continued to report high satisfaction. J.D. Power & Associates affirmed that BGE's PeakRewards℠ program is one of the top programs in the nation in terms of customer awareness. BGE's Smart Energy Rewards® program also completed a successful fourth season. This behavioral demand response program enables residential electricity customers to earn credits on summer bills for taking voluntary actions to reduce electricity usage during summer peak hours. Over the course of the past four summers, more than 1 million customers were eligible to participate in the program, earning more than $39 million in bill credits. Approximately 40 percent of customers say they are more satisfied with BGE as a result of this program.

ComEd. In 2016, ComEd offered two residential smart usage rewards programs, which included the Central Air Conditioning Cycling Program and the Peak Time Savings (PTS) Program. The AC Cycling Program included 72,750 customers using a traditional direct load control switch option, and 5,800 customers using the Nest Smart Thermostat option for a total of 78,550 customers in the program. The PTS Program completed its second summer season in 2016 with approximately 150,000 participants and more than $867,000 in summer bill credits issued. ComEd also offered a smart usage rewards program to commercial and industrial customers called the Voluntary Load Response Program that included 3,200 customers.

ComEd's Hourly Pricing Program, formerly known as the Residential Real-Time Pricing Program, allows customers to purchase electricity at prices that vary each hour based on the wholesale market price for electricity. At the end of 2016, the program had 14,494 active participants, and savings since program inception totaled more than $16 million — approximately a 15 percent savings versus the ComEd fixed-price rate.

PECO. PECO continued to offer the Smart A/C Saver program, its summer smart usage rewards program in 2016. The program cycles central air conditioners during times of peak demand for more than 76,100 control devices installed in residential and small business customer facilities. Customers received a $10 per month credit on their bill from June through September. Since program launch, PECO Smart A/C Saver customers have received more than $44 million of incentives through bill credits during the four-month summer peak electric load season.

PHI. PHI's direct load and behavioral programs continue to offer a range of smart usage reward options for its customers. The Energy Wise Rewards (EWR) program offers residential customers with central air conditioning in Delaware, the District of Columbia, Maryland and New Jersey the option of either a programmable thermostat or outdoor direct control unit (DCU) switch, which allows the utility to cycle their usage in times of summer demand. Nearly 356,000 customers participated in our programs in 2016 with 72 percent opting for the DCU control switch and 28 percent using thermostats, including the 2016 introduction of Wi-Fi two-way thermostats in Maryland. An estimated 403 MW in demand reduction comes from Direct Load Control programs. PHI's voluntary load reduction program, Peak Energy Savings Credit (PESC), is offered to residential customers in Maryland as well as residential and small commercial customers in Delaware. PESC rewards customers by giving credits for voluntary load reduction during events, with an average participation rate of 65 percent in 2016. Pepco's EWR and PESC programs have returned nearly $26.3 million in bill credits to customers and are projected to provide 619 MW of reductions in 2017.

Clean Energy Products

ComEd and PECO purchase excess electricity produced from residential and commercial customers' renewable energy equipment, such as solar photovoltaic units, through net metering programs. In 2016, ComEd's total program included more than 875 customers providing more than 12.5 MW of renewable generation, while PECO had approximately 4,800 customers with approximately 74 MW in renewable resources. At BGE, the utility does not buy the energy produced by customers; rather, the utility's net metering tariff allows customers to offset their use with self-generation and have the utility apply any excess balance to their use when their self-generation cannot cover their full need. At the end of 2016, BGE had 21,543 customers with 232 MW of installed generation capacity participating in its net metering program. Maryland is also introducing a community solar energy pilot in 2017, which will allow customers who do not have rooftop solar to purchase solar from a community solar energy developer and have a credit applied to their monthly bill. Similar to BGE, PHI also credits its customers for their net energy use. In 2016, PHI's total program included 39,158 customers who supplied a total of 504.4 MW of renewable generation: 17,955 customers and 251.2 MW for ACE, 6,115 customers and 98.1 MW for DPL and 15,088 customers and 155.1 MW for Pepco.

2016 AWARDS

Exelon utilities were named 2016 ENERGY STAR® Partners of the Year for their commitment to providing energy-saving products, programs and services to our utility customers. And, for the first time, PECO and Pepco joined BGE and ComEd in receiving a Sustained Excellence designation, given to organizations that have been a Partner of the Year more than three times and surpass prior achievements.

BGE. BGE received the U.S. EPA ENERGY STAR® New Homes — Certified Homes Market Leader Award along with ENERGY STAR® Partner of the Year — Sustained Excellence recognition for its successful certified homes and products programs. BGE's PeakRewards℠ program received an award for Best Direct Mail Campaign. BGE's Smart Energy Rewards® received the Best Digital Transformation award at Opower's 2016 PowerUp! Conference.

ComEd. For the fourth consecutive year, ComEd received ENERGY STAR® Partner of the Year — Sustained Excellence recognition, making this the eighth consecutive year of recognition from the U.S. EPA for its delivery of energy efficiency programs. The ComEd Small Business Energy Savings offering also received the prestigious Midwest Energy Efficiency Alliance Impact Award which honors programs making significant, innovative contributions to foster market transformation in the Midwest. The ComEd efficiency program "Power of Retirement" ad campaign was also recognized with an ESource Marketing award for billboard creative.

DPL. DPL also was awarded the U.S. EPA's 2016 ENERGY STAR® Partner of the Year Award. DPL's ENERGY STAR® New Homes Program also was awarded the U.S. EPA's 2016 ENERGY STAR® Certified Homes Market Leader Award.

PECO. PECO received ENERGY STAR® Partner of the Year with the Sustained Excellence designation recognition for its commitment to promoting ENERGY STAR® certified products. This is the fourth ENERGY STAR® award for PECO and the first year PECO received the Sustained Excellence designation.

Pepco. Pepco was awarded the U.S. EPA's 2016 ENERGY STAR® Partner of the Year — Sustained Excellence Award. The company also received honorable mention during the awards ceremony as a participant in ENERGY STAR®. Pepco also won the Social Star Award competition for its social media initiatives during the week-long competition in April 2016. Pepco's ENERGY STAR® New Homes Program was awarded the U.S. EPA's 2016 ENERGY STAR® Certified Homes Market Leader Award.

State Renewable and Alternative Energy Requirements and Low-Carbon Generation in Competitive Markets

Exelon utilities utilize renewable and alternative energy credits to meet state legislative requirements.

BGE. Almost 1.9 million renewable energy credits (RECs) are required to satisfy Maryland Renewable Portfolio Standard (RPS) requirements at BGE for 2016 for default Standard Offer Service (SOS) and large Hourly Priced Service (HPS) customers. BGE purchased RECs for HPS customers and incremental SOS load, 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. The requirement at BGE was 15.2 percent in 2016, increasing to 25 percent in 2020.

ComEd. In 2016, ComEd procured approximately 1.5 million RECs from wind, solar and other renewable energy resources to meet the Illinois Renewable Energy Portfolio supply requirement of 11.5 percent of ComEd-supplied load. Going forward, with the passage of the Future Energy Jobs Act (FEJA) in Illinois, several provisions take effect in June 2017 that will impact ComEd's renewable energy supply requirements. These include a Zero Emissions Standard providing compensation in the form of ZECs for nuclear-powered generating facilities that meet specific eligibility criteria and an expansion of the RPS requiring ComEd to procure RECs for all customers by June 2019. Per the FEJA, the RPS renewable energy supply requirement for June 1, 2017 is 13 percent, increasing by 1.5 percent each year thereafter to 25 percent by June 1, 2025.

PECO. PECO is meeting Pennsylvania's Alternative Energy Portfolio Standards requirements that increase through 2021. Over PJM reporting year 10, (June 2015 to May 2016), PECO retired for compliance more than 1.55 million alternative energy credits to satisfy the requirement of 13.7 percent alternative energy. This requirement is set to increase on a yearly basis until it hits 18 percent in 2021.

PHI. ACE, DPL and Pepco met the RPS in all four jurisdictions in 2016. DPL purchases the RPS requirement for all of its distribution customers in Delaware. In the other jurisdictions, SOS suppliers purchase RECs to meet state RPS requirements, with the exception of hourly or market price service customers in the District of Columbia, Maryland and Delaware. In the District of Columbia, solar renewable energy credits are in short supply and many suppliers paid alternative compliance payments. In total, PHI utilities retired 2.63 million RECs to meet RPS obligations in 2016.

Constellation. In addition to Exelon's regulated utility RPS compliance, our competitive energy business unit, Constellation, promotes clean energy through the purchase, sale and retirement of renewable and clean energy attribute certificates on behalf of customers through voluntary programs. In 2016, Constellation procured 2.9 million RECs for customers, enabling them to avoid more than 1.51 million metric tons of GHG emissions and support the development of renewable power generation. Constellation also coordinates sale of RECs associated with Exelon Generation's renewable generation. In addition, Constellation purchases and retires RECs on behalf of Constellation New Energy to meet its various state RPS obligations as a retailer in 48 states. Finally, in support of WRI's revised Scope 2 reporting guidance, Constellation has been working with its customers to provide supplier-specific emission rates that best reflect how they choose to purchase their power.

Constellation procured almost 3 million renewable energy credits in 2016 for customers.

RPS Requirements in Select States Where Exelon Participates in RPS Markets

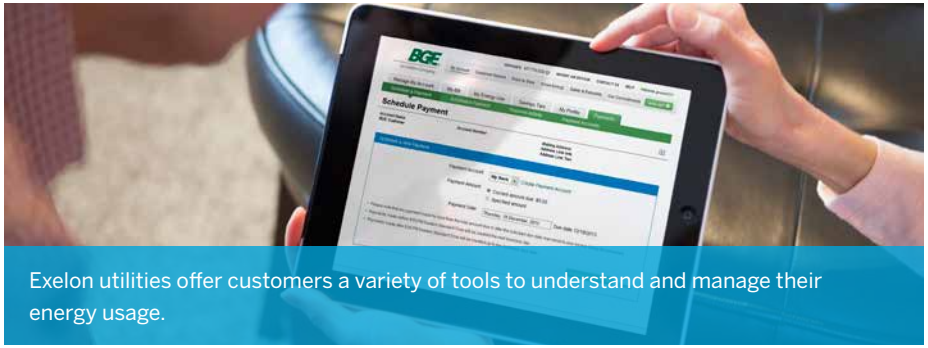
Jurisdiction	2016 Compliance Requirement	Compliance Standard	Eligible Renewables / Other Technologies
Connecticut	**Class I:** 14.0% **Class I or II:** 3% **Class III:** 4%	27% by 2020	Geothermal Electric, Solar Thermal Electric, Solar Photovoltaics, Wind (All), Biomass, Hydroelectric, Municipal Solid Waste, Combined Heat & Power, Fuel Cells using Non-Renewable Fuels, Landfill Gas, Tidal, Wave, Ocean Thermal, Wind (Small), Anaerobic Digestion, Fuel Cells using Renewable Fuels
Delaware	**Compliance Year:** 2015–2016 **Eligible Renewables:** 13.00% **PV:** 1.00% **Compliance Year:** 2016–2017 **Eligible Renewables:** 14.50% **PV:** 1.25%	25% by compliance year 2025–2026	Geothermal Electric, Solar Thermal Electric, Solar Photovoltaics, Wind (All), Biomass, Hydroelectric, Fuel Cells using Non-Renewable Fuels, Landfill Gas, Tidal, Wave, Ocean Thermal, Wind (Small), Anaerobic Digestion, Fuel Cells using Renewable Fuels
District of Columbia	**Tier I:** 11.5% **Tier II:** 2.0% **Solar:** 0.825%	50% by 2032	Solar Water Heat, Solar Space Heat, Geothermal Electric, Solar Thermal Electric, Solar Thermal Process Heat, Solar Photovoltaics, Wind (All), Biomass, Hydroelectric, Landfill Gas, Tidal, Wave, Ocean Thermal, Wind (Small), Fuel Cells using Renewable Fuels
Illinois	**Overall Standard for Electric Utilities and Alternative Retail Electric Suppliers (% of Retail Electric Sales to Come from Renewables):** 10%	25% by compliance year 2025–2026	Solar Thermal Electric, Solar Photovoltaics, Wind (All), Biomass, Hydroelectric, Landfill Gas, Wind (Small), Anaerobic Digestion Landfill Gas, Anaerobic Digestion, Biodiesel
Maryland	**Solar:** 0.70% **Other Tier I:** 12.00% **Tier II:** 2.50%	25% by 2020	Solar Water Heat, Geothermal Electric, Solar Thermal Electric, Solar Photovoltaics, Wind (All), Biomass, Hydroelectric, Geothermal Heat Pumps, Municipal Solid Waste, Landfill Gas, Tidal, Wave, Ocean Thermal, Wind (Small), Geothermal Direct-Use, Anaerobic Digestion, Fuel Cells using Renewable Fuels
Massachusetts	**Class I:** 11% **Class II:** 2.0% **Class II Waste Energy:** 3.5% **Solar Carve-Out II:** 0.7851%	**Class I (New Resources):** 15% of by 2020 and an additional 1% each year thereafter **Class II (Existing Resources):** 5.3% in 2014 (1.8% renewables and 3.5% waste-to-energy) and 5.5% in 2015 (2.0% renewables and 3.5% waste-to-energy)	Geothermal Electric, Solar Thermal Electric, Solar Photovoltaics, Wind (All), Biomass, Hydroelectric, Municipal Solid Waste, Landfill Gas, Tidal, Wave, Ocean Thermal, Wind (Small), Hydroelectric (Small), Anaerobic Digestion, Fuel Cells using Renewable Fuels
New Jersey	**Solar Carve-Out (A.B. 3520):** 1,150 GWh **Pre A.B. 3520/S.B. 1925 Solar Carve-Out:** 2.750% (S.B. 1925) **Class I:** 9.649% **Class II:** 2.5%	24.39% by EY 2028 (20.38% Class I and Class II renewables by energy year 2020–2021 + 4.1% solar-electric by energy year 2027–2028)	Geothermal Electric, Solar Thermal Electric, Solar Photovoltaics, Wind (All), Biomass, Hydroelectric, Municipal Solid Waste, Landfill Gas, Tidal, Wave, Wind (Small), Anaerobic Digestion, Fuel Cells using Renewable Fuels
Pennsylvania	**Tier I (including Solar PV):** 5.5% **Tier II:** 8.2% **Solar PV:** 0.2500%	~18% alternative energy resources by compliance year 2020–2021	Solar Water Heat, Solar Space Heat, Geothermal Electric, Solar Thermal Electric, Solar Thermal Process Heat, Solar Photovoltaics, Wind (All), Biomass, Hydroelectric, Geothermal Heat Pumps, Municipal Solid Waste, Combined Heat & Power, Fuel Cells using Non-Renewable Fuels, Landfill Gas, Wind (Small), Anaerobic Digestion, Fuel Cells using Renewable Fuels, Other Distributed Generation Technologies

Source: Database of State Incentives for Renewables and Efficiency. www.dsireusa.org

Low-Income Assistance

Each of Exelon's utilities has programs in place to provide financial assistance to low-income households to make energy more affordable for the low-income population in our service areas.

BGE. BGE worked with state and local energy assistance partners to help more than 55,000 limited-income households receive help to make their utility bills more affordable from federal and state grant programs. BGE's partnership with the Fuel Fund of Maryland is another example of the programs BGE provides to assist customers throughout its service area. The Fuel Fund is an independent nonprofit organization that provides energy assistance to help pay heating and utility bills for low-income customers. In 2016, BGE's customers provided matching credits to leverage grants for almost 24,000 Maryland individuals who received help from the Fuel Fund of Maryland. Additionally in 2016, BGE continued a program to help customers with serious illnesses who struggle to pay their bills, and an initiative to ensure that past-due utility bills can be retired to allow those experiencing homelessness to move into housing. One of the many benefits of the Exelon-Pepco Holdings merger was the development of an Arrearage Management Program for limited-income customers. Exelon companies in the District of Columbia and Maryland worked with stakeholders to create and submit proposals for consideration by regulators in September and December 2016, respectively. For more information, please visit the BGE website.



Exelon utilities offer customers a variety of tools to understand and manage their energy usage.

ComEd. Since 2007, ComEd's CARE programs have provided more than $98 million in grant assistance and educational programs for residential, small business and nonprofit organizations and have assisted more than 1 million customers. 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. More than 112,000 customers were enrolled in CARE programs or received energy management information between 2012 and 2016. As of September 2016, the State of Illinois revived the previously suspended Percentage of Income Payment Plan (PIPP) program. 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. At its peak, more than 35,000 customers were enrolled in the state-sponsored PIPP.

PECO. PECO's Universal Services is recognized as the largest and most comprehensive low-income program portfolio in the state of Pennsylvania, and one of the largest in the nation. The portfolio includes the Customer Assistance Program (CAP), which enrolled approximately 135,000 customers in 2016. This program provides a monthly credit and forgives the total arrearage of all customers enrolled in CAP at the time of their initial enrollment. Additionally, PECO's hardship program, the Matching Energy Assistance Fund, provides grants for low-income customers whose service is terminated or in threat of termination, while the Low-Income Usage Reduction Program provides energy audits and usage reduction remediation measures for low-income, high-usage customers. PECO also has a Customer Assistance Referral and Evaluation Services (CARES) program where we provide one-on-one support for low-income customers with special needs. Finally, PECO participates in the state-sponsored Low-Income Home Energy Assistance Program (LIHEAP) and offers additional benefits to customers that receive LIHEAP crisis grants. The total value of all of PECO's Universal

Services' programs is more than $100 million annually. In 2016, PECO replaced its CAP with a new program that is a Fixed Credit Option (FCO). With the FCO, low-income customers receive a fixed credit on their monthly PECO bill. The fixed credit is based on an individual customer's federal poverty level and historical usage. For more information, please visit the PECO website.

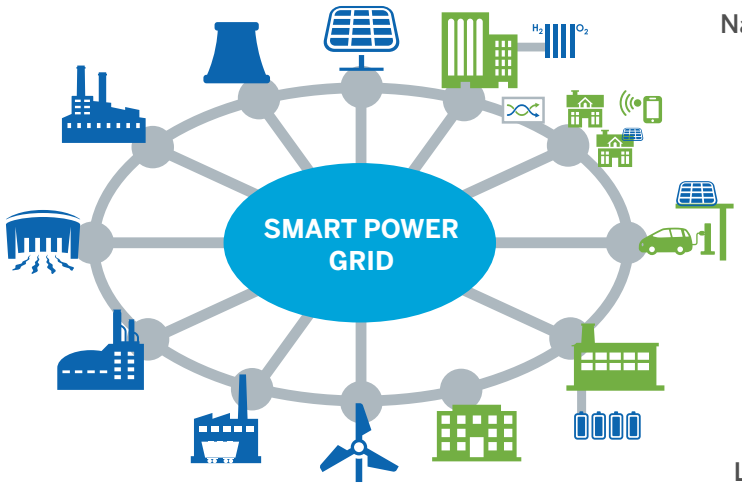
PHI. PHI low-income customers may receive assistance in paying their utility bills through a variety of programs in the states in which it operates. For example, ACE customers may be eligible to receive assistance for heating and medically-necessary cooling costs through the Low Income Home Energy Assistance Program (LIHEAP, TRUE and PAGE programs), and the Universal Service Fund (USF). The Electric Universal Service Program (EUSP) provides financial assistance with electric bills in Maryland. Eligible customers receive help that pays a portion of their current electric bills. Some EUSP participants may qualify for assistance with past-due electric bills as well as referrals to energy efficiency programs. Customers who receive EUSP are placed on a budget billing plan with their utility company. Delaware customers receive assistance through the LIHEAP for heating and summer cooling. In the District of Columbia, residents are eligible for Pepco's Residential Aid Discount Program. Upon certification by the District of Columbia Department of Energy and the Environment, eligible customers receive a monthly credit for their distribution charge, known as the Residential Aid Credit. The customer's household income must meet income eligibility requirements. LIHEAP is also available for residents of the District.

Sustainability and Resilience in Competitive Markets

Constellation is Exelon's competitive wholesale and retail business, supplying power, natural gas and energy products and services for homes and businesses across the continental United States, as well as home services in the Mid-Atlantic and Texas. Constellation retail serves 2.2 million residential, public sector and business customers, including more than

Constellation is the nation's leading competitive energy supplier.

CONSTELLATION: INNOVATIVE, INTEGRATED SOLUTIONS FOR CUSTOMERS



Electricity. Offering customers in competitive markets budget stability and purchasing flexibility, with options for fixed, index and blended pricing solutions, as well as renewable energy supply.

Natural Gas. From midstream trading, transport and storage to downstream supply, pricing, hedging and risk management.

Distributed Energy. On-site solar, cogeneration, fuel cells, battery storage and backup generation help customers more efficiently and reliably meet their energy budget and sustainability goals.

Home Services. Giving homeowners more choices to save energy, save money and keep their families comfortable with options for solar, heating and air conditioning systems, water heaters, plumbing systems and electrical systems, replacement windows and doors, and attic insulation.

Energy Efficiency. Conservation measures that meet energy management and environmental goals — often without customer upfront capital expense — as part of an energy savings performance contract or electricity supply contract.

Load Response. Automated load control, demand response and peak load management services through our alliance partners enable customers to better manage energy usage and earn added revenue.

two-thirds of the Fortune 100. Its wholesale electricity supply business provides energy to utilities, municipal utilities, co-ops and energy retailers nationwide, managing the sales, dispatch and delivery from Exelon's portfolio of owned and contracted power generation. In 2016, Constellation's power and gas business served 205 terawatt-hours of electric load and 1.6 trillion cubic feet of gas to wholesale and retail customers.

Competitive markets drive choice, innovation, savings and environmental sustainability. Constellation's integrated energy solutions — from electricity and natural gas procurement and renewable energy supply to demand-side management — are designed to empower customers in how they buy, manage and use their energy.

In 2016, Constellation further solidified its position as the top retail power supplier through the acquisition of ConEdison Solutions' retail electricity and natural gas business, adding more than 560,000 business, industrial, public sector and residential customers across 12 Northeastern, Mid-Atlantic, and Midwestern states, Texas and the District of Columbia.

Constellation is committed to a clean energy future, offering energy options to customers that are sustainable for the environment and the economy. The company is one of the largest owners and operators of commercial solar in the nation, based on the number of projects deployed, with 380 commercial, industrial and governmental customer solar installations totaling more than 300 MW of capacity.

Energy Efficiency

Constellation is committed to providing customers with tailored energy solutions that deliver the right energy mix that improves reliability and energy efficiency while minimizing environmental impacts. We are able to match supply to requirements of retail and wholesale power customers with our diverse fleet of generation assets and distributed energy capabilities. Constellation also offers load management strategies to help customers save money by improving energy efficiency and reducing their energy usage. In 2016, Constellation implemented several technology pilot projects with residential customers in select markets, focusing on energy management tools and services. Pilots included an energy manager app that helped customers track and reduce their home energy use and a bi-weekly communications program that highlighted household energy use trends and efficiency comparisons to similar homes.

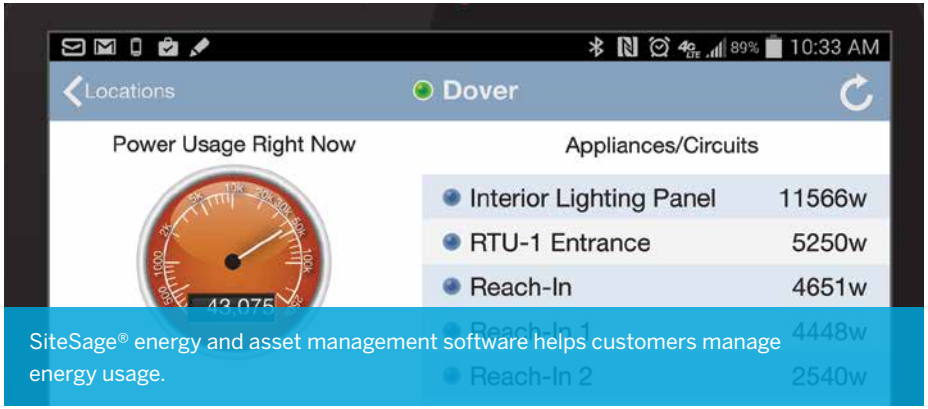
Constellation's Efficiency Made Easy (EME) program connects business customers with conservation benefits, enabling customers with sustainability goals or mandates to save money and reduce energy consumption by incorporating the cost of efficiency projects into an energy supply agreement. In 2016, Constellation EME customers saved more than 49,000 MWh of electricity and prevented emissions of more than 21,500 metric tons of CO_2e.

Also during 2016, Constellation launched a partnership with Powerhouse Dynamics to enable multi-site businesses, such as retailers and restaurants, to implement enterprise-level, automated energy management capabilities without incurring a large, upfront capital expense or compromising business operations through the EME program. Through Constellation's EME program, commercial customers in competitive energy markets can include the cost of Powerhouse Dynamics' SiteSage® energy and asset management platform as part of their monthly energy bills under a Constellation energy supply agreement.

CONSTELLATION PROJECTS

Constellation is involved in a variety of innovative, low-carbon projects for customers across the United States. Several highlights are listed below; please click the links to learn more about each project on our website or in the **Building the Next-Generation Energy Company** section of this report.

- PGA of America Names Constellation 'Official Energy Provider and Sustainability Partner' for the PGA and its Major Championships »
- Southeastern Pennsylvania Transportation Authority and Constellation Announce 8.75-MW Energy Storage Project »
- Procter & Gamble and Constellation Announce One of the Nation's Largest Biomass Renewable Energy Plants »
- Baltimore Ravens, Constellation "Flip the Switch" on Solar Facility at Team's Headquarters »
- NHL, Constellation Renew Partnership for Third Year »
- U.S. Marine Corps, Constellation, Procter & Gamble Collaborate to Achieve Navy's First 'Net Zero' Energy Military Base »
- City of Hartford, Constellation and Bloom Energy Start Construction on Fuel Cell-Powered Microgrid »
- Central School District, Constellation, and PFMG Solar Dedicate 1.5-Megawatt Solar Generation Project »
- Completion of 1.2-MW Solar Project at the Port of Los Angeles »
- Constellation and Henderson-Hopkins Complete Construction of 178-kW Solar Generation Project »



SiteSage® energy and asset management software helps customers manage energy usage.

Distributed Energy

Constellation offers a number of distributed energy solutions including solar, cogeneration, backup generation, fuel cells and battery storage to help customers more efficiently and reliably meet their energy needs. These assets allow companies to remain operational in the event of broader electricity grid disruptions, and also help reduce GHG emissions through installation of low-carbon or renewable assets. By locating small generating units at the site where the electricity is used, distributed energy avoids transmission line losses and can help make the overall delivery system more efficient. Constellation develops and operates the on-site generation assets to ease the complexity associated with installation and management.

In 2016, Constellation had more than 440 MW of distributed energy assets in operation or under development for commercial and government customers in the United States, of which 300 MW was solar. On the residential side, in 2016, Constellation began offering qualified residential customers in Massachusetts, Maryland, New Jersey and New York the opportunity to install Sunrun solar energy systems on their homes and purchase the power generated. This provides homeowners with access to clean energy at a stable price, without the complexity and risks of system ownership.

CONSTELLATION AND AMPHITHEATER PUBLIC SCHOOLS MARK COMPLETION OF 9.3-MW SOLAR PROJECT

Constellation and Amphitheater Public Schools completed a 9.3-MW solar generation project in Tucson, Arizona in 2016. The solar-powered systems, located across 25 school sites and support facilities, are expected to generate more than 60 percent of the district's electricity needs in the first year of operation.

The project required no upfront capital from the district; Constellation owns and operates the system. The district will purchase the electricity generated by the solar panels from Constellation under a 25-year solar services agreement. The project will result in an expected savings of $11 million to $23 million in energy costs over the term of the agreement, according to the district.

The project offers real-time data monitoring capabilities that will be integrated into the school curriculum to help students learn how solar electricity works and about the benefits of renewable energy. Students will be able to observe how solar energy is powering their schools, and be introduced to potential careers in science, technology, engineering and math fields.

The systems are comprised of approximately 29,000 photovoltaic panels located on carports, shade canopies and rooftops. The systems are expected to generate approximately 16.4 million kilowatt-hours (kWh) of electricity in the first year. Generating the same amount of electricity using nonrenewable sources would result in the release of approximately 10,900 metric tons of CO_2, or the equivalent emissions from 2,300 passenger vehicles annually, according to U.S. EPA data for the region.

NEW CONSTELLATION HEADQUARTERS

In 2016, Exelon executives and Maryland leaders celebrated the opening of the new Constellation headquarters building at Harbor Point in Baltimore. The 21-story building serves as a catalyst for development on Baltimore's long dormant Harbor Point — one of the last undeveloped parcels remaining on the city's waterfront. A showcase for technology and sustainability, the building houses approximately 1,500 employees of Exelon and Constellation, and features a state-of-the-art trading floor.

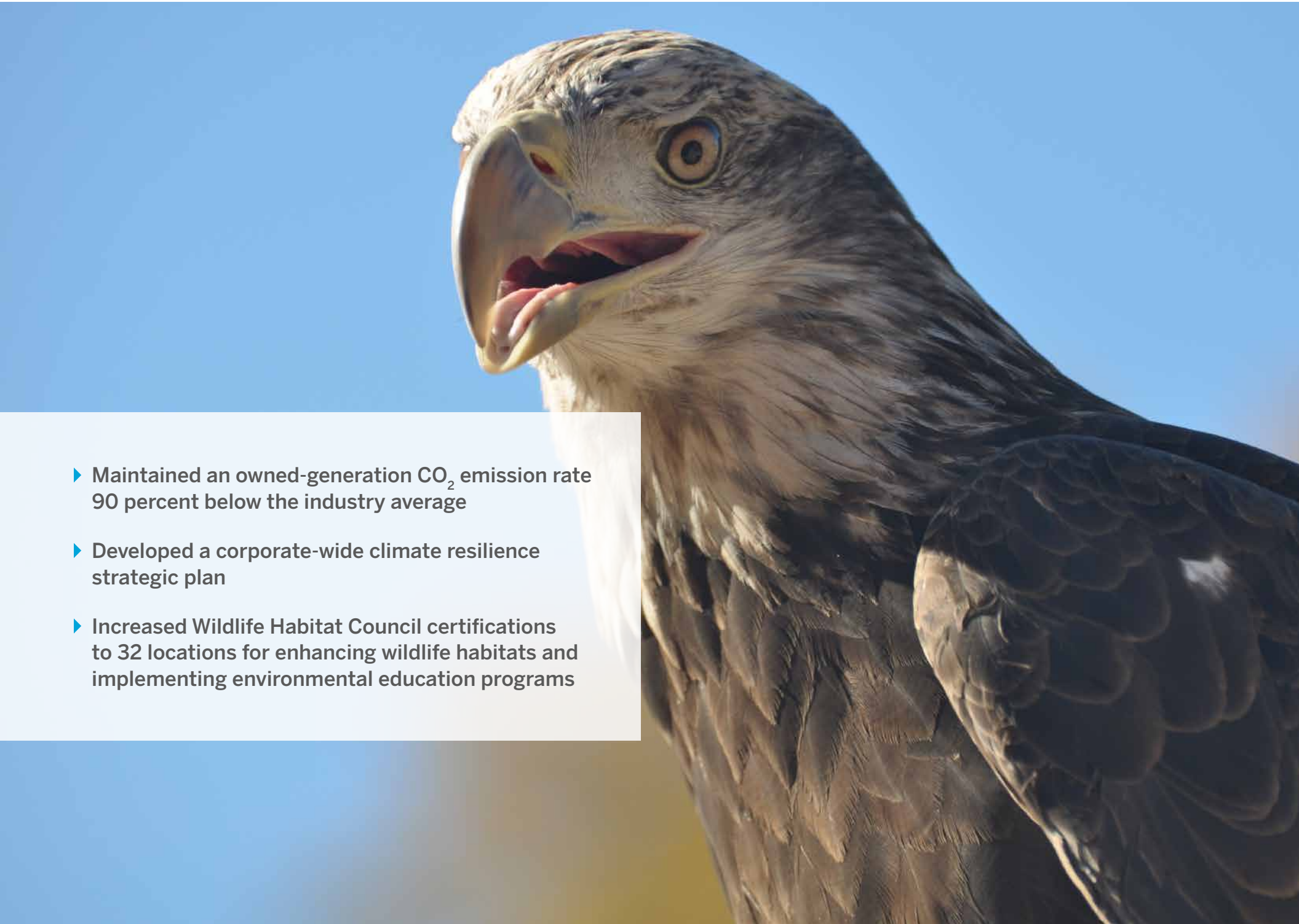
Exelon and the developer together put more than 5,300 people to work on the building's construction. More than 150 companies contributed to Exelon's interior build-out of the building, with more than 70 percent of the total project investment going to minority- and women-owned businesses. Thirty percent of total construction spending was with Maryland-based companies.

To further benefit job growth in Baltimore, Exelon also contributed $450,000 to programs to provide low-income and unemployed city residents critical job skills and training in construction trades so that they could compete for jobs generated by the project. Graduates from the program were placed in good-paying jobs with construction firms in the area, including those that did work on the Exelon building.

Exelon's interior build-out was designed to meet LEED Platinum standards, the highest ranking in Leadership in Energy and Environmental Design. LEED certification was received in early 2017 with the building now the largest LEED Platinum project in the Mid-Atlantic region.

The building features a 49.4-kW rooftop solar photovoltaic system that will produce more than 60,000 kWh of renewable energy annually. The building uses 40 percent less water and 50 percent less energy than Exelon's previous Baltimore location. Approximately 60 percent of construction materials were harvested or made within 500 miles of Baltimore, and reclaimed timbers from vacant Baltimore City row homes were used in the columns on the trading floor. The building also has 32 electric vehicle charging stations and more than 120 bike spaces.

MANAGING OUR ENVIRONMENTAL IMPACTS



- Maintained an owned-generation CO_2 emission rate 90 percent below the industry average
- Developed a corporate-wide climate resilience strategic plan
- Increased Wildlife Habitat Council certifications to 32 locations for enhancing wildlife habitats and implementing environmental education programs

Exelon has been a leader in environmental sustainability efforts for many years. Our core business provides significant environmental benefits, through the generation of clean and reliable electricity. However, we recognize that we must be responsible stewards of the environmental resources we do use. Guided by our corporate environmental management system, our employees work to improve operational efficiency, minimize impacts on watersheds and habitats, and find innovative ways to reduce waste and environmental risks. We share best practices and lessons learned throughout our organization and with our industry to promote environmental stewardship beyond our operations.

PARTNERSHIPS TO IMPROVE ENVIRONMENTAL PERFORMANCE

We recognize our responsibility to operate in a way that does not negatively impact the environment. Exelon partners with industry associations, governmental bodies, academic institutions and environmental groups to advance environmental protection where we operate. Examples of our partnerships are listed below.

U.S. Department of Energy (DOE) Partnership for Energy Sector Climate Resilience. This initiative intends to enhance U.S. energy security by improving the resilience of energy infrastructure in the face of extreme weather events and other physical impacts of climate change. Through the partnership, member utilities have been working to identify climate change vulnerabilities and develop and pursue resilience strategies. Exelon has been a partner in this collaborative program since 2015.

Innovation partnerships with national universities and laboratories. In 2016, Exelon announced partnerships with MIT, Northwestern University and Argonne National Lab. Through these partnerships, we learn about and collaborate on nascent energy technologies across a very broad range of topics, from transmission and distribution, to generation, storage and customer-facing technologies.

EEI electric vehicle program. Exelon supports the Edison Electric Institute's program to increase the number of electric vehicle owners by 2020. Exelon continues to explore ways to encourage the adoption of electric vehicles as a way to help reduce overall carbon emissions. Potential avenues include options such as helping to provide the infrastructure required to support larger numbers of electric vehicles, and educating consumers and our workforce about the benefits of electric vehicle ownership.

EPRI programs. Exelon is participating in a variety of programs with EPRI, including initiatives to help participating companies reduce PCBs in equipment, more effectively manage rights-of-way, ensure responsible manufactured gas plant remediation and improve construction maintenance, among other environmental topics.

U.S. EPA Methane Challenge. Exelon Utilities joined the U.S. EPA Methane Challenge in 2016, committing to replace at least 2 percent of cast iron and unprotected steel natural gas distribution piping per year through 2021, which has the potential to reduce GHG emissions by 25,000 metric tons per year once completed.

Climate Change Action and Awareness

As an essential service provider with 10 million utility and 2.2 million competitive market customers that depend on us for electricity and natural gas supply, Exelon recognizes global climate change as a strategic issue, material to the electricity generation and distribution industry, and also of interest to our stakeholders. The major cities where we have utilities — Baltimore, Chicago, Philadelphia and Washington, D.C. — all have developed climate action plans that include GHG emissions reductions goals and adaptation strategies. With the international ratification of the Paris Climate Agreement in November 2016, receiving approval by 145 countries representing more than 75 percent of the current global GHG emissions, consensus is strong that the risks are real and warrant global action. To align with the priorities of the communities we serve, Exelon is working to adapt our system infrastructure and processes to reduce GHG emissions and better meet natural hazard challenges that may emerge or increase as a result of climate change.

Building on past achievements — which include abating more than 67.8 million metric tons of GHG emissions from 2005 through 2013 under our Exelon 2020 program, and avoiding more than 80 million metric tons of emissions each year through our clean generation and customer energy efficiency programs — Exelon continues to focus our climate change response in three primary areas:

1. Continued GHG emission reductions from internal operations
2. Contributing to lower electric sector grid GHG emissions for our customers
3. Addressing infrastructure resilience

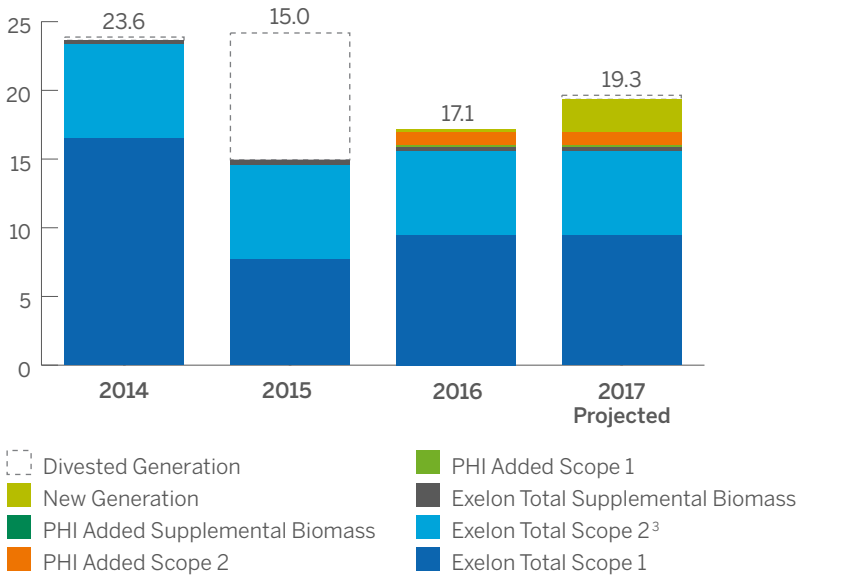
Organizing our efforts in this way — with a focus on advancing clean, reliable and affordable energy — demonstrates our commitment to the transition of the United States to a competitive, secure and clean energy economy, and ensures the sustained value of the enterprise in a carbon-constrained future. We seek to not only minimize our exposure to the risks of climate change, but also to seize opportunities that grow value by helping our customers and our country to do the same. Through our GHG program, we directly support customer and community goals for GHG reduction, as well as those supporting state targets associated with increasing renewable and zero-emissions energy, energy efficiency and electricity demand reduction. Through our efforts to increase climate change resilience in our systems, we are building on our commitment to provide reliable power into the future even as evolving natural hazards pose new challenges to our system.

With regard to carbon pricing, Exelon continually conducts near- and long-term modeling to best determine and inform our daily market positions, near-term portfolio management, and investment and development decisions. We identify and regularly review key market drivers, including potential regulatory or policy influences such as a price on carbon, and use them in our ongoing analysis to capture a range of plausible future outcomes and develop our overall strategy. Because we focus on the three attributes of sustainable energy — clean, reliable and affordable — potential regulation of carbon is one of many considerations in our planning models, and results are weighed with other issues that may impact market conditions. Exelon typically evaluates all capital investment decisions on the basis of traditional financial metrics — such as net present value, internal rate of return and payback periods — in a variety of pricing and operational scenarios. Certain scenarios may assume more or less stringent environmental standards or a regulatory price on carbon, and the outcomes in these scenarios are incorporated into the investment decision through analytical tools such as Monte Carlo simulation. We are also considering the use of science-based targets as a tool to evaluate 2050 carbon emission intensity reduction requirements for our industry and to evaluate our already industry-leading low-carbon intensity profile. For more information, please see our most recent response to the CDP Climate Change survey.

Our Corporate GHG Emissions

In looking at our corporate GHG inventory as a whole, Exelon has focused on de-carbonizing our generation fleet, installing smart grid and smart meter technologies at our utilities that have the potential to reduce line losses during delivery, and continually working to minimize our operations-driven emissions. Operations-driven emissions include sources that we have the direct control of through our management processes and procedures, and which excludes customer-driven emissions associated with power generation that is sold (approximately 9.0 million metric tons) and associated with T&D line losses (approximately 6.6 million metric tons under location-based accounting). Market-driven emissions are driven by customer demand and are therefore tracked and reported separately.

EXELON TOTAL CORPORATE GHG EMISSIONS[1,2]



1 GHG totals reflect Exelon's equity-share boundary, using location-based Scope 2 accounting.

2 Column totals exclude divested generation segments of bars.

3 Past years have been adjusted to ensure alignment with WRI revised Scope 2 location-based accounting.

Looking to the future, we project that our total corporate Scope 1 emissions will increase over the next few years as a result of new natural gas combined cycle generation built in Texas, balanced somewhat by divestitures of some fossil-fired generation and our upstream gas well investments. While this new construction increases our own corporate emissions, the new units have the potential to lower electric sector emissions in the ERCOT region due to the high efficiency of the units and their ability to displace higher emitting generation sources operating on the grid. Actual emissions from generation are ultimately driven by customer load and grid operator dispatch in each region. Exelon will, however, continue to target emissions reductions in the operations-driven portion of our inventory during this time.

Exelon's GHG goal for 2016 was to reduce net operations-driven emissions to less than 1 million metric tons for the year, which we succeeded in accomplishing — resulting in an absolute emissions reduction of more than 5 percent from 2015 for this portion of our inventory. The 2016 net operations-driven goal was established for Exelon prior to completion of the PHI merger, and thus did not include PHI assets.

For 2017, Exelon is incorporating the new assets from the PHI merger and is migrating our GHG accounting to the new World Resources Institute's (WRI) market-based protocol. With these changes, our not-to-exceed net operations-driven goal for 2017 is 1.1 million metric tons, which we expect to achieve in part through clean power purchases for approximately 25 percent of our internal electricity use.

Other efforts underway to maintain a focus on our own GHG emissions and promote continuous improvement in this area include best practice sharing across all of our practice areas, including: SF_6 leak detection and material management, fleet vehicle management and clean fleet infrastructure

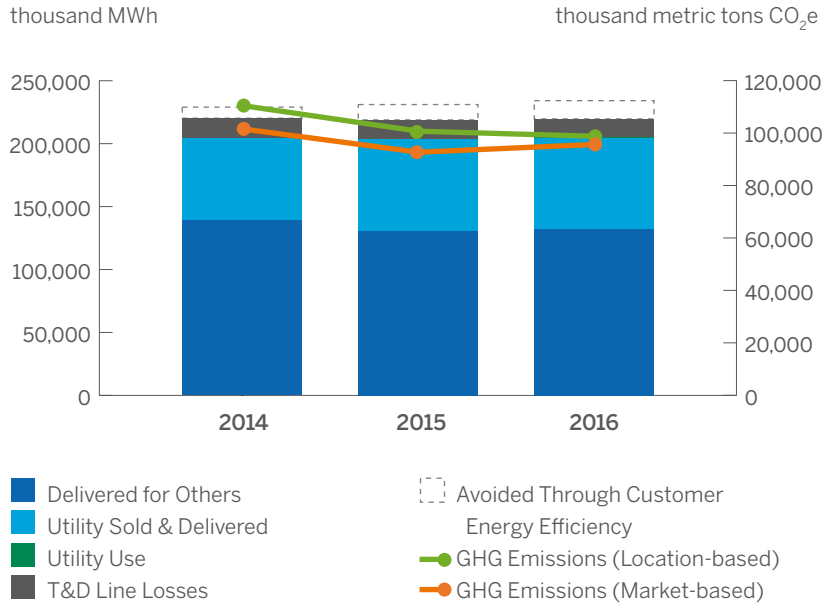
deployment; building energy efficiency and design for improved space utilization; and clean power purchase and specification options. Exelon Utilities also joined the U.S. EPA Methane Challenge in 2016, committing to replace at least 2 percent of cast iron and unprotected steel natural gas distribution piping per year through 2021, which has the potential to reduce GHG emissions by 25,000 metric tons per year once completed. Additionally, since 2012, Exelon has retired more than 125,000 metric tons of carbon offsets to cover our business travel emissions every year.

In 2016, our internal operations focused on maximizing merger synergies to streamline processes, increase best practice sharing and minimize wasted space. We are proud to have opened our new LEED-certified headquarters building in Baltimore, where we were able to consolidate nearly 1,500 employees from a number of leased spaces, with the potential to reduce Exelon's annual energy use by 31,000 million BTU and reducing GHG emissions by more than 2,500 metric tons of CO_2e per year. In addition, per LEED commitments, 50 percent of the electricity use for the building will be covered by renewable energy purchases for a minimum of two years.

Avoided GHG Emissions from our Products and Services

Another important aspect of our GHG program is developing products and services that avoid GHG emissions. These include our customer energy efficiency programs, our utilities' efforts to comply with state-mandated renewable portfolio standards (RPS), and the clean generation that we supply to the grid. Throughout our organization, we are investing in new technologies to make our distribution systems more efficient and our generation supply more sustainable. We also work to improve customer access to clean energy options. We quantify the benefits of these endeavors through our GHG emission goals and monitoring. In giving visibility to these important environmental benefits, we are supporting the "clean" in our "clean, affordable and reliable" vision and capturing additional value for our customers and the communities that we serve.

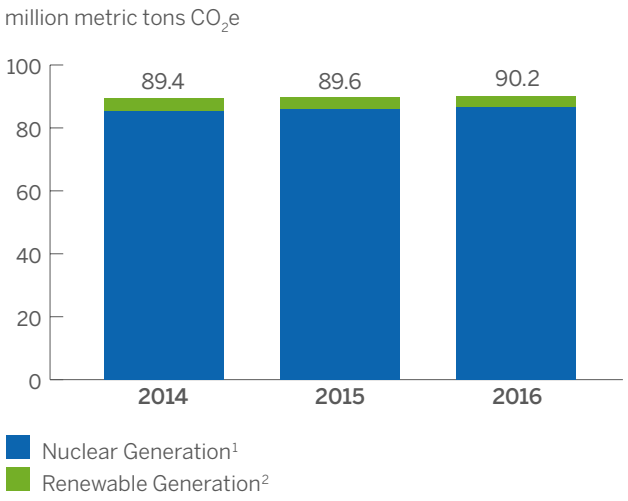
EXELON UTILITIES AGGREGATED ELECTRIC LOAD AND ASSOCIATED GHG EMISSIONS



Exelon energy efficiency programs (retail and mandatory) helped customers avoid nearly 7 million metric tons of GHG emissions in 2016.

Exelon retired more than 4.4 million RECs for RPS obligations and voluntary products, helping customers abate over 2.5 million metric tons of GHG emissions in 2016.

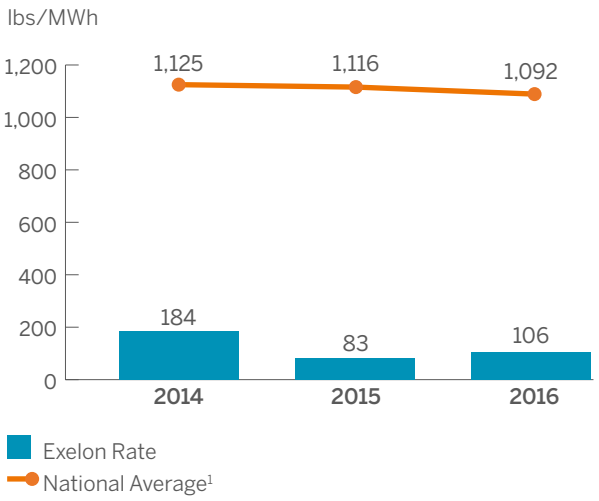
EMISSIONS AVOIDED FROM EXELON GENERATION



1 Emission factor is based on eGRID2012 national average adjusted to remove Exelon nuclear generation.

2 RECs associated with this generation may be sold to and retired by others.

EXELON GENERATION CO_2 EMISSION INTENSITY RATE



1 Source: M.J. Bradley & Associates Benchmarking Air Emissions of the 100 Largest Electric Power Providers in the United States.

Exelon Nuclear's best in class operating performance avoided more than 86 million metric tons of GHG emissions in 2016.

In 2016, Exelon completed development of 198 MW of utility-scale wind; 39.8 MW of distributed solar; 36.8 MW of distributed fuel cells; and 2 MW of nuclear uprates.

The Emergence of Market-Based Accounting

One of the most noteworthy advancements in Exelon's GHG program during 2016 was the emergence of market-based accounting. Occurring in both the regulatory and voluntary accounting spaces, 2016 saw the formal recognition of value for zero-carbon nuclear generation in the marketplace. This included the establishment of zero-emissions credit requirements in both New York and Illinois and the development of dual reporting in voluntary accounting through the revisions of the WRI Scope 2 GHG Corporate Standard, which now provides a mechanism for corporations to show how their decisions to procure clean power impacts their GHG emissions.

With the new WRI protocol, market-based accounting focuses on the emission rates of suppliers selling electricity from the grid. In the prior standard, reporting companies were only able to utilize a grid average emissions factor with respect to emissions relating to their power purchases. However, now they are being instructed to also ask for the emissions rate of the power that they are contractually purchasing to also give a sense of how their purchases ultimately contribute to that overall grid average. This encourages customers that prefer low-carbon generation to select suppliers focusing on that type of supply, increasing focus on that type of power in the market. This also enables recognition of companies that specifically procure from low-carbon sources.

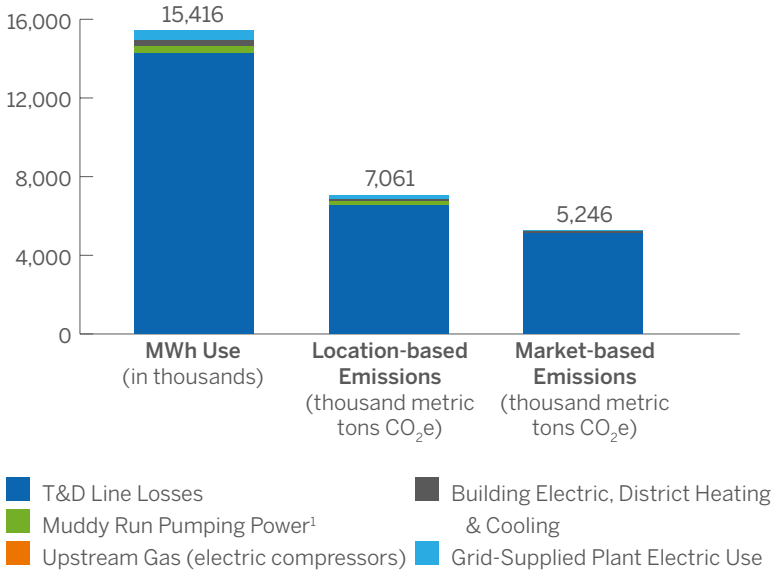
For Exelon internal operations, the new accounting allows us to highlight where we are retiring emission-free energy certificates to cover our own electric use, or using our clean generation fleet contractually to supply our electric use. Please see the Appendix of this report for a more complete breakdown of our GHG inventory reporting.

Based on our Constellation national retail sales, there has been increasing interest in our supplier-specific emissions rates for the power we sell, and Exelon has been working with our customers to further bring the idea of supply emissions rates into retail conversations.

For a clean generation company like Exelon, the recognition of all low-carbon and zero-emissions sources in the supply mix is an important step toward realizing a market-based valuation of avoided GHG emissions. We recognize the challenges for suppliers to provide these specific emission rates, but see an opportunity to assist with transparency around the emission rates and help support the integration of these emissions factor into the energy procurement decision-making process. To bridge some of the current limitations in developing supplier-specific emission factors in deregulated markets, Exelon piloted a new carbon-free product in the PJM market that gives our customers an option for direct access to emissions-free energy credits (EFECs) associated with nuclear power.

For 2016, Exelon completed verification of its state-level supplier specific emission factors for the primary states we serve. A complete breakdown of these factors can be found in Table 4 in the Appendix. With this effort, Exelon has begun working with The Climate Registry and WRI to better understand reporting methodologies and data limitations, as well as improve understanding of other already existing emission factor disclosure requirements at the state level, to improve the process for developing these factors more consistently across suppliers.

EXELON 2016 SCOPE 2 EMISSIONS



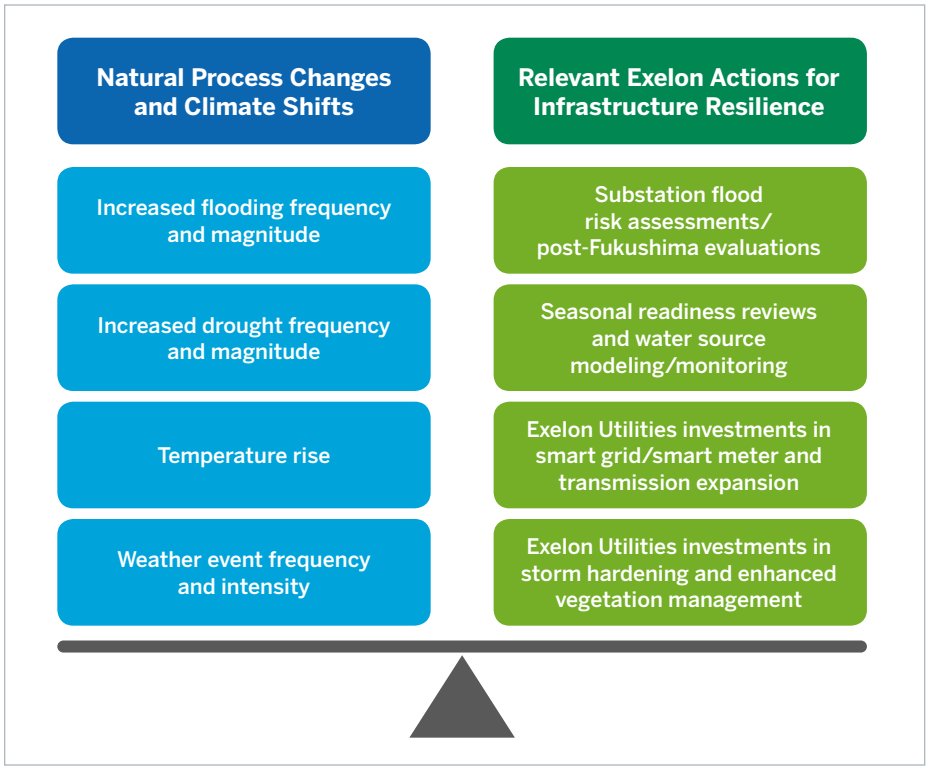
1 Muddy Run pumping power results in an emission benefit of avoiding nearly 1 million metric tons of CO_2e from emissions displacement that occurs from storing power generated at night and returning it to the grid at peak hours. This emissions displacement is not currently included as part of TCR's Scope 2 accounting. Electric use is less that returned to the grid at peak hours.

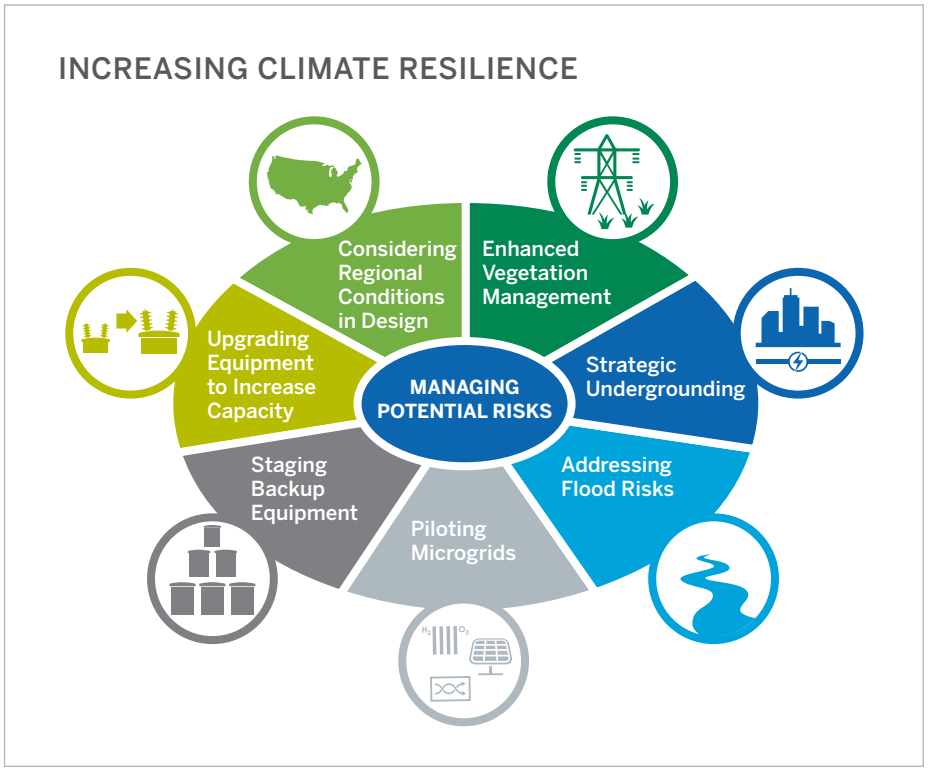
Adapting to Climate Change in our Regions

Exelon has been a member of the U.S. DOE's Partnership for Energy Sector Climate Resilience since April 2015. The goal of this initiative is to accelerate investment in technologies, practices and policies across the industry that will enable a resilient energy system and enhance U.S. energy security in response to climate change challenges. Through the partnership, member utilities have been working to identify climate change vulnerabilities and develop and pursue resilience strategies.

In 2016, Exelon submitted its first climate change vulnerability assessment under the partnership and developed a corporate-wide climate resilience strategic plan. Already having a corporate focus on operational excellence, our approach is to integrate climate change risk considerations into our established management methods and processes for infrastructure and operational planning.

The plan maps our existing processes for risk assessment and infrastructure planning through a climate change lens to better identify opportunities where enhanced climate change awareness and projections could better inform decisions and designs. Through this process, we have identified existing projects within our five-year business plan that will contribute to greater climate resilience, identifying the technologies and how they relate to specific climate risks such as increased temperatures and heat waves, storm frequency and intensity, and increased precipitation and flooding. We estimate that between 2016 and 2020 we will invest more than $1 billion in projects that have co-benefits of improving climate resilience.





Over the course of 2017, Exelon will continue to explore opportunities to increase climate change awareness and training within our organization, identifying key positions and capacity building to further integrate the issue into our infrastructure planning and all-hazards approach to risk management. We will also be tracking progress on the planned projects that contribute to increased climate resilience. As climate change projections continue to be refined and integrated into infrastructure planning, these efforts will enable us to reevaluate and adapt our approach to meet future conditions.

Improving Watershed Management

Access to affordable, reliable and adequate water supplies is critical for the success of our business. Water is essential for Exelon's production of electricity: water drives our hydroelectric facilities and cools our thermal generation stations. 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.

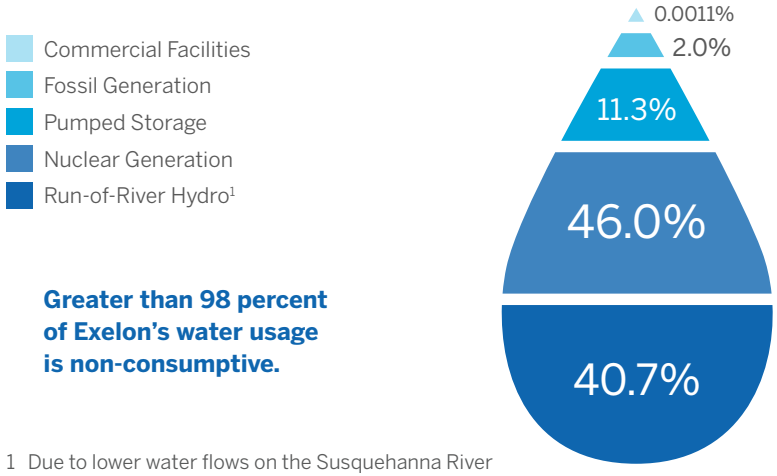
Water use is a key challenge for the future, as well; with changing weather patterns and increases in competing water uses, effective water management will continue to be a priority. Water scarcity is a critical risk factor for our industry in particular, and Exelon is working to define the scope of the issue and continually refine our practical and effective management strategies.

Exelon is committed to preserving the long-term viability of the water resources upon which we all rely. Guided by our Water Resource Management Policy, we are addressing site-specific water-related opportunities and risks. For example, we have selected air-cooled technology to virtually eliminate consumptive water use at our two new combined cycle gas generation plants in Texas. We recognize that working with relevant stakeholders at local levels is the most effective approach to addressing specific water challenges.

Water Withdrawals and Consumption

In 2016, Exelon-operated facilities used approximately 36.9 billion gallons of water per day (139 million cubic meters per day), greater than 98 percent of which was directly returned to its source. A significant portion of our overall water use is attributed to 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. More than 55 percent of our thermal generating capacity used closed-cycle systems that evaporate water in a recirculating tower or a pond to achieve cooling in 2016. The balance of our thermal plants used 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. For information on the types of cooling systems used at each of our generating stations, please see the Generation Station Appendix and our 2016 CDP Water Response.

2016 WATER USE BY OPERATIONAL ACTIVITY



Greater than 98 percent of Exelon's water usage is non-consumptive.

1 Due to lower water flows on the Susquehanna River in 2016, hydro water use declined to 40.7 percent of total use in 2016 versus 48.8 percent in 2015.

Exelon Generation Water Use by Watershed (million gallons per year)

Watershed Zone	Consumptive Use	Non-Consumptive Use	Total Water Use
Boston Harbor	92	43,644	43,736
Barnegat Bay	4,853	479,963	484,816
Delaware Estuary	12,730	225,597	238,327
Chesapeake Bay	150,206	1,227,315	1,377,521
Susquehanna River	13,568	8,019,881	8,033,449
Upper Mississippi	45,361	2,826,761	2,872,122
Texas-Gulf	2,400	67,632	70,032
Lake Ontario	5,141	330,955	336,096
Total	**234,351**	**13,221,748**	**13,456,099**

Exelon's 1,070-MW Muddy Run Pumped Storage facility stores water at night to generate power during high-demand hours.

Addressing Water Supply Risks

Climate change poses a significant threat to water supplies critical to our ongoing operations, communities and wildlife usage. As part of our efforts with the U.S. DOE's Partnership for Energy Sector Climate Resilience, we are closely monitoring drought risk and changing precipitation patterns that have the potential to impact our production of electricity. Water-related climate change risks may affect our fleet by:

- Disrupting cooling water supplies at thermal generation stations;
- Restricting cooling water discharges due to lower water levels and warmer water body temperatures in summer months; and
- Limiting production levels in water-scarce areas to ensure compliance with water supply and discharge permit limits.

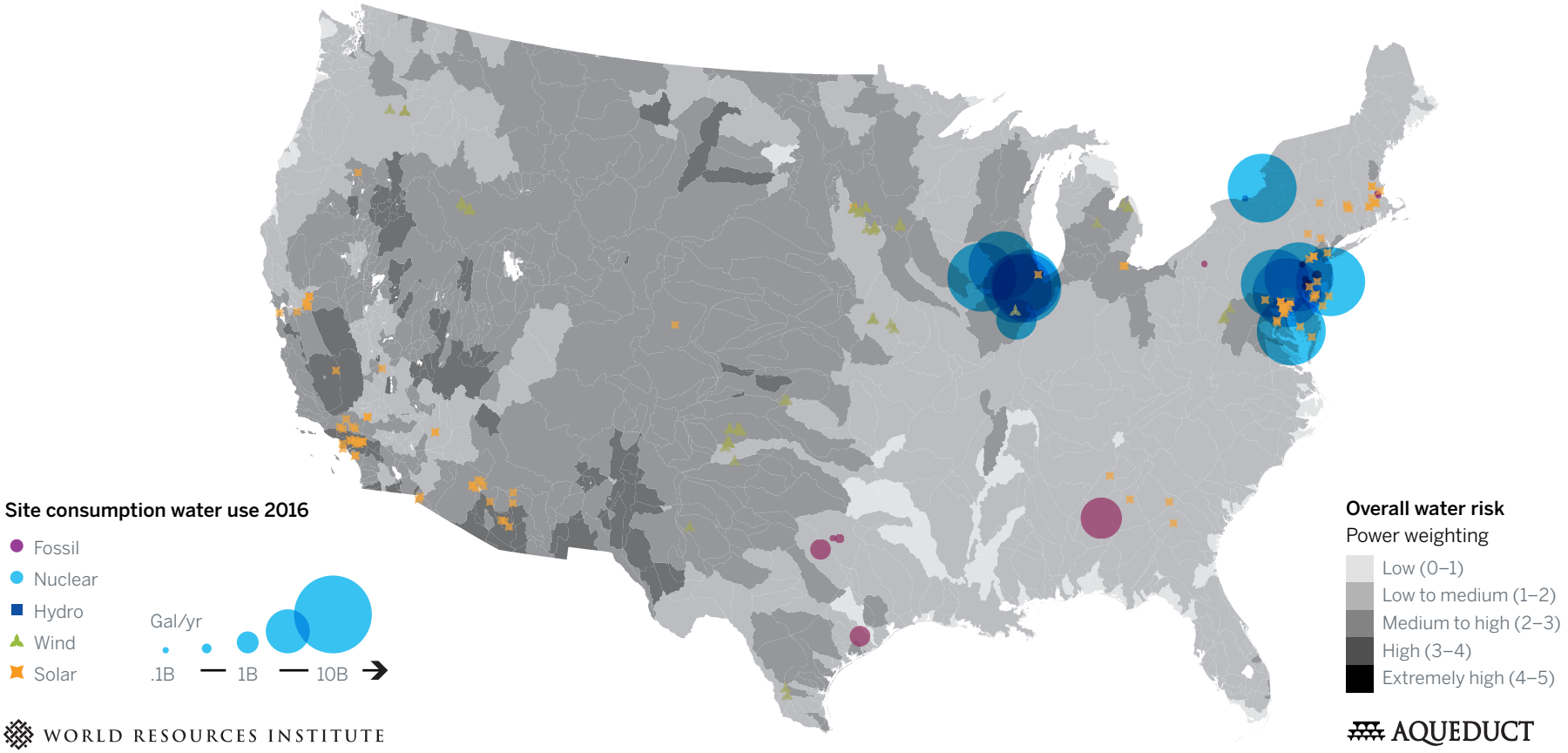
We are addressing these projected changes in a variety of ways. In response to heat waves becoming more prominent — periods when electricity demand is highest — we are investing in a variety of programs at our utilities to help customers manage and reduce their demand, allowing us to reduce our impacts on local water resources. We are also using or evaluating new thermal monitoring and power generation cooling technologies in consideration of higher ambient air and water temperatures in the future. We continue to engage with academic and other organizations conducting cutting-edge research to better understand potential water impacts due to climate change.

In 2016, we continued work on our climate change vulnerability assessment as part of the U.S. DOE Partnership. This assessment reviewed climate-related risks to all of our operating companies and in all geographical areas where we operate. While we were already addressing many of the risks and working to improve the resilience of our operations, we will be working in coming years to identify additional best practices within the industry and implement them to ensure we continue to minimize impacts to watersheds as well as have enough water available to provide low-carbon electricity to our customers.

WATER CONSUMPTION AND REGIONAL WATER RISK LEVELS AT EXELON FACILITIES

Exelon uses a variety of tools to identify water risk. One of these tools is WRI's 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 use factors 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 past 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 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 more information on the WRI Aqueduct mapping tool, please visit: aqueduct.wri.org.



Mitigating our Impacts on Water Resources

Consumptive use. Unlike water that is used and then returned to the same source, consumptive use removes water so it is not available for further use or for supporting aquatic habitats in that watershed. 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 (642 million gallons per day for Exelon-operated facilities in 2016). For all of our plants, including those with cooling towers or those with once-through cooling systems, we estimate and report the amount of water lost to evaporation through the cooling towers or in the river from the cooling water discharged from once-through cooling systems in accordance with applicable environmental regulations.

Entrainment and impingement of aquatic organisms. In any large withdrawal from surface water, aquatic organisms can be drawn in with the water (entrained) or trapped on intake screens (impinged). 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.

On October 14, 2014, the U.S. EPA's final Clean Water Act Section 316(b) rule went into effect. The purpose of the rule is to minimize the impacts of power plant cooling water intake structures on aquatic life. Exelon believes that the final rule strikes a careful balance between meaningful environmental protections and the need to maintain electric reliability and reasonably priced power by means of cost-effective regulatory requirements. Under the rule, operators select from a variety of pre-approved environmentally effective measures to minimize impacts to aquatic life. Alternatively, the operator may develop site-specific technologies or operating practices that need approval by the state permitting director. The rule also requires that a series of studies and analyses be performed to ensure selected measures are effective. There is no fixed schedule for 316(b) compliance; the timing for each facility is related to the status of its current National Pollutant Discharge Elimination System (NPDES) permit and the subsequent renewal period. In general, these measures will be completed within the next decade. Certain parties, not including Exelon, are pursuing legal challenges to the final rule in the federal court system; we do not expect this to delay our compliance.

Thermal modeling and upstream water monitoring telemetry. To address changing waterbody conditions due to climate change impacts, Exelon has installed monitoring systems in river bodies with telemetry to increase data availability, trending and station response times. A daily river report based on our plant thermal modeling telemetry of upstream river stage and temperature is circulated internally. Water supply data is managed in hourly increments with thermal models that use real-time data gathered in the watershed. A key benefit of the thermal models is their ability to evaluate different weather scenarios and operational responses on water discharges. Operationally, our thermal models update 12 times per day, incorporating approximately 30,000 hourly data points.

2016 AWARDS

In 2016, our response to the **CDP Water Survey** earned a score of "A minus" in the Leadership category for transparency regarding water use and sustainability practices.

Habitat and Biodiversity

Our operational footprint stretches over large tracts of land and is adjacent to a variety of water bodies, both of which are home to diverse flora and fauna. We take seriously our responsibility to reduce our impacts on wildlife and enhance habitats wherever possible, guided by our corporate Biodiversity and Habitat Policy. We work to improve understanding of biodiversity through partnerships with biodiversity experts and regulatory agencies on a variety of studies and by providing educational opportunities for employees and community members through our Wildlife Habitat Council-certified sites.

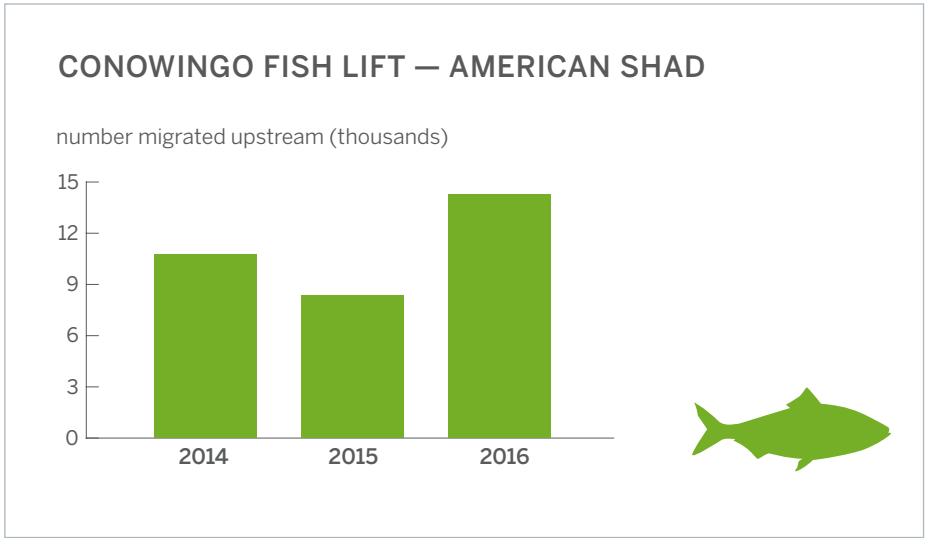
Protecting Aquatic Ecosystems

Several of our generating stations require large amounts of water for continued operations and to provide reliable energy to our customers. We are committed to operating responsibly in these areas by reducing our impacts on fish, other aquatic species and their habitats.

Migratory Fish Passage

For our facilities with dams in active fish migration areas, we have evaluated and installed lifts or ladders to allow migrating fish to travel upstream. Across our operations, we have taken action 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. This decline has been observed in rivers both 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 Project in Maryland. Today, Conowingo's East Fish Lift (EFL) has a design capacity to support upriver migration of approximately 2 million migratory fish per year. During the 2016 migratory season, Conowingo passed 14,276 American shad via its EFL. Through 2016, this lift has passed a total of 1,363,881 American shad. The EFL also passes many other species of fish, such as river herring, striped bass, small- and large-mouth bass, walleye and gizzard shad. Over the past five years, an annual average of nearly 980,000 of these other species has been passed through the lift.

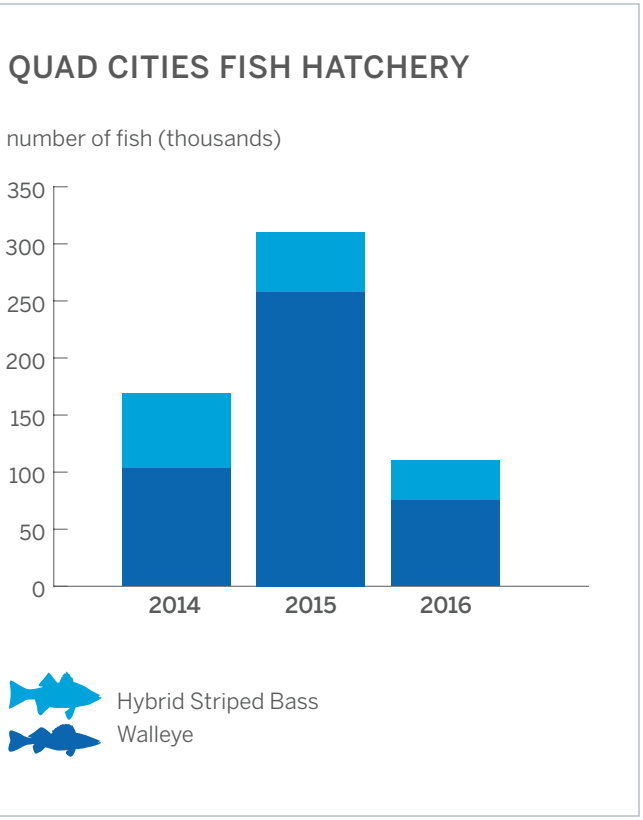


The smaller fish lift on the western side of the dam continues to support U.S. Fish and Wildlife Service (U.S. FWS) activities related to the study and protection of American shad. In 2016, 861 American shad were passed through the west fish lift, along with 177,715 fish of other varying species.

American Eel. In 2016, Exelon continued to support the U.S. FWS in its studies of American eel in the Susquehanna River. Exelon continued coordination of the Eel Passage Advisory Group (EPAG) in support of the commitments established in the Eel Management Plan as part of the Pennsylvania 401 Water Quality Certification finalized in December 2014 for the Muddy Run Pumped Storage Project. In addition to EPAG activities in 2016, Exelon continued operations of a temporary eel trapping facility in the Octoraro Creek watershed. During the May 1 to September 2016 operations of this temporary facility, 21,094 juvenile eels were collected and transported to designated stocking sites. Exelon will continue operations of this facility in 2017.

QUAD CITIES FISH HATCHERY

We are proud to own and operate 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 celebrated its 33rd year of operation in 2016. The hatchery produced nearly 75,000 walleye advanced fingerlings and more than 35,000 advanced fingerling hybrid striped bass for the Mississippi River and Clinton Lake. The hatchery also produced 2,000 blue catfish for Clinton Lake, ranging in size from 9 to 12 inches. All of these programs were conceived and conducted in cooperation with Illinois Department of Natural Resources (DNR), Iowa DNR and U.S. FWS. The site also produced 1,597 alligator gar that averaged around 13 inches. These animals were stocked throughout the state of Illinois as part of a species reintroduction program. The Station has been working with Illinois DNR since 2011 on this program. The hybrid striped bass and blue catfish programs are just a few of the cooperative projects with both the Clinton and Braidwood Nuclear Stations conducted from the Quad Cities hatchery. The hatchery also partners with multiple government agencies to grow freshwater mussels on site using local mussel beds for brood stock, including the federally endangered Higgin's Eye Mussel. This year the site produced several hundred Higgin's Eye, Black Sandshell (state threatened) and Fat Mucket (species of interest in Iowa). All of these species were grown and released into local waters.



Species Management Plans in Relicensing Efforts

The Conowingo hydroelectric facility is undergoing relicensing with FERC. On April 21, 2016, Exelon Generation and the U.S. FWS announced an agreement to restore American shad and river herring to the East Coast's largest river over the next 50 years. Exelon will improve fish passage facilities at Conowingo Dam as well as transport up to 100,000 American shad and 100,000 river herring annually to their spawning grounds above all four dams on the Susquehanna River. In February 2017, Exelon re-filed an application with the Maryland Department of the Environment (MDE) for a Water Quality Certification (WQC) for Conowingo. The original application was filed in January 2014 and re-filed in March 2015 as representatives from the State of Maryland indicated that MDE believed it had insufficient information to process Exelon's application. As a result, Exelon entered into an agreement with MDE to work with state agencies in Maryland, the U.S. Army Corps of Engineers, the U.S. Geological Survey, the University of Maryland Center for Environmental Science and the U.S. EPA to design and conduct a multi-year sediment study that will provide additional information to MDE. States must act on 401 WQC applications within one year of their submission. Because the ongoing sediment and nutrient monitoring study was not completed by April 25, 2017, Exelon withdrew and re-filed the application within 90 days as required by FERC policy. The goals of the sediment study are to quantify the amount of suspended sediment

concentration, associated nutrients, suspended sediment load and nutrient load present in the major entry points to the Lower Susquehanna River Reservoir System and the upper Chesapeake Bay. During 2016, Exelon continued to engage with interested parties and respond to any additional information requests as part of the WQC and FERC relicensing process.

Protecting Terrestrial Habitats and Wildlife

Our generating stations and rights-of-way (ROWs) traverse thousands of acres of land, which we carefully manage to protect habitats of a wide range of plant and animal species.

Right-of-Way Management

Vegetation on transmission line ROWs must be managed on a regular basis to ensure safety and system reliability. The Exelon utilities collectively manage more than 85,000 acres of ROWs associated with electric transmission systems. Management of these areas presents an opportunity for instituting management practices that benefit plants and wildlife that require open, low-growing habitats. We have undertaken a number of initiatives to promote diverse habitats in our ROWs. In ComEd's territory, most ROWs are managed as natural green space, with more than 300 acres managed as native prairie grass. PECO maintains natural conditions and native species on a significant portion of its ROWs, with a focus in recent years on planting native grass meadows. BGE has implemented Integrated Vegetation Management (IVM) at six high-voltage transmission ROW locations on more than 1,250 acres of land throughout its service territory. PHI employs a selective management strategy within its ROWs to promote natural habitat and actively manages for wildlife benefits along two ROW segments which also serve as U.S. FWS research sites.

The Exelon utilities have been implementing a technique for managing vegetation in their power line ROWs that restores native plant communities, providing for wildlife habitat that is much improved over traditional, non-

ComEd manages most ROWs as natural green spaces, with more than 300 acres managed as natural prairie grass.

EXELON GENERATION POLLINATOR PLAN

Exelon Generation is launching a five-year initiative to enhance wildlife habitat at its nuclear power generation stations in the Midwest and northeastern United States. This multi-year effort will include insect pollinators, grassland birds and mammals common to prairie and savannah ecosystems, with special emphasis on the monarch butterfly. Efforts will support national goals for pollinator species recovery, and can position Exelon as the nation's leading utility for recovering the iconic monarch.

To accomplish this, Exelon will enhance and restore habitat on company-owned properties, engage in national and regional partnerships to facilitate habitat enhancement, and support a widely visible public education program to emphasize habitat conservation and celebrate Exelon's success.

Exelon Generation is partnering with a number of academic institutions, nonprofit organizations, community and youth organizations, federal and state agencies, trade associations and other Exelon business units to progress this five-year plan.

selective mowing techniques. IVM management of our ROWs is less expensive and more beneficial to the environment. Native plant communities are allowed to thrive, resulting in a stable meadow or prairie plant community in the electric transmission wire zone of the ROW corridor that is compatible with the safe and reliable operation of our electric system.

Wildlife Habitat

Exelon has a longstanding partnership with the Wildlife Habitat Council (WHC) to restore and enhance wildlife habitats at our facilities and on our ROWs. Exelon has been a member of the WHC for more than 11 years and has accrued a total of 32 sites with WHC certifications. 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. Three of our facilities and 24 of our ROWs have National Wildlife Federation (NWF) habitat certifications. To learn more about the WHC and NWF, visit www.wildlifehc.org and www.nwf.org.

As of 2016, 24 ROW segments managed with IVM held NWF certifications as wildlife habitats and 16 IVM ROWs hold WHC certifications. Ten ROW segments with IVM hold both NWF and WHC certifications.

Exelon volunteers planting milkweed at a new pollinator garden adjacent to the R.E. Ginna Nuclear Power Station.

Exelon Habitat Certifications 2016

Company	Program Name	WHC	NWF
BGE	BGE-Patuxent National Research Refuge ROW Partnership	✓	✓
	BGE ROW Environmental Stewardship Program	✓	✓
	BGE ROW Columbia/Lake Elkhorn Vicinity		✓
	BGE ROW Liberty Reservoir		✓
	BGE ROW Flagponds		✓
	BGE ROW American Chestnut Land Trust		✓
	BGE ROW South River Greenway Partnership		✓
	Riverside Facility		✓
	Spring Gardens Facility	✓	✓
ComEd	Buffalo Grove Prairie	✓	✓
	Cherry Valley ROW Prairie	✓	
	Greene Valley Prairie	✓	
	Hitt's Siding Prairie	✓	✓
	Kloempken Prairie	✓	✓
	Lake Forest Prairie	✓	✓
	Lake Renwick Prairie	✓	
	Linne Prairie		✓
	Pratt's Wayne Woods	✓	✓
	Superior Street Prairie	✓	✓
	West Chicago Prairie	✓	
PECO	Brandywine River Trail		✓
	Manor Road ROW	✓	✓
	Cherry Lane Meadow		✓
	Morton Wetland	✓	✓
	Honey Hollow Meadow		✓
PECO *(continued)*	Newtown Square Wetlands		✓
	PECO Conservation ROW	✓	
	Pollinator Pilot Project		✓
	Ring Road Meadow		✓
	Rock Spring Natural Area		✓
	Upper Gwynedd Preserve ROW		✓
	West Chester University ROW		✓
PHI	Benning Service Center	✓	
	PHI Transmission ROW	✓	
	WaterShed Sustainability Center	✓	
Exelon Generation	Kennett Square Campus	✓	
Exelon Nuclear	Calvert Cliffs Nuclear Power Plant	✓	
	Byron Generating Station	✓	
	Three Mile Island Nuclear Generating Station	✓	
	Limerick Generating Station	✓	
	Braidwood Generating Station	✓	
	Clinton Power Station	✓	
	Oyster Creek Generating Station	✓	
	Dresden Generating Station	✓	
	LaSalle County Generating Station	✓	
	Peach Bottom Atomic Power Station	✓	
	Quad Cities Generation Station	✓	
	R.E. Ginna	✓	
Exelon Power	Perryman Generating Station		✓

The BGE Spring Gardens Facility holds WHC and NWF certifications.

PHI's WaterShed Sustainability Center is WHC-certified.

Exelon.

AVIAN MANAGEMENT EFFORTS

Exelon is committed to reducing impacts on avian populations. We have implemented training and education programs throughout our operating companies to raise awareness among employees and community members about these important species. Several of our initiatives are described below.

PECO. Throughout 2016, PECO continued to provide recurring avian training to frontline personnel in our distribution system operations department. The training reinforced proper field reporting procedures and the importance of species identification. In addition to training, PECO identified four locations where raptor fatalities occurred and have scheduled retrofits of the electrical equipment with avian protective measures to ensure future fatalities do not occur.

ComEd. ComEd continues its avian protection program containing both proactive and reactive strategies to protect avian species and improve reliability. All field personnel are trained annually on the avian process. All avian incidents are tracked in a monthly performance indicator and geospatially. For any capital project, avian protection is assessed and determined if required. In 2016, both the distribution and transmission systems were analyzed for the highest avian risk areas with the aim to move the program to a much more robust proactive strategy.

BGE. For many years, BGE has tracked the osprey population in the Chesapeake Bay area. Ospreys often nest on BGE electric equipment, which endangers the birds and may cause power outages. In 2016, BGE launched an osprey protection program called Osprey Watch. Community members in the BGE service territory are encouraged to report the location of any osprey nests on BGE equipment to the company; following identification, BGE personnel will remove the nest if no birds or eggs are present. If the nest is inhabited, deterrents will be placed on the electric equipment to shield the birds and nests and mitigate the risks of contact.

PHI. PHI maintains a comprehensive avian protection program containing a variety of proactive and reactive strategies to protect avian species and improve reliability. PHI's Avian Protection Policy requires appropriate control mechanisms to protect birds of prey and migratory birds that might come in contact with equipment or be affected by PHI operations or activities. PHI evaluates equipment, operations and activities that might have an impact on migratory fly zones and priority avian habitat areas. Risks are identified and, as needed, effective avian protection and control plans are implemented to minimize any impacts, including integration of bird-friendly designs into our operations, where appropriate, to minimize avian impacts.

Exelon Generation. The Generation company works closely with a number of bird rehabilitation facilities, including HooHaven, Tri State Bird Rescue and Owl Moon Raptor Center that provide assistance with injured birds. Exelon provides these organizations with funding and supplies, and rehabilitated birds are also released on Exelon sites as warranted.

Osprey nesting platform (left) along Lake Ontario shoreline at R.E. Ginna Nuclear Power Station. Tree Swallow chicks (right).

Protected Species Management

In addition to wildlife habitat certifications, as set out in our Biodiversity Policy, we maintain special management plans to protect biodiversity on our sites and ROWs. As an example, our utilities each have a detailed Avian Protection Plan to manage interactions of birds and power lines. Where threatened or endangered species are located on or near our sites, we work with regulatory agencies and interested stakeholders to develop and implement agreed-upon management plans or special mitigations to reduce impacts on wildlife.

Hine's Emerald Dragonfly

After many years of planning, ComEd undertook a major project to protect the federally and state endangered species, the Hine's emerald dragonfly. Over two years, ComEd rerouted and removed both distribution and transmission lines out of the most sensitive breeding areas for the dragonfly. These efforts will not only help protect the habitat for many species, such as the Hine's, but also the Blanding's turtle, spotted turtle, black-billed cuckoo, lakeside daisy and the leafy prairie clover. In addition, rerouting the lines will improve reliability in the area and allow ComEd to access and maintain its lines much easier.

For more information about this effort, please view videos about the Hine's emerald dragonfly projects to inform the public about these efforts.

ComEd worked in 2016 to protect the Hines Emerald Dragonfly in sensitive areas through changes to transmission and distribution line locations.

Waste Management

At Exelon, we seek to prevent waste before its generation. When this is unavoidable, we find ways to safely dispose of it, as in the case of nuclear waste, or find recycling and beneficial reuse options for other types of waste. We have improved our company-wide recycling rate each of the past four years.

Managing Our Nuclear Fuel Cycle

As the country's largest nuclear power plant operator, nuclear safety is a fundamental element of our license to operate. We diligently manage our nuclear wastes, both low-level radioactive waste and spent nuclear fuel, safely, securely and responsibly. The health and safety of the communities where we operate, our employees and the environment is the highest priority of our company.

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 amounts of radioactive substances. More than 90 percent of the low-level waste generated at nuclear stations is designated as Class A, which is the least radioactive. This waste is disposed of at EnergySolutions' disposal site in Clive, Utah.

Class B and C wastes — which have higher levels of radioactivity and include items such as core components, filters and ion exchange resins — are able to be stored on site. Where we do not have adequate capacity, we ship waste off site to qualified disposal facilities. Waste from Oyster Creek station is shipped to the Barnwell disposal facility in South Carolina. In 2015, we shipped some Class B and C wastes from all of our facilities to the Waste Control Specialists disposal facility in Andrews, Texas, thus reducing our

inventory by 50 percent. We continue to make it a priority to further reduce our backlog of low-level nuclear waste materials from our storage facilities by continuing to send it to the disposal facility in Andrews.

Spent nuclear fuel is loaded in dry casks for long-term storage.

Spent Nuclear Fuel

The federal government has yet to establish 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 2016, Exelon Generation had approximately 77,900 SNF assemblies — or 19,200 short tons — stored on site. This includes 51,000 assemblies in pools and 26,900 assemblies in 508 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 and a half Olympic-sized swimming pools. One hundred percent of this SNF is packaged, numbered, catalogued, tracked and isolated from the environment.

Reducing Operational Waste

Through the efforts of our employees and contractors, we accomplished a company-wide recycling rate for municipal solid waste of approximately 65 percent during 2016. These efforts not only keep waste out of landfills, but they also conserve natural resources and reduce GHG emissions.

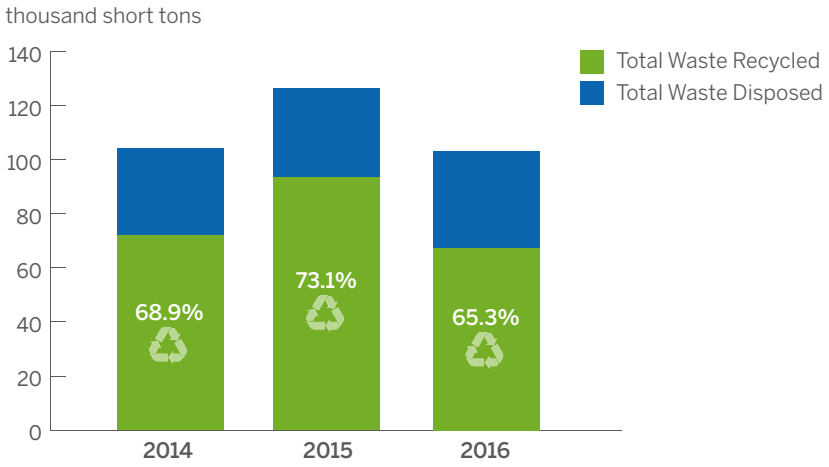
Across Exelon's businesses, we are working to ensure that the best management practices are in place to reduce, reuse and recycle the waste we generate. These materials include a wide variety of scrap metal such as electrical equipment, wire, cable and hardware, computer electronics and oils. Other initiatives to reduce waste include a contractor take-back program for instrument-test gas cylinders, recycling of rubber insulating gloves and sleeves, and the reclamation of construction and demolition debris.

Our efforts to reduce waste and reuse and recycle materials extend beyond conventional recycling. During 2016, our utilities collaborated on efforts

to find beneficial reuse options for a variety of industrial waste including asphalt and concrete debris from construction and repair projects. Through collaboration and sharing of best practices, our utilities found beneficial outlets, including new construction materials and utility excavation backfill, for more than 470,000 tons of recovered materials. Overall, we achieved a recycling rate of nearly 90 percent for the combined municipal and industrial solid waste we generated in 2016.

For additional information on recycling efforts throughout Exelon, please see the Exelon Environmental Awards section of this report.

MUNICIPAL SOLID WASTE GENERATED AND RECYCLED 2014–2016[1,2]



1 Municipal solid waste includes wastes such as durable goods, nondurable goods, containers and packaging, and other wastes (e.g., yard waste, food). This category of waste generally refers to common household waste, as well as commercial wastes, that are readily recyclable by conventional methods, but excludes industrial, hazardous and construction wastes. Industrial solid waste is not included in this chart.

2 2016 totals include PHI data.

2016 AWARDS

ComEd was named the 2016 WasteWise Large Business Partner of the Year. The U.S. EPA recognized ComEd for outstanding waste reduction achievements with this award.

Since 1987, the Illinois Sustainable Technology Center (ISTC) has presented Governor's awards to organizations in Illinois that have demonstrated a commitment to environmental excellence through outstanding and innovative sustainability practices. Winners are selected through a rigorous process of review and examination by ISTC technical assistance experts and the Governor's office makes the final award decisions. ComEd received this award in 2016 and eight prior years since the program's inception.

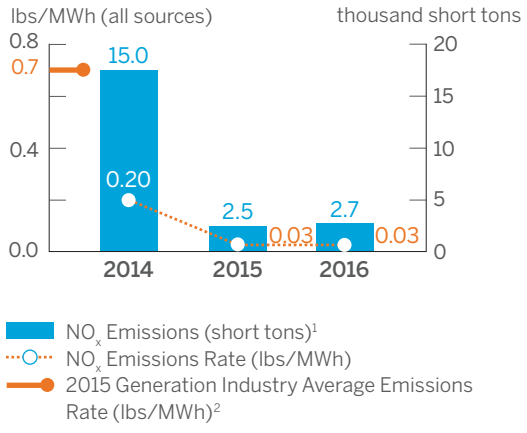
Exelon's utilities are actively pursuing recycling of waste streams in the office and in company operations.

Reducing Air Emissions

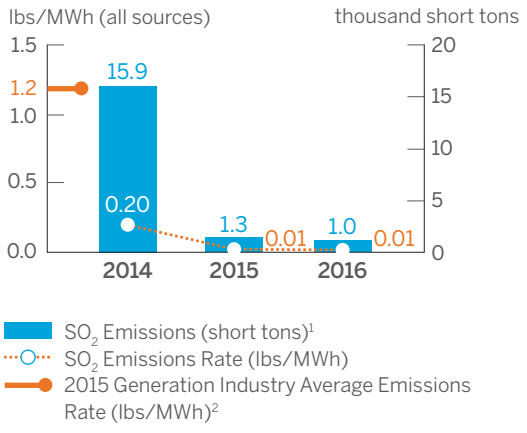
We understand the environmental impacts of air emissions and we are committed to continued investment in our low-emission energy portfolio to keep Exelon's air emission rates well below industry averages. In 2016, our generation portfolio emission rates for nitrogen oxides (NO_x), sulfur dioxide (SO_2) and carbon dioxide (CO_2) were 0.03, 0.01 and 105.9 pounds per MWh, respectively. Compared to the industry, Exelon's owned-generation all-source NO_x, SO_2 and CO_2 emission rates were 96, 99 and 90 percent lower than the latest-available generation industry emission rate averages, respectively.

During 2016, we continued to track and participate in support of rulemakings intended to improve air quality and mitigate climate change. In September 2016, the U.S. EPA released the final Cross-State Air Pollution Rule (CSAPR) Update Rule to address interstate ozone transport that impairs downwind state attainment of the 2008 ozone NAAQS. The final version of the Update Rule revised the ozone season NO_x budgets for 22 eastern states. Twenty-one of the states affected by the Update Rule were already participating in the original CSAPR program and had their ozone season emissions budgets updated beginning summer 2017. This action responds to the D.C. Circuit's July 28, 2015, remand of 11 states' CSAPR Phase 2 NO_x budgets by replacing the invalidated budgets for eight states and by removing three states from the CSAPR NO_x ozone-season trading program (collectively, the Update Rule). Exelon submitted comments in February 2016 in general support of the proposed Update Rule, but with suggested changes to improve the rule's effectiveness in reducing emissions and ensuring confidence in environmental markets. The Update Rule will help to support attainment and maintenance of the 2008 ozone NAAQS in key states where Exelon has utility operations, customers and employees. Exelon successfully supported the U.S. EPA at

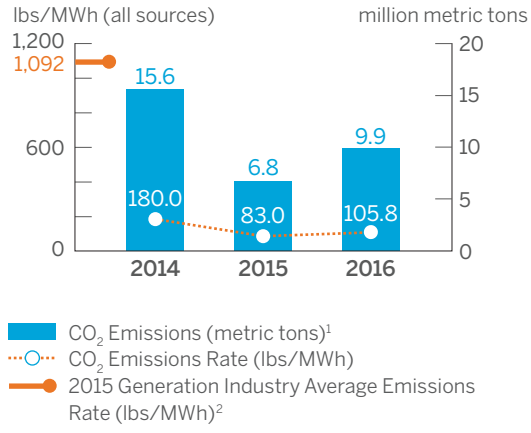
NO_x EMISSIONS — OWNED GENERATION



SO_2 EMISSIONS — OWNED GENERATION



CO_2 EMISSIONS — OWNED GENERATION



1 Data include the emissions and production of acquired, retired and divested generation for the period of ownership in each year. This includes PHI assets in 2016.

2 Source: M.J. Bradley & Associates (2017), 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-emissions profile compared to our industry peer companies, please view the 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.

the Supreme Court in the litigation challenging the framework CSAPR Rule, which enabled this and future updates to address, and periodically update, interstate air pollution transport regulations.

With regard to GHG emissions, the U.S. EPA's Clean Power Plan (CPP) rule governing CO_2 emissions from fossil fuel-fired power plants was finalized in 2015. The CPP set emission performance standards for fossil fuel-fired power plants, with requirements beginning in 2022 for existing sources (e.g., those built before 2014). In February 2016, by a vote of 5 to 4, the Supreme Court took the unusual step of issuing a stay of the CPP prior to the commencement of litigation at the D.C. Circuit. The stay of the CPP will remain in effect until legal review is completed. On March 28, 2017, President Trump signed the "Promoting Energy Independence and Economic Growth" Executive Order (EO). The EO directs the U.S. EPA to "suspend, revise or rescind" rules for both new and existing fossil units. While no timeline or specific policy outcome is identified, the EO directs the Agency to review all CPP regulations "as soon as practicable." Further Agency action will require coordination with the courts around existing litigation of the CPP and will require future notice and comment rulemaking to alter or revoke the current rule.

With regard to hazardous air pollutant (HAP) emissions regulations, the U.S. EPA released the final Mercury and Air Toxics Standards (MATS) on December 16, 2011, requiring compliance by 2015-16. This rule established first-time national standards designed to reduce mercury, acid gas and other HAP emissions from coal- and oil-fired power plants. Exelon has supported the U.S. EPA and the standards in litigation throughout this process and directly at both the D.C. Circuit and Supreme Court. The D.C. Circuit unanimously upheld the rules with regard to substantive regulatory requirements and compliance with the rule is now widespread. However, the Supreme Court ruled in May 2015 that the U.S. EPA should have considered costs in initially determining whether it is appropriate and necessary to regulate HAPs emitted by coal- and oil-fired power plants. The Court, however, did not vacate the rule and all substantive issues upheld by the D.C. Circuit were not considered by the Supreme Court. On April 15, 2016, the U.S. EPA published a final supplemental finding confirming that consideration of costs does not alter the Agency's previous determination that it is "appropriate and necessary" to regulate HAPs from these fossil generating units under the more-stringent section 112 of the Clean Air Act. This finding is now being litigated; Exelon continues to defend the rule in court. The MATS rule is an integral piece of protecting public health and internalizing the costs of pollution in electricity markets.

Managing Environmental Risks

Throughout our value chain, we are constantly assessing potential impacts our operations may have on the environment. Guided by the Exelon corporate Environmental Policy, we strive for full compliance with applicable legal requirements, and we ensure our actions, and the actions of those working on our behalf, meet this commitment. We are incorporating risk management into siting of new facilities, minimizing impacts at existing facilities and working with local communities and regulators to ensure stakeholders are informed of our activities. Improving risk management across our company is an ongoing priority.

Improving Compliance Performance

Exelon's environmental management system (EMS), designed to conform to International Organization for Standardization (ISO) 14001:2004, lays out the necessary steps to maintain responsible operations and has helped to improve the company's compliance performance greatly over the past several years. We also conduct regular internal and external compliance audits of our environmental programs. All of Exelon's operations have established ISO 14001-conformant EMSs and approximately 61 percent have been independently certified as conforming to the ISO 14001 standards. We are phasing in the latest ISO standards, ISO 14001:2015, in 2017 and 2018 at the business units and corporate level.

In 2016, Exelon received four Notices of Violation (NOVs) from regulatory agencies:

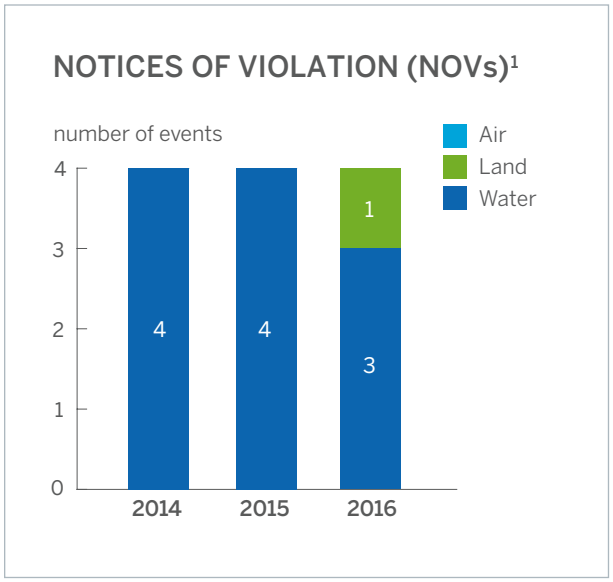
Exelon Power Handsome Lake Power Plant. An NOV was received from the Pennsylvania Department of Environmental Protection (PADEP) for an alleged discharge of oil that resulted in an oil sheen in a wetland.

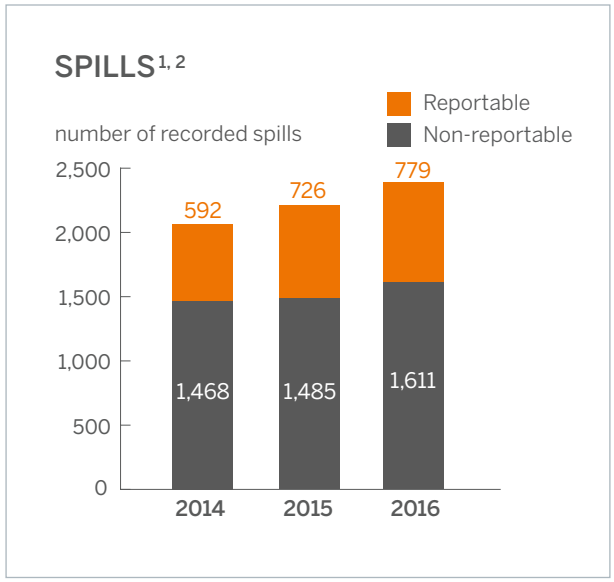
Exelon Power Wolf Hollow Power Plant. During a wastewater inspection, it was discovered that the pH meter calibrations were not being conducted as required by the permit.

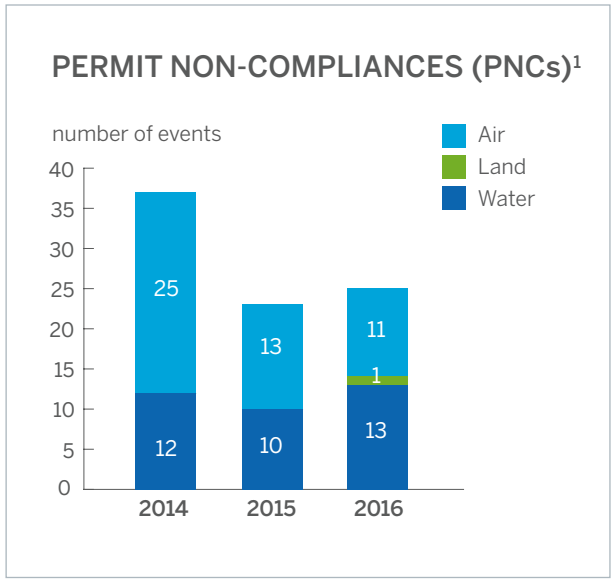
Exelon Nuclear Limerick Station. Due to an abnormal plant condition, water in the emergency spray pond overflowed the bank and entered a storm water outfall as an unpermitted discharge.

Veolia Schuylkill Power Plant. Exelon Power received an NOV from the PADEP for its former Schuylkill plant for Veolia's failure to pay the annual NPDES permit fee. The plant was sold to Veolia in 2015 but a new NPDES permit had not been transferred to Veolia.

Pepco and the U.S. EPA have resolved permit compliance issues at the Benning Road location dating back to 2012 when more stringent discharge limits first became effective under a new EPA permit issued in 2009. Since then, Pepco has invested more than $2 million to install storm water runoff mitigation measures and implement new operating procedures







1 Compliance metrics have been adjusted to include PHI for the years reported.

2 Reportable and non-reportable spill numbers have been restated for 2014–2015 to align with the applicable state reporting requirements that Exelon has consistently followed over the past three years.

to comply with regulations. The most recent storm water sampling results show full compliance with the permit limits, and Pepco will install additional treatment facilities to help ensure consistent and sustainable compliance going forward. Pepco is committed to meeting or exceeding its environmental responsibilities and the investments made at the Benning Service Center will support that commitment.

We also track permit non-compliance events — self-identified instances where a permit condition or administrative requirement was not satisfied — as a measure of our environmental performance. In 2016, we reported 25 permit non-compliance events for regulated discharges of air and water.

Likewise, we track environmental spills as a measure of our environmental performance. These include those spills of oil or chemicals that require regulatory reporting to applicable agencies, as well as non-reportable spills that involve small quantities of material that can be quickly contained and do not result in significant environmental impact. We also evaluate those spills reported to agencies to determine if they might have been prevented. To accomplish this, we have implemented an employee and contractor spill intervention plan that includes increased awareness and communication, quarterly performance reporting and routine audits aimed at reducing the number of spills to the environment.

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. Exelon Power facilities no longer have any oil-filled electrical equipment that contains PCBs in excess of 50 ppm, which is the national action threshold for PCB contaminated fluid. Exelon Nuclear removed its last PCB transformer from legacy Exelon plants during 2012. After taking operational control of the three CENG sites in 2014, Exelon developed a plan to replace remaining PCB transformers at the CENG sites through 2020; one station remains to be completed. BGE has been working to voluntarily and proactively target unknown distribution transformers and remove them if they are likely to be contaminated. This best practice has now been implemented in both ComEd and PECO, and is currently being expanded to the PHI utilities. These reduction efforts, combined with voluntary retrofill and reclassification programs, are resulting in the continued reduction of PCB-containing equipment across the company and are therefore reducing environmental risk. We also participate in EPRI's Program 51, where we use its industry-wide database to gather nameplate information and identify with a high success rate if a piece of equipment has PCBs or not, to maximize efficiency in removing high-risk equipment.

Managing Remediation at Historic Manufactured Gas Plants

Our utilities continue to remediate former manufactured gas plant (MGP) sites that were used — primarily by predecessor companies between 1850 and the 1950s — to manufacture gas for lighting and other purposes. We participate in EPRI's Program 50 on MGP remediation, which allows us to leverage its research and programs and lessons learned from other utilities around the issue. Our utilities anticipate that the majority of remediation at remaining sites will continue for several more years; ComEd closed one MGP site in 2016, with 24 remaining in the system with remediation expected to continue through 2022, and PECO closed one site in 2016, with nine remaining that are actively being worked on. DPL has identified two former MGP sites and remediation of both has been completed and approved by the Maryland Department of the Environment and the Delaware Department of Natural Resources and Environmental Control, respectively. BGE closed one site in 2016 and is actively investigating and remediating two others. The status of the utility MGP programs and remediation reserves are discussed in more detail in Exelon's 2016 10-K Environmental Matters discussion.

Exelon Environmental Awards

The Exelon Environmental Awards program recognizes employee projects that go beyond business-as-usual efforts that benefit the environment, local communities and our company. In June 2016 at our annual Exelon Environmental Summit, we announced three award winners and 10 honorable mentions out of 52 total nominations. Over the four years of this program, more than 200 nominations have been received, covering hundreds of Exelon employees from all operating companies. The three 2016 award winners are described below.

PECO Recycling Program. As part of PECO's efforts to continuously reduce operational environmental impacts, the winning team conducted an analysis of PECO's waste practices to determine potential opportunities to reduce waste and increase recycling. As a result of this effort, PECO was able to increase its total recycling rate from 57 percent in 2014 to more than 90 percent in 2015. In the process of identifying and implementing improvement plans, PECO environmental staff worked across departmental boundaries and with several of the utility's outside vendors to conceptualize and achieve results. The group identified new ways to recycle food waste, wood poles, plastic gas pipes and asphalt millings.

Braidwood Refuel Water Recycling Project. During Braidwood Station refueling outages, the reactor vessel is isolated from the reactor coolant loops by the closure of a number of isolation valves. While the valves are closed during refueling, there is still some water leakage past the closed valves that must be collected and managed. The amount of water collected varies outage-to-outage, but is typically in the range of 10,000 to 20,000 gallons per day. To reduce the amount of water treated as a waste stream, the project team developed a tool to collect, treat and return water to the refueling cavity of the reactor for continued use in plant operations. During a four-day pilot period, the new approach recycled an estimated 44,000 gallons of wastewater, saving an estimated $285,000 in make-up water and water clean-up costs. Overall, during the period of the pilot, an estimated 95 percent of the water that would otherwise have been treated as a waste stream was recycled. For upcoming outages, Braidwood expects to recycle 135,000 gallons of water, saving an estimated $989,000 per outage. This technique can also be used at other nuclear units with similar designs.

ComEd Lead Cable Replacement Program. For many years, ComEd utilized lead cable in its underground grid system as the primary type of cable to transmit electric power. ComEd engineers worked with manufacturers to develop 15 kV flat-strap cables insulated with ethylene propylene rubber. The cables' technical specifications allow them to fit into existing ComEd duct work. The new flat-strap cable technology installations have resulted in numerous cost, environmental and safety benefits. In particular, a significant reduction in occupational exposure to molten lead solder, combustible insulating oil and lead fumes has been achieved, with new cable costs about 50 percent less than traditional lead cable. Overall, since inception, the project team estimates that ComEd has avoided more than $100 million through the use of the new flat-strap cable technology, with an associated avoidance of more than 26 million pounds of lead and 490,000 gallons of insulating oil.

2015 Exelon Environmental and Safety Achievement Award winners recognized by Chris Gould, Exelon's Chief Sustainability Officer.

A SAFE, INNOVATIVE AND REWARDING WORKPLACE

- Deployed advanced performance metrics and innovative technology to improve safety performance
- Expanded company paid leave policies and signed the Equal Pay Pledge
- Recognized as a top employer for recent graduates; military veterans; and lesbian, gay, bisexual and transgender (LGBT) employees

Exelon's workforce is a talented, committed and diverse group focused on the company's future success. Workforce safety and health is our highest priority, and we implement programs that maintain a strong safety culture. Within Exelon, we foster a culture of innovation by bringing together diverse perspectives and finding new ways to encourage, inspire and reward innovation and entrepreneurship. To promote employee engagement and retention, we also provide employees with rewarding growth opportunities and a variety of training and development programs. These efforts create a vibrant, collaborative and fulfilling workplace.

Promoting a Culture of Safety and Health

From electricity generation to installation of new energy efficient appliances, our employees perform many different operations, sometimes under potentially hazardous conditions. To protect the safety and health of our employees and contractors, we have implemented a number of initiatives to eliminate or reduce the risk of hazard exposure and to promote safe behaviors both on and off the job. While some business units had a challenging year for safety, others saw significant performance improvement. Almost every business unit had at least one area of best-ever performance. We also noted improvements in our near-miss and first-aid reporting, meaning we identified issues before they became more serious. We continue to leverage technology and training to reduce our responsible vehicle accident rate to our best-ever performance. While we are encouraged that in 2016 we improved upon the learnings from 2015, we know there is still work to be done. We must continue to be ever vigilant to prevent injuries, including keeping a high focus on serious injuries and fatality prevention.

Safety Engagement

Across Exelon, our business units are often testing new and innovative methods for improving safety performance. The Safety Peer Group, consisting of each business unit's safety managers, works to identify successful pilot programs or new practices that can then be adopted by the entire corporation. For example, the PECO driver monitoring system that tracks vehicle speed, aggressive braking and idling times is being successfully expanded to the other Exelon utilities. Money saved through reduced fuel use has already paid for the cost of the system at PECO, and we are also now able to verify compliance with Pennsylvania anti-idling laws for diesel engines.

Exelon Nuclear is experimenting with digital wearable technology to conduct remote inspections, thereby avoiding employee exposure to radiation and heat stress. Exelon Power and Exelon Utilities continued a significant investment in the use of unmanned aircraft for inspecting transmission lines; this can limit the risk to employees and potentially improve the quality of the inspections. In April 2016, a contracted helicopter with a BGE employee on board suffered engine failure and crash landed outside of Baltimore. Fortunately, neither the contract pilots nor the BGE employee sustained life-threatening injuries. The event reinforced the benefits of using unmanned aircraft whenever practicable to keep our employees safe.

Exelon continues to engage our employee base through the Safety Achievement Awards. In 2016, more than 50 employees and employee teams were nominated by their peers for an Exelon Safety Achievement Award. These awards are given to employees who go above and beyond to make the job safer for their peers and the community. Exelon donated a total of $55,000 to public safety-related charities selected by the safety award winners.

Exelon employees received more than 650,000 hours of safety training in 2016.

Safety Management

We attribute our historic trend of improvement in health and safety performance to our comprehensive safety management systems and focused initiatives on areas of high risk. Through peer-to-peer and manager safety observations, we are able to reinforce safe work practices and identify potential risks before an incident occurs. We also offer a wide array of safety training programs through our learning information management system that assigns and tracks completion of safety training on a per-employee basis. In 2016, our employees received more than 650,000 hours of safety-related training through hands-on, classroom and computer-based training. Safety training is also integrated into our leadership development programs for supervisors and managers, as well as our new employee orientation, to foster a corporate-wide safety culture. As part of our work with the innovation team, the safety team seeks opportunities to use virtual and augmented reality systems to enhance Exelon's training offerings.

By recording safety observations and near misses and tracking incident trends, we are able to identify systemic issues and pinpoint improvement opportunities. Results are reviewed by the executive-level Safety Council and Safety Peer Group, which in turn recommend development of focused safety initiatives. This process was enhanced in 2016, as we began using advanced data analytics to harness our existing data to target our efforts to prevent injuries.

We conduct risk assessments, track and investigate incidents and implement corrective action programs through safety management systems based on Occupational Health and Safety Assessment Series (OHSAS) and American National Standards Institute (ANSI) standards. Exelon continues to track the draft ISO 45001 Safety Management System Standard for potential best practice implementation if it is approved in 2017. Exelon also continues to partner with EEI and EPRI to ensure we are an industry leader in safety.

As Exelon has grown to become the largest utility in the United States, we also saw the need to expand our peer set. In October 2016, Exelon applied for and was accepted into the Campbell Institute as one of its first utility members. The Campbell Institute is a group of leading companies from the National Safety Council that are regarded as thought leaders. Exelon is working with the Campbell Institute in six major focus areas, including:

- Employee well-being/total worker health
- Leading EH&S indicators and big data
- Serious injury and fatality prevention
- Environmental and sustainability integration
- Contractor and supply chain management for EH&S
- Environmental and safety management systems

In 2016, we also continued efforts to encourage our employees to practice safety at home and in the community. For example, we use safety messages that have both a workplace standard or requirement and a home application, such as using hearing protection or safe snow removal. We have also improved our health and wellness offerings for employees to encourage them to make healthy lifestyle choices. Exelon continues to benchmark against other Fortune 500 company wellness programs so our employees come home safely.

Safety Performance

In 2016, Exelon achieved our best-ever safety performance using aggregate data, as seen in the adjacent table. In total, Exelon experienced 267 OSHA recordable incidents, down from 285 in 2015. These numbers include both the result of the merger with PHI and the feedback from an internal assessment of recordkeeping. This assessment was done to ensure accuracy of our reporting. Of particular note in 2016, BGE reduced its Serious Injury Incident Rate (SIIR) by 59 percent from 2015 and Exelon Power had only one employee OSHA recordable injury. There were zero Exelon employee fatalities in 2016, but we did experience one contractor fatality. The contractor fatality occurred on our ComEd system and involved an electrical contact. Exelon performed a full root cause analysis with the vendor and in concert with OSHA to ensure a similar event does not happen again. Lessons learned were shared with other contractors and Exelon business units.

Our driver safety performance improved with a fleet-responsible vehicle accident rate of 2.09, down from 2.39 in 2015. In 2016, Exelon employees drove more than 120 million miles in a combination of Exelon-owned, employee-owned and rental vehicles. We achieved strong performance despite operating in some of the country's most accident-prone cities. The majority of Exelon's motor vehicle accidents are the result of being struck by another vehicle, in many cases while our employee is stopped in traffic or at a red light or stop sign. Where Exelon is at fault, the leading cause continues to be striking stationary objects at low speeds, such as when backing up. We continue to work to prevent accidents and near-misses that occur due to these types of incidents, and pilot new or improved technologies to help us be safer on the road. For 2017, Exelon has continued setting goals to meet or improve on all performance levels.

Many Exelon employees work side-by-side with contractors on a daily basis. In 2016, Exelon's contractors worked more than 37 million work-hours in support of our operations. We expect our contractors to meet high standards for safety. When selecting contractors, we evaluate their safety and environmental performance. We provide contractor safety training and employ human performance error reduction tools to minimize incidents. We track and review quarterly contractor OSHA recordable rates and set a safety performance goal to match or improve 2016 performance for all major contractors. We also conduct internal audits and self-assessments on a periodic basis to ensure that our contractors are adhering to the safety program requirements. With Exelon's multi-billion dollar long-range investments in upgraded utility infrastructure and new power generation, ensuring that our contractors return home safely is as important as our efforts to safeguard our own employees.

In addition to requiring contractors to meet our safety standards, we track performance of major contractors to identify opportunities for improvement. In 2016, our contractor OSHA recordable rate was 0.68, nearly the same as the rate for Exelon employees and a 29 percent reduction over the past three years. For contractors with higher recordable rates, we enhance monitoring of their work and, in some cases, terminate contracts for poor safety performance.

EXELON SAFETY PERFORMANCE[1]

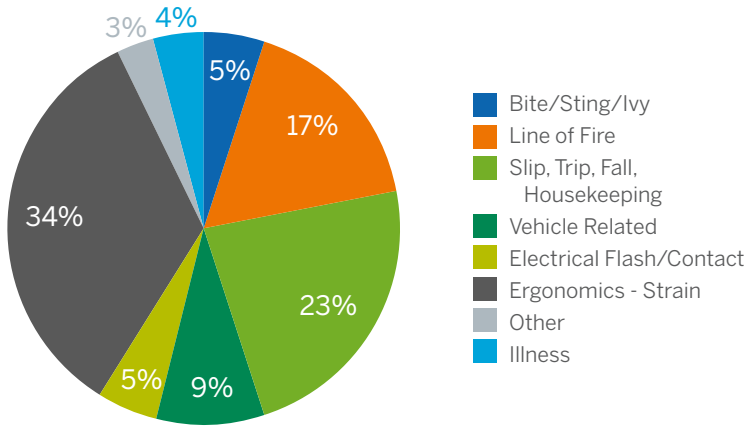
	2014	2015	2016
Exelon OSHA Recordable Rate	0.73	0.91	0.65
Exelon OSHA DART Rate	0.38	0.46	0.44
Exelon OSHA Severity Rate	14.09	16.34	12.11
Exelon's Contractor OSHA Recordable Rate	0.85	0.73	0.68

1 All data has been updated to include PHI data and adjustments from a 2015 internal assessment.

ELIMINATING SEVERE INJURIES

As a member of EEI, Exelon participates in the Serious Injury and Fatality Program and Critical Incident Program, which collects best practices and develops tools for preventing severe injuries and fatalities. Through this program, we can benchmark our processes and performance against our peers and find opportunities for learning and improvement. In 2016, we completed additional situational awareness training around cases where serious injuries could occur and brought PHI into our practices around serious injury and fatality prevention. 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. Exelon continues to use the serious injury and fatality potential review to spotlight an injury or near miss that could have become a significant injury or fatality. When these injuries are identified, we investigate as if the injury was severe and work to learn how to prevent that potential serious injury.

2016 EXELON OSHA RECORDABLE INJURIES BY CAUSE



Health and Wellness

Offering a variety of health-focused incentives, Exelon remains committed to providing employees with tools and resources to maintain and improve their health. Exelon's Power Through Health wellness program includes free biometric screenings, walking and nutrition challenges, health coaching, fitness reimbursement, online education, weight management and smoking cessation resources. By participating in the wellness program, employees can also save money on their medical premiums. In 2016, Exelon expanded the wellness program by offering employees' spouses and domestic partners the opportunity to complete a personal health assessment and biometric screening. More than a third of all Exelon employees participated in the wellness program walking challenges and nearly half completed a biometric screening in 2016. We continue to expand healthier dining and vending options at select worksite locations and to offer more ways of helping employees prevent chronic health conditions such as diabetes and hypertension.

Attracting Top Talent

We recognize the importance of keeping the high-quality and engaged employees that we already have, along with the necessity of attracting talented new employees. With this in mind, we have top-tier policies to encourage our workforce and state-of-the-art recruitment strategies. Our recruiting strategy is strongly aligned with our core competencies as an innovative, forward-thinking, people-focused organization and we are especially proud of our efforts in the areas described on the next page.

Early Career Awareness

To foster early interest in science, technology, engineering and mathematics (STEM), Exelon supports career awareness and education programs that help students gain exposure to the many career opportunities within the energy sector and other STEM fields. These initiatives, aimed at building a career-ready talent pipeline of diverse engineers and skilled technicians, include targeted high school STEM programs that Exelon is launching with university partners in key geographic areas. Exelon is engaged with our community partners to offer insight from our employees and access to our business as we inspire people to take on future challenges of the energy industry. Exelon employees across the nation are in classrooms, at community events and at our training facilities speaking with and mentoring young students.

Internships and University Recruitment

Exelon hires more than 400 professional and technical interns each summer, attracting young, diverse candidates to the company. Interns have the opportunity to gain valuable applied experience, make personal connections with Exelon employees and develop an 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 both 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. In 2016, Exelon had 79 graduating seniors in our intern program who were hired as full-time employees.

Exelon has established strategic partnerships with key academic institutions based on academic excellence in relevant areas of study, student diversity and consideration of proximity to our major markets of operation. Each of Exelon's operating companies has established additional academic partnerships aligned with their unique markets and needs. These partnerships help us serve our diverse communities and provide career and skill development locally.

Exelon hires more than 400 college interns each summer.

2016 AWARD

Top 50 Best Overall Internship Program 2016 (2013–2016). Exelon's internship program was named as a Top 50 Best Overall Internship Program by Vault for 2016. Vault surveyed thousands of current and former interns to determine the annual list, and Exelon ranked as number 33 for 2016. This is the fourth consecutive year that Exelon has achieved this recognition.

Accelerating Our Employees

Talent is foundational to our organization. Throughout 2016, we began to benchmark externally to learn what other Fortune 100 companies are doing around identifying and developing talent. At the same time, we embarked on an evaluation of our internal core talent tools, processes and technology. The internal assessment was driven by feedback from our employees and leaders telling us that they wanted:

- More frequent interactions and richer dialogues between employees and leaders;
- A competency model that is simpler and more directly tied to our business strategy;
- Talent-related technology that is simpler and easier to use; and
- A performance management approach that drives engagement and better motivates employees.

We combined this internal feedback with the external insights from our benchmarking and as a result, launched a strategic transformation called Talent Accelerated. This transformation aims to focus on development for our employees and to drive our enterprise strategy forward. This initiative will help Exelon navigate the changing energy landscape, by focusing managers and employees on what matters: contributing their best, and attracting, developing and rewarding talent in alignment with our strategic objectives. The launch of Talent Accelerated announced a cultural transformation around talent that began in 2016 and will continue throughout 2017.

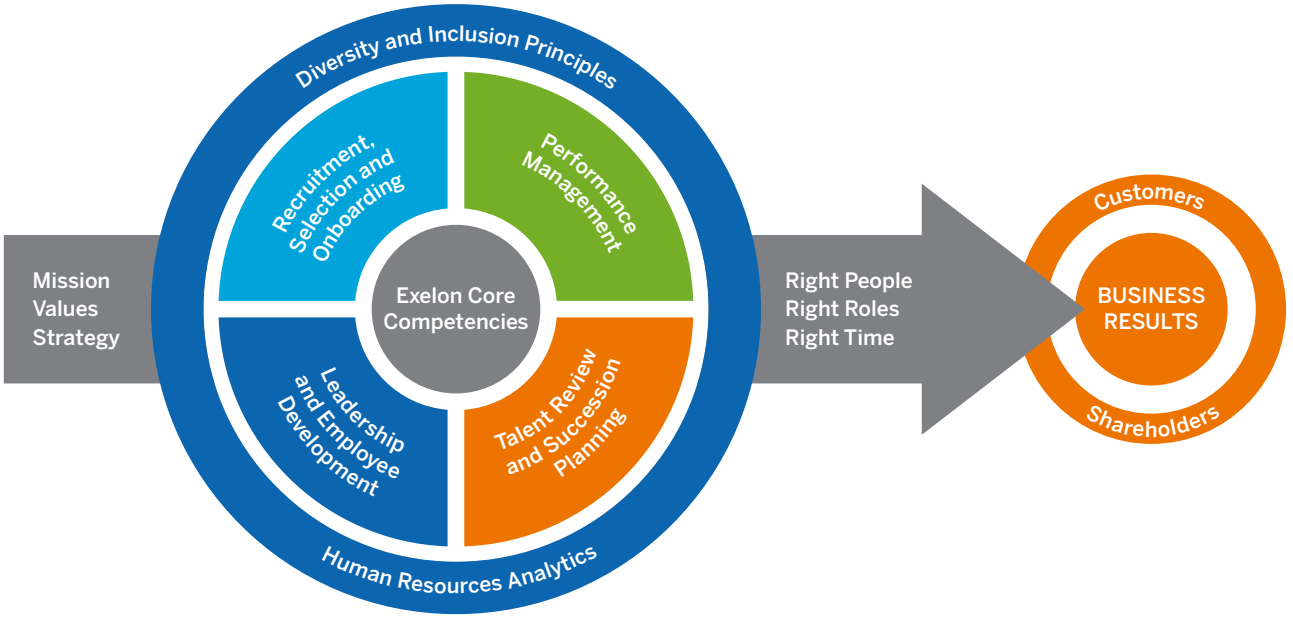
The adjacent strategic imperatives translate into key areas of focus for this initiative.

Exelon Talent Accelerated

Our Strategic Imperatives	What We'll Focus On and Why
Strategically **optimize talent as a competitive differentiator** for Exelon, by equipping leaders to be coaches and enhancing our talent review process	• **Refine core and leadership competencies,** to define "what good looks like" — to focus on abilities our talent needs to succeed, today and in the future • **Redesign** from performance management to **coaching conversations** — a focus on development and activities that drive higher performance, and eliminate those that don't
Help managers and employees **focus on what matters**, by streamlining our performance management process and refining our competency model to align with our business strategy	• **Implement a "leader as coach"** model to help managers successfully facilitate growth and development of their teams, to better shape and evolve our talent • **Elevate** our **business talent review process** to better identify and drive focus on the future and on key talent
Providing processes and systems that are **fast, smart and simple**, modernizing and simplifying our tools	• **Leverage** our **ePeople system implementation** to provide managers and employees with modernized technology, advanced functionality, and easier and direct access to information they need
Leveraging **advanced analytics** to understand talent priorities and inform key business decisions	• **Expand talent analytics solutions** to go beyond collecting data to generating insights that includes: - Developing an enterprise analytics strategy — creating a roadmap and prioritizing talent analytics efforts - Streamlining and simplifying dashboards and reports - Ensuring data quality, alignment and governance
Support innovation by building a **diverse workforce and an inclusive culture**, where all of our people feel they can contribute their best	• **Expand** the **Value of Mutual Respect** training to a greater management audience, to engage our increasingly diverse workforce and create an inclusive environment that supports new ideas and encourages employees to bring their best contributions forward • **Offer innovation training** to all employees to foster an innovative culture, and ensure all understand the impact of innovation at Exelon
Attracting and selecting talent that can help us win in the marketplace, adding **new skills for new markets** to our talent portfolio	• **Leverage a range of assessments** to hire the best talent for the job and provide critical information to help with ongoing development

Based on external benchmarking and feedback from our employees, the following key talent processes were redesigned in 2016. With support from business leaders serving as "change champions," HR professionals from across Exelon's operating companies will be coming together to begin implementation in 2017, to include a robust change management and communication strategy to ensure successful program implementation as well as long-term sustainability.

EXELON INTEGRATED TALENT MANAGEMENT



EXELON KEY TALENT PROCESSES

Core Competencies

Focus on Capabilities —
The way we act and lead

- 6 competencies, modern business language
- Clear link to mission, vision and values
- Redefined role based behavioral anchors
- No formal assessment of each competency

Performance Development

Focus on Impact and Behaviors —
The way we grow as individuals and teams

- 3 ratings with no distribution requirements
- Continuous and crowdsourced feedback with frequent "check ins" (no mid-year)
- Simplified goal setting process
- De-couple performance from compensation discussion

Leader as Coach

Focus on Growth and Development —
The way we accelerate employee development

- One formal feedback process at year-end, "informal check-ins" throughout the year
- Training will focus on helping all leaders have constructive conversations and help with consistency in approach

Business Talent Review

Focus on the Future —
The way we build our talent pipeline

- Talent map with development guide
- Refined and modern tools
- Enterprise-wide guidance; introduce "Success Profiles" for critical roles

Innovation Training

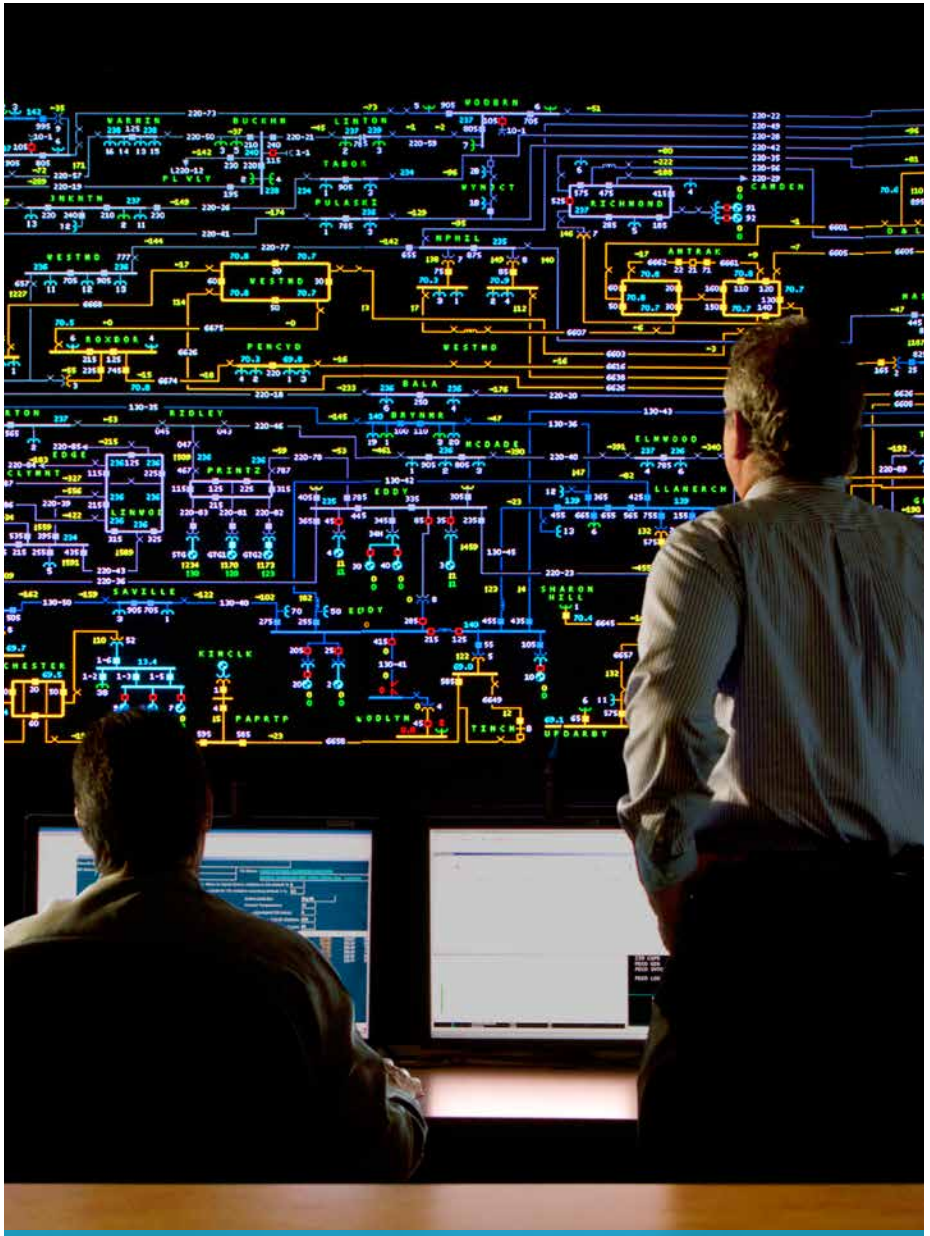
Starting in June 2016, innovation training at Exelon was developed and run in coordination with the Exelon Innovation team. The open enrollment course, Inspiring Innovation, provides participants with a working knowledge of the Exelon innovation methodology. The course builds an understanding of different types of innovation and offers practice using an innovation framework that creates a vision of the future, dissects problems and develops innovative solutions. In 2016, 20 sessions were offered with 256 participants attending.

Additional Leadership and Employee Development

Exelon offers a variety of robust development programs for all levels of employees and leaders. These programs focus on developing employees' technical job-related skills, helping employees gain insight into their soft skills such as communication, and building leadership acumen and abilities.

Throughout 2016, our Talent Management Center of Excellence (COE) successfully delivered a variety of leadership courses and programs targeted at nearly every level of leader across Exelon. In July 2016, the COE began offering a set of enterprise-wide open enrollment courses to help employees build skills in key areas that align with the Exelon core competencies. These courses included topics such as change management, influencing and presentation skills, diversity, conflict management, situational leadership, strategic thinking and team building. Employees had the opportunity to attend more than 900 open enrollment development courses based on their needs and interests. In addition, 26 programs targeting leadership development at all levels were offered in 2016, with more than 800 leaders participating.

The COE also offers a robust set of development programs for employees who are nominated by other leaders. These include extensive training in people leadership and coaching skills, management requirements, labor relations and other management skills, from basic to advanced, that are business-unit specific.



Exelon provides employees with a wide range of training opportunities as we embrace a culture of innovation and technology.

Along with our enterprise training programs, each operating company provides leaders and employees with development opportunities. These are customized to ensure safe operations and appropriate skill development. Training opportunities range from technical courses and personal development courses delivered in both hands-on and online-based sessions. Select training highlights from our operating companies include:

- **BGE.** BGE maintains a centralized technical skills training center located in White Marsh, Maryland. The training center also provides automated meter reader installation classroom training and hands-on verification training to hundreds of BGE employees and contractors in an effort to facilitate the installation of new meters as part of the smart grid program.
- **ComEd.** ComEd provides leadership training to management employees, field supervisors and crew leaders through its expanded HR leadership development program, Emerging Leaders, First-Line Supervisor Cornerstone Program, Crew Leader Academy and EngineeringU. These training programs offer 280 resources for technical and professional development, including classroom and web-based training, job aids, reference materials and videos.
- **PECO.** PECO provides training to its Gas and Electric Field Organizations, as well as its Customer Operations groups to augment the skills of its professional workforce. In 2016, 10,046 PECO employees received 130,310 hours of training delivered through either instructor-led or web-based training.
- **PHI.** The PHI training process is centralized in process and decentralized in delivery due to the more than 8,000 square miles of service territory that includes 21 facilities. In addition to traditional apprenticeship, regulatory compliance and technical skills training, PHI executed numerous training activities to become further aligned with the Exelon family in 2016.
- **Constellation.** In 2016, Constellation launched the Leadership Boot Camp and Leadership in Action programs for all 350 people managers, which focused on enhancing engagement through employee development, two-way communication and motivational leadership. Constellation also offered new competency-specific training courses to all employees, such as Strategic Thinking in the 21st Century, Crucial Conversations and Change Management.
- **Exelon Generation.** At Exelon Power, significant effort was undertaken in 2016 to deliver hands-on, instructor-led classroom training sessions to support the onboarding of dozens of new highly-skilled technicians at multiple new-build generation projects across the country. Leaders, subject matter experts and corporate functional area managers participated in the training sessions conducted throughout the year at Power's newest generation sites.

Progressive Workforce Policies

Exelon continues to be a leader in the industry in promoting policies that support employees and that advance women and family-friendly practices.

Paid Leave. A healthy work-life balance is an essential benefit for Exelon as well as our employees. Recognizing that employees have responsibilities outside of work, Exelon expanded our company leave policies in 2016 to provide additional paid time off following the birth or adoption of a child or when a family member is critically ill. Mothers now receive up to 16 weeks of paid leave after giving birth, while fathers and adoptive parents receive up to eight weeks of paid leave when a child arrives. This will give families the time they need to bond with their child before returning to their work responsibilities. In keeping with the importance of proper balance, Exelon allows primary caregivers to take up to two weeks of paid leave to care for a family member who is critically ill.

Equal Pay. As of 2016, women in America are paid an average of 21 percent less than men who are doing the same work. In December 2016, Exelon announced a first-time partnership with the White House as a signatory to the Equal Pay Pledge, which is an initiative to encourage major companies to take action and commit their support to closing the national gender pay gap. Exelon, through a third-party vendor, performed a robust and comprehensive review of employee pay and performance data, and we did not find any indicators of systemic gender discrimination in compensation. As part of our commitment to close the gender pay gap, we will conduct an annual organization-wide gender pay analysis of all occupations. We will also review hiring and promotion processes to neutralize any unconscious bias and embed equal pay efforts into broader enterprise-wide equity initiatives. We are devoted to creating an environment that allows women to stay in the workforce, grow with us and move up in the ranks — all with parity of pay.

LISTENING TO OUR EMPLOYEES

Engaging our employees is imperative for our long-term success, so we introduced a stay interview program in 2016. The program is intended to help the organization proactively identify themes and areas for focus or change to improve employee retention. Through the interviews, we hope to build a thoughtful retention strategy with the goals of identifying and reinforcing the positive factors that cause an employee to stay and proactively identifying negative factors that might cause a current employee to leave the organization while there is still time to address the issues.

Between April and December 2016, 5,844 stay interviews were completed by leaders with employees across Exelon. The information gleaned from these discussions has been used to create new programs, tools and approaches throughout our organization.

Tuition Reimbursement. Continued education and learning lead to a more engaged, skilled and productive workforce. We seek to support our employees in their educational endeavors in order to attract and retain people who are committed to personal and professional development. We reimburse employees who are pursuing professional credentials up to $10,000 annually for undergraduate or certificate courses and up to $15,000 annually for graduate courses.

Diversity and Inclusion

Exelon recognizes that an inclusive culture and diverse workforce contributes to the success of our business by fostering employee and customer engagement, driving innovation and improving performance. We value diversity — in race, ethnicity, gender, age, sexual orientation, gender identity or expression, disability status, military status, 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 that engages all employees and enables them to do their best work is essential for our success. In 2016, we continued to focus on providing employees at all levels within the company with increased learning and development opportunities on diversity and inclusion (D&I). As part of our commitment to the economic prosperity of the diverse communities we serve, Exelon also utilizes an array of diversity-certified suppliers.

24-hour Access to D&I Resources. All employees have one-click access to tools and information regarding D&I via a dedicated intranet site. This site provides information on Exelon D&I partner organizations, Employee Resource Groups, event calendars, toolkits, articles, webinars and e-learning modules.

EMPLOYEE RESOURCE GROUPS

Exelon's nine Employee Resource Groups (ERG) are a critical component to our diversity and inclusion strategy. These groups serve as a forum for professional development, cultural education and community involvement:

- Asian American Resource Group (AARG)
- Developing Young Professionals (DYP)
- Exelon African-American Resource Alliance (EAARA)
- Eco-Team
- Exelon Militaries Actively Connected (EMAC)
- Exelon Network for Awareness Benefiting Leaders & Employees About Disabilities (ENABLED)
- Network of Exelon Women (NEW)
- Organization of Latinos at Exelon (OLE)
- Pride

With the inclusion of seven newly formed ERG chapters from Pepco Holdings, we now have 43 chapters, which reach more than 8,000 employees.

D&I Quarterly Webinars. For the fourth consecutive year, we offered voluntary, live D&I quarterly webinars open to all employees. More than 2,000 employees participated in the webinar series, making it one of the most highly attended voluntary learning and development offerings in 2016. Participants were given the opportunity to explore such topics as generational differences, LGBT allies advancing D&I, communicating across diverse perspectives in politics and using D&I as a lens to see self-evaluations. The D&I quarterly webinar series will be expanding to include tailored webinars for leaders.

Value of Mutual Respect. In 2016, Exelon continued to cascade the Value of Mutual Respect (VMR) training to our people managers. This in-person, four-hour training program explores the practical aspects of maintaining a respectful work environment. In this course, we review and practice inclusive behaviors, articulate Exelon's workplace harassment and discrimination policies, educate ourselves on the legal implications of workplace harassment and discrimination, and understand our responsibility as leaders when we observe behaviors that go against this critical value. There were 24 in-person VMR trainings completed by more than 500 employees in 2016. This program will continue into 2017.

2016 AWARDS

DiversityInc Top 7 Utilities 2016. Exelon was named to the DiversityInc list of the top seven utilities for diversity. Employers were assessed on more than 180 factors, including workforce demographics, employee resource group participation and percentage of procurement spent with diverse suppliers.

Human Rights Campaign Best Places to Work 2011–2016. Exelon was selected as one of the best places to work by the Human Rights Campaign, the nation's largest LGBT civil rights organization.

National Diversity Programs

We partner with a number of national diversity organizations, including the Society of Women Engineers (SWE), the Society of Hispanic Professional Engineers (SHPE), the Black Engineer of the Year Awards (BEYA), Out for Work, the National Association of Black Accountants (NABA) and the National Association of Women in Construction (NAWIC). In 2016, we began a new partnership with the Society of Asian Scientists and Engineers (SASE). Over the course of the year, we sponsored diversity conferences, participated on boards and panels, conducted workshops and hosted tours. Our involvement with these organizations resulted in 16 hires and helped us to better understand and manage recruitment, retention and advancement issues related to diversity and inclusion. Through these partnerships, Exelon also looks to celebrate our employees by nominating individuals who have made outstanding contributions to our organization. In 2016, 14 employees were honored.

Magin Reyes, Exelon Power Fleet Operations Director for wind and solar, receives SHPE's Manager of the Year Award, presented by Vicky Will, Exelon Power Operations Support Vice President.

Military and Veterans Initiatives

Exelon actively recruits military veterans, and in 2016 attended 58 military recruiting events. To support our recruitment efforts, we developed a series of military career path infographics that veterans can use to gain insight into how the skills and values they gained in the military can translate into successful careers at Exelon. These resources are available online and are used at recruiting events. We also support a number of recruiting initiatives, including the 100,000 Jobs Mission, Hiring 500,000 Heroes and Michelle Obama and Jill Biden's Joining Forces initiative. In 2016, military veteran hires made up 12.3 percent of Exelon's total full-time new hires, exceeding our commitment to hire military personnel to fill at least 10 percent of open positions posted.

Disability Outreach

We partner with organizations that support recruiting and hiring of individuals with disabilities. In 2016, Exelon strengthened our relationship with GettingHired.com, a talent acquisition site that enables all of Exelon's job postings to be fully accessible to individuals with disabilities. We attended seven disability-specific career fairs in 2016 and participated in many events to offer guidance and support, such as resume reviews and mock interviews, for candidates with disabilities. As an example, Exelon sponsored and attended the Career Opportunities for Students with Disabilities Conference and Full Access Student Summit. This event brought together more than 50 college students and recent alumni with disabilities and over a dozen select employers for a direct networking, education and career summit.

2016 AWARDS

Leading with an inclusive workplace, Exelon was recognized by the National Organization on Disability (NOD) with the inaugural Disability Employer Seal of Approval. The organization gave the honor to only 27 employers, all of which are leaders in disability inclusion; additionally, Exelon is also one of the 13 members of the NOD CEO Council President's Circle.

Top 10 VetFriendly Employer (2015–2016). More than 71,000 veterans voted Exelon as one of the most Veteran Friendly in the Veteran Recruiting Virtual Career Fairs in 2016. Exelon was voted the 2nd most veteran friendly company overall.

G.I. Jobs Military Friendly Employer GOLD Award Recipient (2008–2016). Exelon has been recognized as number 42 on the 2016 Top 100 Military Friendly Employers by GI Jobs. This is the eighth consecutive time Exelon has been named to this list. The ranking validates Exelon's strong military recruiting and retention efforts, high percentage of new hires with military experience and favorable policies on National Guard and Reserve service.

U.S. Veterans Magazine's Best of the Best (2013–2016). Out of the hundreds of Fortune 1000 companies U.S. Veterans Magazine polled for "Best of the Best status," Exelon was one of 132 employers nationwide to place on its Top Veteran-Friendly Companies list. The list honors businesses with military-friendly policies and programs to actively recruit and hire veterans.

CivilianJobs.com Most Valuable Employers for Military (2013–2016). Exelon was named to the CivilianJobs.com 2016 Most Valuable Employers (MVE) for Military for the fourth consecutive year. Exelon was among 62 companies recognized on the MVE list in the May issue of Military Transition News, a worldwide military base newspaper.

The Military Times Best for Vets (2013–2016). For the fourth year in a row, Exelon received recognition for our commitment to providing opportunities to America's veterans. Military Times magazine invited more than 1,000 companies across the country to submit information about recruiting and hiring policies, social recognition for veterans, and pay and benefits for reservists. Exelon was ranked 38 out of 75.

EMPLOYEE DIVERSITY

Employees[1]	2014	2015	2016[2]	2016%
Female	6,280	6,368	7,926	23.3%
Minority	6,225	6,475	8,460	24.9%
Aged <30	3,698	3,802	4,108	12.1%
Aged 30–50	14,364	14,450	16,834	49.5%
Aged >50	11,170	11,110	13,033	38.4%
Full-time	28,969	29,129	33,708	99.2%
Part-time	263	233	267	0.8%
Total Employees	**29,232**	**29,362**	**33,975**	

1 Employee totals at December 31 of each reported year (excludes company interns and temporary employees).

2 Pepco Holdings employees only included in 2016 employee counts.

MANAGEMENT DIVERSITY

Employees in Management[3]	2014	2015	2016[4]	2016%
Female	882	1,017	1,196	21.3%
Minority	744	702	1,110	19.8%
Aged <30	137	108	164	2.9%
Aged 30–50	2,519	2,320	2,939	52.3%
Aged >50	2,157	2,125	2,514	44.8%
Within 10 Years of Retirement Eligibility	3,004	3,089	3,579	63.7%
Total Employees in Management	**4,813**	**4,553**	**5,617**	

3 Management is defined by EEOC Functions "A-Executive/Senior Level Officials and Managers" and "B-First/Mid Level Officials and Managers."

4 Pepco Holdings employees only included in 2016 employee counts.

Advancing Our People Technologies

In 2016, Exelon continued to evolve the ways we connect with employee candidates digitally and personally. Exelon continues to promote meaningful content through our LinkedIn and Glassdoor channels, and we have now introduced Instagram into our social media programs. Through our Instagram account @ExelonCareers, we have been able to provide a window into Exelon's culture and brand by highlighting military and national diversity events, on-campus recruitment, volunteer activities, as well as networking and social events. In addition to providing greater transparency through social media, we have developed employee profile videos and day-in-the-life segments to give a real world look inside our organization.

Continuing our efforts to leverage mobile technology to better connect with talent and streamline our processes, Exelon introduced new tools across the talent acquisition process. Our proprietary mobile application Exelon LINK was developed internally between Corporate Talent Acquisition and Corporate Innovation to strategically connect with attendees at our major recruiting events. The app highlights our family of companies and links to our social media pages and external careers page, allowing the user to view and apply to our open roles in real time. Exelon LINK is available on both Apple and Google mobile application stores. We have also developed mobile workflows to enhance our brand presence, and to streamline our recruiting process, during National Diversity Organization and campus recruiting events. This paperless approach to scheduling and tracking interviews also allows us to provide candidates with instant confirmation via email and provide pertinent information about the company as well as enhanced ability to provide feedback and make hiring decisions in a timely manner.

SUPPORT FOR COMMUNITIES

- Donated $46.1 million to 4,438 organizations in 40 states with a focus on jurisdictions with Exelon utility operations
- Volunteered more than 171,000 hours on community projects through the work of nearly 6,700 Exelon employees
- Supported STEM programs that benefited 43,265 students, the workforce of the future

At Exelon, we know the importance of being a safe, considerate and responsive neighbor, and a key contributor to economic growth. Being a successful company means being a good corporate citizen, and good citizenship begins in our local communities. Our corporate culture values community giving and volunteerism; our company and our employees are passionate about supporting our communities to enrich their prosperity and vibrancy.

Local Economic Benefits

The vigor of Exelon is closely linked to that of the communities in which we operate. When our communities thrive, we thrive; when we prosper, we share our success with the community. Because of our commitment to working with local, diverse suppliers, when we flow revenue back into our business, the community around us is strengthened. This economic activity directly benefits our customers, the states and jurisdictions in which we operate and the employees of Exelon and our contractors. Employee and local contractor employment promotes the availability of high quality jobs in our areas of operation — which in turn supports the vibrancy of local communities and improves educational opportunities in our communities. At the end of 2016, Exelon employed almost 34,000 employees in electric and gas transmission and distribution operations, as well as Exelon commercial offices and power generation facilities.

In addition to the positive impact of our business on local communities, Exelon also provides growth and development support through taxes. In 2016, Exelon paid, or collected and remitted, a total of $4.2 billion in taxes. Of this total, $1.8 billion was paid in federal income and payroll taxes and state income, payroll, property, trust and other taxes directly related to our business operations. Exelon collected and remitted to federal and state governments an additional $2.4 billion in taxes, such as employee payroll, utility and other taxes.

EXELON CORPORATION AND SUBSIDIARIES — 2016 TAXES PAID[1]

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	295	1,133	1,428
State and Local Taxes[2]			
Delaware	29	10	39
District of Columbia	138	25	162
Illinois	446	584	1,030
Maryland	456	262	718
New Jersey	24	132	156
New York	45	50	95
Pennsylvania	263	110	373
Texas	31	35	65
Other States	41	95	136
Total 2016 Taxes Paid	**$1,768**	**$2,435**	**$4,203**

1 Numbers reported on a tax basis and rounded to the nearest million dollars.

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

Local Economic Development

We recognize the importance of fostering economic growth in our service areas while at the same time providing reliable and clean energy. Each of our utilities has a team of dedicated employees who engage with local economic development groups to foster economic growth and to attract new businesses to our local communities.

ACE. As a means of encouraging economic development in southern New Jersey, ACE offers 20 percent discounts on the distribution and demand charges for companies that expand their business space and hire additional full-time employees on a business size-dependent scale. These discounts are offered for a five-year period to support long-term growth in an area that is trailing the rest of the state economically.

BGE. BGE's Smart Energy Economic Development (SEED) incentive program, launched in 2015, continues to spur economic benefits in the Baltimore region. BGE has approved more than 25 SEED projects to assist with the development and expansion of businesses throughout the company's service area. The program has received promotional support from local and state economic development leaders and praise from the business community. To date, more than 3,000 full-time jobs are forecasted to be created as a result of the program's support once all projects have been completed.

ComEd. During 2016, ComEd worked with several Illinois initiatives to promote economic development in the state. ComEd supported the newly formed Intersect Illinois, an organization working to attract and retain businesses in the state. ComEd's CEO is on the group's Founder's Circle board, showing commitment to Intersect Illinois' economic development mission from the very top of the operating company. ComEd spearheaded the launch of the CORE initiative, a statewide project to align proactive retention and expansion outreach efforts in conjunction with Governor Rauner, the Illinois Department of Commerce, Ameren, Nicor and the Illinois Economic Development Association.

DPL. Many northern Delaware residents heat their homes with oil or propane, leading to high greenhouse gas emissions and high prices. In 2016, DPL continued its focus on extending natural gas mains to unserved homes through its My Switch to Gas Residential Fuel Conversion Program. Since its inception in 2014, DPL has seen approximately 1,650 residential fuel conversions, resulting in a savings of 5,545 metric tons of carbon dioxide.

PECO. PECO supports development and redevelopment activities, including the Philadelphia Navy Yard's transformation into a modern 1,200-acre business campus. The Navy Yard has attracted more than 150 companies and 12,000 employees occupying 7.5 million square feet of space in recent years. With its commitment to smart energy innovation and sustainability, it continues to grow. PECO continues to support that growth by working on the Navy Yard's electric capacity expansion strategy, including microgrid and distributed energy resources.

Pepco. Washington, D.C.'s Capitol Riverfront and Southwest Waterfront are bustling areas of residential, commercial and retail growth. Pepco installed a new premier substation to support this major development, working with a local diverse firm to install approximately 22,500 square feet of solar panels on the roof of the new substation, generating about 306 kW of renewable solar electricity for station service. Additionally, Pepco's team is working to upgrade three substations to help meet load growth requirements and improve reliability for new development in White Flint and downtown Silver Spring, both in Montgomery County, Maryland.

2016 AWARDS

PECO ranked among the Top Ten Utilities for Economic Development by Site Selection Magazine, an internationally circulated business publication covering corporate real estate and economic development. ComEd received Honorable Mention for the same award.

PECO was named 2016 National Corporation of the Year by the Eastern Minority Supplier Development Council for the company's commitment to diverse partners in its supply chain and for creating substantial business opportunities for minority businesses. This award means PECO is the regional nominee for the National Minority Supplier Development Council's 2017 National Corporation of the Year Award.

Community Engagement

Exelon's belief is that the safety and well-being of the communities we serve should be of utmost concern. While our priority is to protect the public and minimize potential adverse impacts of our operations during both normal and emergency situations, we understand the importance of healthy communication with our neighbors on issues of concern.

Public Safety and Awareness

To ensure safety in our communities, we prepare for emergencies so we can respond to these events quickly 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. Our operating companies prepare for potential emergencies using tabletop exercises, drills and real-world exercises. These activities are conducted both internally with our employees and, in many cases, with local, state and federal emergency response organizations. They may also include:

- Direct mailings to residents living within each station's emergency response area containing details about emergency warning systems, evacuation routes and other safety issues;
- 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 the vicinity of operations; and
- Online information on disaster preparedness.

All of our utilities provide extensive safety information on their websites. Online, customers can find tips for how to protect themselves and their families during power outages or when power lines are down, along with information on natural gas safety. We use a range of social media platforms, including Twitter, Facebook and Pinterest, to communicate directly with our customers and communities. These platforms are used to respond to customer inquiries and concerns and to provide real-time outage information. Please visit our utilities' websites at ACE Safety, BGE Safety, ComEd Safety, DPL Safety, PECO Safety and Pepco Safety for more information.

COMMUNITY ENGAGEMENT AT NUCLEAR PLANTS

With regard to our nuclear operations, local stakeholder engagement is very important; at each of our plants we conduct outreach through the following mechanisms:

Tours: Tours of the facility are periodically held for members of the public, opinion leaders, key stakeholders or media.

Speakers' bureau: Planned community speech or event in which a communicator or company representative delivers key themes and messages to a target audience.

Community outreach: Planned community events, sponsorships and other public interactions involving Exelon, the public, public officials, opinion leaders, the media and others in which key themes and messages are delivered.

Community nights: Annual open-house event hosted by an Exelon Nuclear site for members of the public where key themes and messages are delivered.

State of the plant events: An address delivered at least annually to key elected political bodies and hosted by nuclear site leadership, in which operational results and plans are discussed.

The collective engagement efforts of our 13 owned nuclear sites resulted in 220 strategic tours, 209 speakers' bureaus and 163 community outreach events, reaching nearly 39,000 community members and other key stakeholders.

Ensuring Nuclear Plant Safety

Exelon operates one of America's cleanest power generation fleets, the majority of which is nuclear. While nuclear power generation produces zero greenhouse gas emissions, it requires detailed attention to safety. The health and safety of our plants, our employees, our neighbors and the environment are of the highest priority.

To ensure the safety of our nuclear operations, we employ multiple levels of oversight. Exelon uses the proven, proprietary fleet-wide Exelon Nuclear Management Model for managing all aspects of nuclear plant operations. Line management is responsible for maintaining a strong safety culture at the plant level and implementing the Management Model, with executive oversight, independent Nuclear Safety Review Boards at each plant and Exelon's Generation Oversight Committee rigorously monitoring and evaluating nuclear performance.

In addition to internal monitoring, plant and industry safety and reliability is also evaluated by the Institute of Nuclear Power Operations (INPO) with the objective of maximizing plant and industry performance and sharing best practices and improvement opportunities. The NRC 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, 2016, performance indicator results from the NRC's 2016 Reactor Oversight Process indicate that 22 of the 22 nuclear generating units operated by Exelon are in the highest performance group, indicated by their green band classification. More information is available on the NRC website.

All of our nuclear facilities are highly-secure, virtually impenetrable facilities that are models of security for other industries. Our defense-in-depth security systems include vehicle checkpoint stations and barriers, security towers, complex engineered barrier systems, site security fences and highly-trained security officers, all of which make these facilities the strongest, most imposing industrial site defenses in the nation.

Exelon employs defense-in-depth security systems at its nuclear power stations.

Our highly-skilled and professional workforce receives regular and rigorous training to maintain and improve their performance and knowledge of the special and unique technology they operate. Training is conducted at each of our 13 Exelon-operated nuclear sites, three centralized training facilities in Pennsylvania, New York and Illinois, and a fire training academy located in the Midwest. Every new employee at a nuclear power plant receives orientation and initial training. Our instructional staff receives initial training from the INPO Instructor Certification Program, and is equipped with company-specific training and knowledge of requirements. Certified instructors maintain their skills and knowledge with annual continuing instructor training accredited by the National Academy for Nuclear Training. Line department employees, supervisors and work groups attend discipline-specific initial training programs that prepare them to be highly skilled nuclear employees. The length of the initial training programs varies depending on the discipline: from nine months for skilled tradespeople to 18 months for NRC-licensed nuclear control room operators. In 2016, we completed training and licensing for 103 new control room operators and trained nearly 70 new mechanics, electricians, radiation protection technicians, chemistry technicians, engineers and instrument technicians.

In 2016, Exelon Nuclear employed distance learning technology and classrooms to conduct Exelon's maintenance and technical initial training programs. There are 26 classrooms in 11 different locations in Illinois, Pennsylvania, New York and Maryland that include the latest audio and video equipment, allowing interactive training to occur simultaneously with a multitude of students taught by a single instructor. In addition, three centralized lab locations are used for hands-on portions of maintenance program training. This strategy affords our employees a more streamlined training schedule, more time at their home facility and less time traveling, thus improving their work-life balance.

In 2016, Exelon Nuclear enhanced leadership development for managers and directors with the development of a new training program. This program provides a job familiarization guide to newly promoted or hired managers and directors that includes classroom training. All leadership programs from the Supervisory Development Program through our most senior programs are designed to develop current and future senior leaders.

Giving Back to Communities

Exelon is committed to being a good corporate citizen. That means not only financially supporting our local communities, but also engaging in local communities as a force for good. We are proud to say that our 2016 philanthropic efforts benefited more than 1.2 million people. We have four key areas of focus for our giving:

- **Educational programs** that promote STEM learning or encourage students to stay in school. Our focus on education led to nearly $10.5 million donated to education causes, which benefited 85,367 students, including helping 9,438 students graduate from high school. Our support of STEM programs, an essential part of raising a qualified workforce of the future, had 43,265 students participating.

DONATED DOLLARS AND TIME

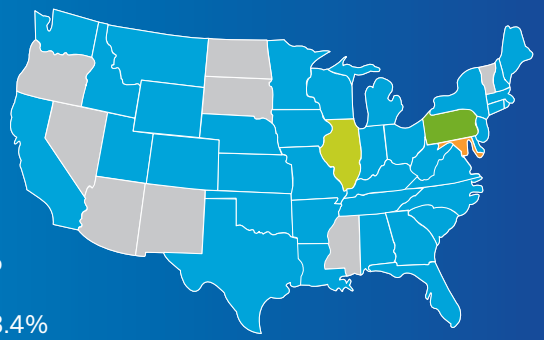
IN 2016 EXELON PROVIDED
$46,122,785
IN FUNDS TO MORE THAN
4,438
ORGANIZATIONS IN 40 STATES

ADDITIONALLY EMPLOYEES DONATED
$10.7M
AND
171,314
VOLUNTEER HOURS

GEOGRAPHIC REACH

TOP 3 STATES FOR TOTAL CONTRIBUTIONS AS A PERCENTAGE OF OVERALL GIVING

- ILLINOIS — 38.2%
- PENNSYLVANIA — 19.9%
- MARYLAND — 18.5%
- ALL OTHER STATES — 23.4%



PEOPLE BENEFITED FROM EXELON GRANTS

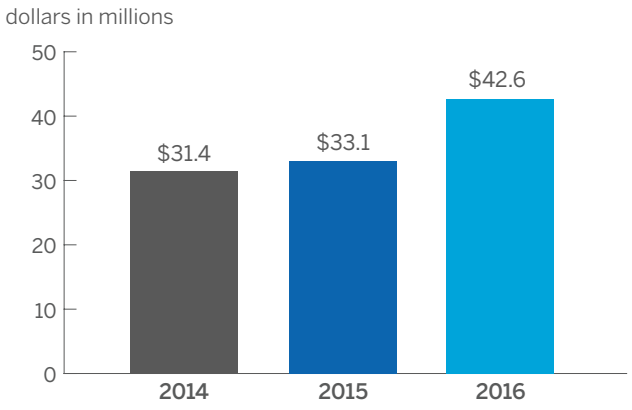
1,221,416

- **Environmental programs** that improve the health of the environment and promote energy efficiency. Our $3.2 million in financial support of environmental projects in 2016 resulted in 167 acres of land preserved, 3,765 trees planted, nearly 5.2 million square feet of land beautified and 2,719 animal habitats saved.
- **Neighborhood development** collaboration with local civic organizations that improves the quality of life in our communities. Our neighborhood development contributions of $6.8 million positively impacted 104,356 people, with more than 100 energy efficient homes built and 480 community organizations receiving Exelon grants.
- Partnerships with **arts and cultural institutions** with broad public exposure supporting programs designed to make arts more accessible to a wider audience. Our donations of more than $8.8 million allowed 119,143 students to engage in arts and culture programs — often filling in where those programs are no longer available in schools. We provided an additional 108,170 people access to performances they would not otherwise have been able to experience.

Corporate Giving

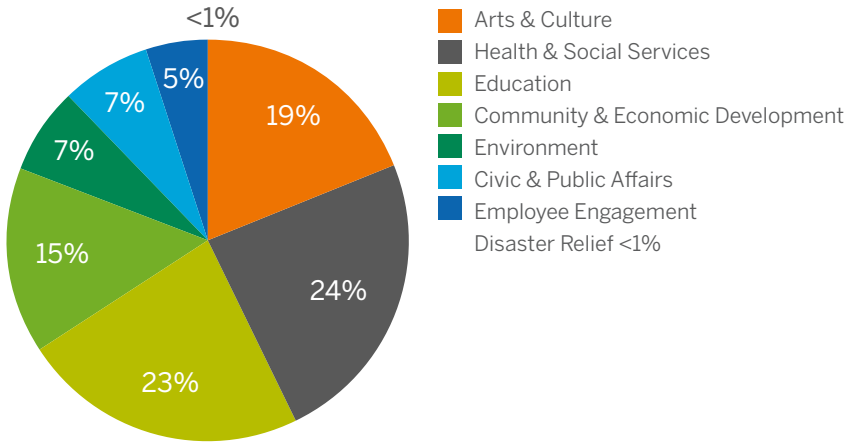
Every year, we give a portion of our revenue back to the communities to which we belong. In 2016, these contributions totaled $42.6 million. In addition to our corporate contributions, the Exelon Foundation also provided $3.6 million in contributions in 2016. Beyond our targeted philanthropic efforts described above, we supported our communities with an additional $16.8 million in health and social services, disaster relief and other community efforts. More than $32 million of our contributions — totaling 70 percent of all grants — supported organizations, programs or events that were targeted specifically to diverse populations.

CORPORATE GIVING[1]



1 Data do not include Exelon Foundation giving.

2016 CONTRIBUTIONS BY PROGRAM AREA



SUPPORTING EDUCATION INITIATIVES

As one of the key focus areas for our philanthropy efforts, Exelon and our operating companies are investing in educational initiatives across our territories. We seek to foster partnerships to strengthen STEM education and expand opportunities to students in underrepresented communities where we operate. Several examples of our education initiatives are described below.

Exelon. The Exelon Foundation has partnered with Teach for America to address the achievement gap that persists between students in low- and high-income communities. Our partnership seeks to increase the number of qualified math and science teachers, with a particular focus on identifying Teach for America corps members as minority or from a low-income background.

BGE. Working with the Maryland Business Roundtable for Education, BGE participates in the organization's STEMnet to provide universal access to Maryland high schoolers for the state's vast STEM resources. BGE has contributed $30,000 to sponsor Meade High School and North County High School in Anne Arundel County, which will improve STEM learning opportunities for nearly 4,000 students.

ComEd. ComEd and the Exelon Foundation, with a variety of partners, supports the Energizing Student Potential (ESP) initiative, aimed to empower students in grades 5-8 and lay the foundation for learning about STEM fields, careers and emerging technologies, with a focus on the science and industry of energy. ESP offers a full suite of tools to engage teachers and students, including curricula on energy-related topics, hands-on energy learning kits, materials to host an energy fair and field trips to partner facilities. The second year of the program, launched in Fall 2016, is working with 80 schools, reaching 160 teachers and more than 15,000 students. Approximately 85 percent of students noted that they learned more about energy by participating in the program and understood that their personal energy choices can impact others.

PECO. The PECO Energizing Education Program (PEEP) is an environmental education program designed to teach middle school students in the PECO service territory about the science of energy, renewable and nonrenewable energy sources, and energy efficiency both at home and at school. The program, started in 2009, evolved during 2016 to PEEP 2.0, which invites educators from across the Philadelphia region to participate in energy education workshops and receive hands-on kits for their classrooms. Since inception, the award-winning PEEP has reached 29,000 students and more than 200 teachers at 89 schools. The Exelon Foundation also provides funding to support this program.

PHI. The PHI utilities created STEM Clubs targeted to Boys & Girls Clubs throughout the Mid-Atlantic region. The goals of the program are to increase access to learning experiences that focus on STEM, while building awareness of STEM careers and strengthening interest in STEM subjects. The program uses hands-on labs and engineering challenges to achieve the program goals. The STEM Clubs have reached nearly 700 middle school students; 87 percent of participating students gave positive feedback about the program.

Constellation. The Constellation E2 Energy to Education grant program funds projects to help students in grades 6-12 enhance their understanding of science and technology and how to think differently about energy. In 2016, Constellation awarded $380,000 in funding to 17 projects, reaching more than 35,000 students in 10 states. Projects included installing and studying luminescent solar concentrators, building and racing electric vehicles, designing wind turbines and evaluating energy storage technologies. Constellation has provided $2.6 million in funding since the program's inception in 2010.

Volunteerism

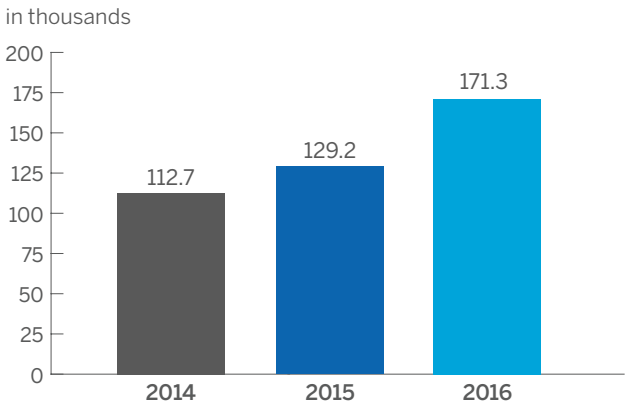
In addition to giving money, Exelon encourages volunteerism and supports our employees in their community service work. In 2016, Exelon employees volunteered 171,341 hours to community projects, a 33 percent increase from last year. These hours were logged by 6,773 employees throughout the company.

National Volunteer Week. One of our signature volunteer programs is National Volunteer Week, which was April 10–16, 2016. More than 10 percent of our employees participated, volunteering nearly 15,000 hours of time. Our employees participated in 230 volunteer events across 12 states and 80 cities.

Giving Tuesday. In support of #GivingTuesday, the first Tuesday after the shopping of Thanksgiving weekend, 1,578 Exelon employees participated in more than 180 service projects. These projects included serving Thanksgiving dinner to the homeless, building a new home with Habitat for Humanity, baking cookies for families staying in the Ronald McDonald House with hospitalized children, building a playground with Kaboom!, sorting and packing food for local food banks, participating in a Boot Walk to End Cancer, and teaching the next generation of energy workers about fission and other nuclear energy concepts at local high schools. The grand total for this #GivingTuesday volunteering was 17,285 hours, with employee donations of $573,337 and approximately $700,000 in corporate matching dollars.

Employee Giving Campaign. Our Employee Giving Campaign had $7.8 million pledged by employees, which shattered our 2016 goal of $6.4 million. With an additional $4 million provided as a match by the company, our Employee Giving Campaign had an 8 percent increase over our 2015 giving. Our Matching Gifts Program saw $2.9 million in donations made by our employees, with a one-to-one match of $2.9 million provided by the Exelon Foundation and our Maryland operating companies — a 23 percent increase over our 2015 giving.

VOLUNTEER HOURS



1 PHI volunteer hours included for 2016 only.

Exelon employees volunteered more than 171,000 hours to community projects during 2016.

Employee Volunteer Awards Program. For our employees who donate more than 50 hours of volunteer service, Exelon presents the nonprofit with an Employee Volunteer Award and associated financial grant. In 2016, we gave 18 awards totaling $145,000 paid directly to the nonprofit in honor of our employees who volunteered with them.

Dollars for Doers Program. In 2016, 1,631 employees participated in Dollars for Doers, a program through which Exelon provides $100, $200 and $400 grants to nonprofits in honor of employees' volunteer service of 10, 20 and 40 hours, respectively. The Dollars for Doers grants in 2016 totaled nearly $560,000.

Board Representation and Fundraising. Our volunteerism extends through all levels of Exelon, including the corporate suite. Exelon is represented on 590 nonprofit boards and has raised more than $1 million for our nonprofit partners.

Constellation employees volunteer with local educational organizations in Baltimore, Maryland.

2016 VOLUNTEER ACTIVITIES HIGHLIGHTS

Throughout our business units, Exelon employees are dedicated members of their communities. In 2016, teams throughout the company gave back to communities through a variety of volunteer activities in our service areas.

BGE. BGE employees volunteered through our Art with a Heart program, which created and mounted 100 mosaics throughout the BGE service area in honor of the company's 200th anniversary.

ComEd. ComEd volunteers planted 100 trees and distributed 400 free saplings to residents of Coal City, one year following a tornado that struck the village.

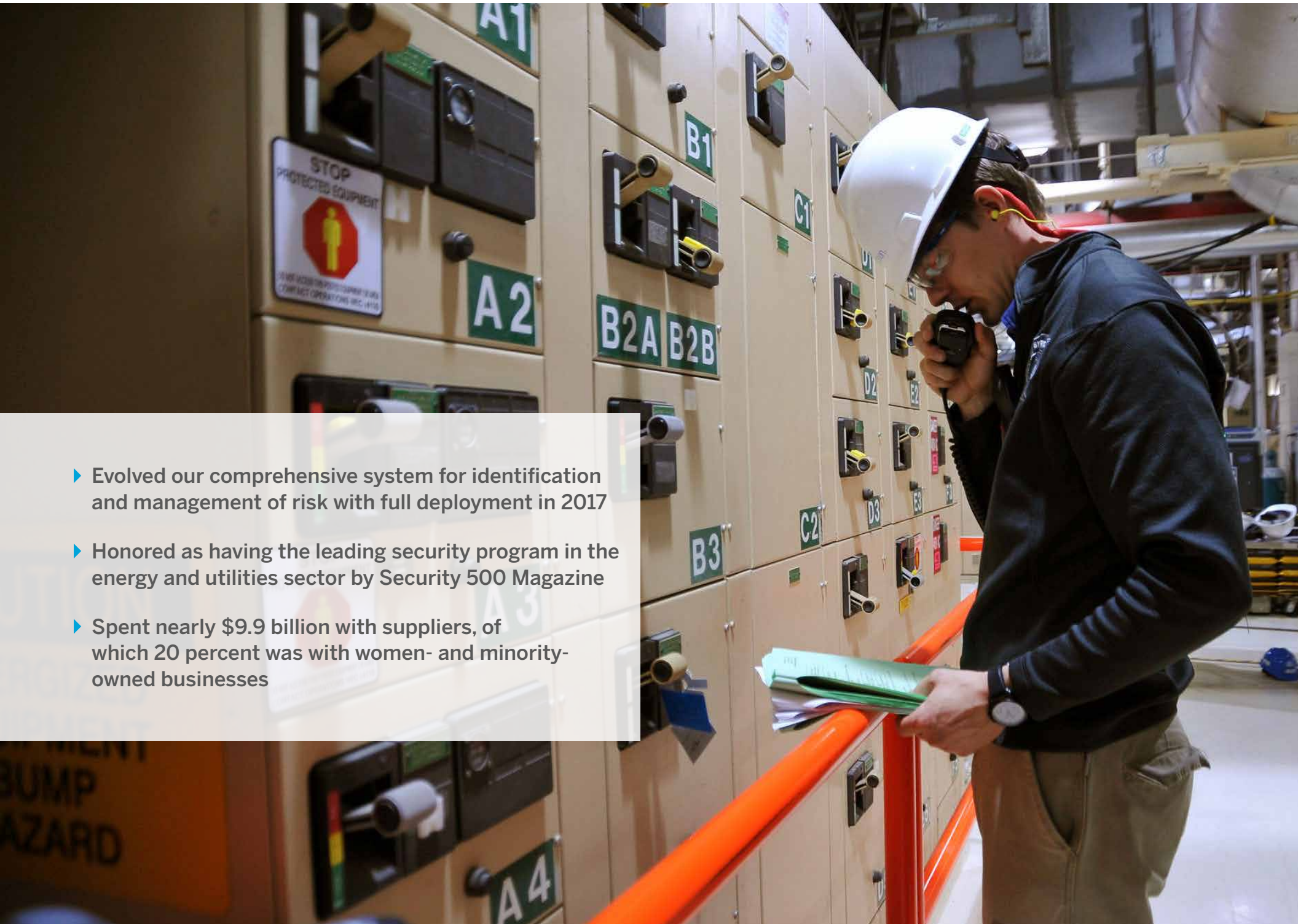
PECO. With its partners Kaboom!, the City of Coatesville and Natural Lands Trust, 120 PECO employees volunteered alongside 80 community members to construct a playground, which can serve up to 750 children at once.

PHI. Pepco executives sponsor 12 District of Columbia and Maryland students each year through the D.C. College Access Program, which provides direct counseling and financial assistance to students, the majority of whom are from low-income, minority, single-parent households.

Constellation. Constellation employees provided 2,000 volunteer hours to Living Classrooms in 2016, a school located next to our new Baltimore headquarters that provides hands-on education and job training using urban, natural and maritime resources. Seventy Constellation employees mentored students throughout the school year.

Exelon Generation. Our Exelon Nuclear sites welcomed Boy and Girl Scouts troops to their facilities to earn their atomic energy merit badges. Overall, Exelon Generation sites reached more than 18,000 students and teachers in the communities surrounding our facilities.

EFFECTIVE GOVERNANCE



- Evolved our comprehensive system for identification and management of risk with full deployment in 2017
- Honored as having the leading security program in the energy and utilities sector by Security 500 Magazine
- Spent nearly $9.9 billion with suppliers, of which 20 percent was with women- and minority-owned businesses

A strong ethical foundation is critical to Exelon's business success. Our ability to provide clean, affordable, reliable energy to our customers rests upon our commitment to integrity, risk management and good corporate governance. What we do every day is guided by our Code of Business Conduct and our company's mission and values.

Ethics and Corporate Governance

Every employee must adhere to Exelon's Code of Business Conduct, which is overseen by the Audit Committee of our Board of Directors. We develop policies and procedures and conduct a variety of training sessions to ensure effective implementation throughout the company. We update the Code as needed to reflect new requirements based on changes in regulation and leading practices. We also maintain a 24-hour helpline available for stakeholders to report potential ethical, compliance or legal violations. Helpline reports are actively monitored by the compliance and ethics practice area of the Legal Department. Ethics personnel oversee investigations conducted by seasoned, trained investigators. Exelon takes appropriate action — up to and including dismissal — when any wrongdoing is substantiated. Exelon was not involved in any legal actions related to anti-competitive or anti-trust behavior in 2016.

All members of the Exelon Board of Directors, with the exception of the Chief Executive Officer, are independent directors under criteria established by the New York Stock Exchange. The Board comprises six committees — Audit, Compensation and Leadership Development, Corporate Governance, Generation Oversight, Finance and Risk, and Investment Oversight — responsible for the oversight of specific aspects of our performance and operations. As of year-end 2016, our 13-member board includes three women and two racially diverse members. For more information on Exelon's governance structure, please see the corporate governance section of our website. Exelon's sustainability governance structure is also described in the Managing Sustainability section of this report.

Risk Management

The mission of Exelon's Enterprise Risk Management (ERM) group is to support better decision-making across Exelon by quantifying uncertainty and minimizing the unexpected. Our foundational ERM pillars include a culture of talent development, a focus on customers and business partners, and a robust risk capital framework to enable opportunities and to support the disciplined execution of growth initiatives. The goal of our approach is to eliminate negative and unanticipated events — adverse events for which we

were unaware of the potential, or underestimated the likelihood or impact. Exelon's commercial, credit, analytical and operational risk managers take a holistic approach to assessing and mitigating risk. As part of our due diligence, we ensure that our strategic plan, the supporting business plans and our monitoring of key risk indicators and key performance indicators are aligned, coordinated and consistent with industry-leading practices.

In 2016, our risk management team achieved significant milestones toward developing a leading class ERM framework and becoming a fully integrated enterprise business partner. ERM operationalized Exelon's risk capital framework to support our view of risk as a distribution of possible outcomes as well as employ risk-based decision-making to enable informed decisions regarding alternative courses of action, including contingency and mitigation plans. The key risk drivers of Exelon's earnings were quantified, which has allowed our ERM group to be better positioned to support Exelon's capital allocation and portfolio optimization-related analyses and to provide a comprehensive risk-informed framework that enables Exelon to make strategic business decisions.

Operationally, ERM utilizes a continuous, systematic and dynamic risk assessment process that involves regular interaction with and feedback from the business. In 2016, we enhanced existing processes beginning with a reassessment and adoption of leading practices as part of the integration of Pepco Holdings. One example of this is the development of a comprehensive system for the identification and management of risk, which was operationalized at Exelon Generation in 2016 and is being developed for the rest of the enterprise in 2017.

Exelon Generation innovators were recognized by the Nuclear Energy Institute and received a Top Industry Practice award for developing a state-of-the-art risk management system that focused on consequences first or bowtie risk framework. The system was designed to evaluate all types of risks associated with people, process or equipment. We regularly discuss the various risks to Exelon and our operating companies, as well as the effectiveness and resilience of our controls and mitigation plans, through risk management committees at the corporate level and within each business unit. We also engage in quarterly dialogue on relevant risk topics with the Finance and Risk Committee of the Board of Directors.

MANAGING RISK AT EXELON

Exelon regularly completes enterprise-wide and operating company-specific risk assessments to identify and focus on the top risks facing our company. Our risk assessment framework looks at strategic, financial, operational, regulatory/compliance and reputational risks to Exelon and is being automated for improved intelligence and risk analytics. Additionally, Exelon employs various market, credit, liquidity and operational risk assessment tools to identify financial and business risk exposures that are evaluated by risk management committees at the corporate level and within each business unit.

Cyber and Physical Security

We recognize that there are a variety of ever-evolving cybersecurity threats that could pose a risk to our business and our customers. Through our commitment to resilience, we continue to work to keep the lights on for our customers as we address threats. In 2016, Exelon strengthened efforts to ensure the security and reliability of our electricity load, gas supply and customer information. While there will always be some level of security risk, these efforts resulted in significant risk reductions in both our cyber and physical security risk postures. We also made strides during 2016 to share our security best practices with the PHI utilities following the merger.

Our intelligence-driven "Defense-in-Depth" approach relies on our highly capable workforce, modern security technologies and best practices to identify, prevent, detect, respond to and recover from all threats and hazards that could impact employees, customers or business operations. Exelon's Chief Security Officer manages both cyber and physical security across the enterprise. Exelon also partners with our industry peers, government entities and technology firms to share cyber and physical threat information. Continued engagement throughout the security lifecycle ensures we are able to share information, mutually assist our peers in the industry and work with government officials to respond to national events.

2016 AWARDS

In 2016, the Business Continuity and Crisis Management team was awarded the 2016 Response & Recovery of the Year Award of Excellence by Disaster Recovery Institute International for Exelon's response to the Baltimore civil unrest in May 2015.

In 2016, Exelon was identified — for the fifth time in six years — as having the leading security program in the Energy and Utilities sector by Security 500 Magazine.

Working with our regulators and trade associations, Exelon has helped develop the Cyber Mutual Assistance Program, an innovative approach to electricity ecosystem cyber risk, which will help the energy industry prepare for and respond to an event. As part of the program, we also engage the Electricity Subsector Coordinating Council to assist in planning initiatives for a national-level event in conjunction with government partners and peers in the industry.

Business Continuity and Crisis Management

Our business continuity and crisis management processes include standardized protocols to ensure that, should a situation emerge that impacts our operations, our leaders can take control as quickly and seamlessly as possible. Within the Corporate and Information Security Services (CISS) organization, our award-winning Business Continuity and Crisis Management (BCCM) 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. In 2016, the BCCM team spent 153 days responding to 103 business disruptions across Exelon. The disruptions crossed the spectrum with security events and facility disruptions making up more than three-quarters of the events company-wide. While each operating company experienced some sort of business disruption, there was little to no impact to the affected business units.

Exelon's ability to recover quickly from a disruption of any type or magnitude is directly correlated with the preparation taken prior to an event occurring. Annual plan maintenance, leadership approvals and tabletop exercises validate the existence of all necessary critical processes and actions specified within the more than 400 plans. Through the tracking and communicating of metrics to leadership, the BCS program allows for continuous improvement and encourages plan ownership at all levels of the organization.

Public Policy

Exelon advocates for policies based on sound science and thorough consideration of economic impacts at the federal, regional, state and local levels to ensure clean, affordable, reliable electric and gas services for our customers and the communities we serve, while minimizing environmental impacts. We discuss our positions on specific legislation and regulation throughout this report and on our website.

Exelon also participates in various trade organizations that advocate on behalf of the industry. In many cases, we are in alignment with the advocacy positions of these organizations; however, in instances where our views diverge, we utilize other means to voice our positions. Exelon also contributes to political candidates and organizations as part of our engagement in policy dialogue. We do so in accordance with our Corporate Political Contributions Guidelines, available on our website along with the semiannual disclosures of our political and trade association contributions.

Exelon participates in public policy debates in support of customer interests, including a reliable and resilient T&D system.

Sustainable Supply Chain

Exelon relies on 6,800 suppliers to provide a wide range of materials and services to maintain our operations. We actively manage our supply chain to ensure sustainability through environmentally responsible purchasing decisions, risk reviews of critical suppliers, supplier diversity and sourcing from local businesses.

Improving Sustainability with our Suppliers

Exelon participates in industry and government efforts to improve the environmental and social performance of supply chain operations, and we are cognizant of the influence we can have toward sustainable practices given our position as a large purchaser. We aim to minimize potential impacts of the goods and services we procure and encourage our suppliers to improve their operational performance. We have also implemented a number of best practices and communicate high-level environmental expectations in contract language via a suppliers' code of conduct. More information about our engagement with suppliers is available at exeloncorp.com/suppliers.

We advance sustainability in our supply chain through both our direct relationships with our suppliers and our collaboration as a founding member of the Electric Utility Industry Sustainable Supply Chain Alliance (www.euissca.org). As part of the Alliance, we work with 15 other utilities to drive sustainability through the development of voluntary standards for products, coordinated supplier sustainability performance surveys, educational materials for buyers and suppliers, and speaking engagements at major supply chain events.

In 2016, one of Exelon's key supply chain efforts was to revise how we capture supplier information around environmental and sustainability

issues during bid events. We broadened the focus of our questions and are in the process of implementing the questions with a self-scoring logic to assist category managers with consistent evaluation between vendors. This methodology was also shared and refined with the Alliance to help other member utilities develop similar supplier evaluation processes.

Exelon also contributed to the Alliance's issuance of a sustainable packaging and bid guidance document and a supplier relationship management tool for utilities to use in implementing the Alliance's environmental sustainability framework. This tool includes a supplier scorecard template, which can be used in supplier management meetings to identify common goals and initiatives between buyer and supplier. The supplier relationship management tool will assist member utilities in reaching goals they have set as part of the Alliance roadmap. By 2018, Exelon and other Alliance members have committed to improving their performance in at least three areas of the Environmental Sustainability Framework — with Exelon focusing on the formality and scope of our supplier assessment process; communications and expectations of supplier environmental performance; and enhancement of recognition for top performers. All of these will be aided by the supplier relationship management guidance.

Another Alliance member challenge is to implement at least one best practice from each commodity standard within two years of its issuance. So far, commodity standards have been developed for wood poles, wire and cable, transformers, packaging and investment recovery. In many cases, Exelon has contributed best practices captured in the documents, but we are always seeking ways to improve our processes. For example, we have achieved greater investment recovery results and reduced scrap materials through the best management practices we adopted as a result of the Alliance's commodity standards. In 2017, Exelon will be contributing to the Alliance's work to develop a new commodity standard around construction services.

Supply Chain Risk Management

We recognize that having such a large and wide-ranging supplier base can introduce potential risks to our business operations. In response, our Supply and Enterprise Credit Risk Management team has developed a risk management process that uses a structured approach for identifying, communicating and mitigating risks. Twice a year, this team reviews more than 100 critical suppliers for risks to our business continuity and compliance, including a review of their business continuity plans to ensure sufficient consideration of a broad range of potential business disruptions. The results of these risk reviews are regularly communicated to management.

Supporting Local and Diverse Suppliers

Exelon sources materials, goods and services from thousands of large and small businesses across the country. In 2016, Exelon spent nearly $9.9 billion with suppliers, excluding fossil and nuclear fuel purchases. More than 51 percent of this was spent locally in our key operating areas — Illinois, Pennsylvania, Maryland, New Jersey, Delaware, District of Columbia and Texas — where our businesses are most heavily concentrated.

In 2016, our spending with women- and minority-owned businesses reached $1.9 billion — an increase of more than 200 percent since 2011 — and representing almost 20 percent of our sourceable spending. Not only do we seek to build our own diverse supply chain, but we encourage our suppliers to do the same. This is known as our Tier 2 program. In 2016, we recorded Tier 2 spending on diverse suppliers of $469.6 million. Beyond our efforts to increase spending with diverse suppliers, we also supported a variety of supplier development programs at our six Exelon utilities through training and mentoring opportunities.

In 2016, high margin spend with diversity-certified suppliers totaled $99 million, representing a year-over-year increase of $25 million. The Exelon

"high margin" strategy has been regarded as a utility industry best practice. This strategy focuses on fully integrating diversity-certified suppliers in underutilized professional services categories. We embarked on the high margin strategy because businesses in the professional services industries typically have higher profit margins, and therefore have an increased capacity to contribute to community economic development through job creation and community-based organization support.

The strategy highlights eight categories of spending in the professional services areas:

- Advertising and marketing
- Banking
- Business consulting
- Engineering and technical consulting
- Financial services
- HR services
- IT professional services
- Legal

In 2016, Exelon arranged $129 million in credit lines with 25 community and minority-owned banks in Illinois, Maryland, New Jersey and Pennsylvania, reinforcing the company's commitment to invest in the communities we serve. These transactions help grow local businesses and the local economy, and are critical to communities that remain challenged by current economic conditions. Exelon's minority and community banking program, which began in 2003, is unique in the energy industry. Administered by JP Morgan Chase since its inception, the program now has 25 participating banks across the country, more than four times the original number.

Exelon Corporation currently has $2 billion of pension, employee savings plan and retiree health care assets invested with 20 diversity-certified investment firms. In addition, another 13 minority investment firms participated in or co-managed $4.3 billion in corporate bond deals. Exelon's increase in deposits and credit facilities agreements in 28 small, community-focused banks demonstrates our firm commitment to community reinvestment.

Conflict Minerals

We also work to adhere to all regulatory requirements related to our supply chain practices. In alignment with Section 1502 of the Dodd-Frank Act and the U.S. SEC's conflict mineral reporting requirements, Exelon reviewed whether conflict minerals — including tin, tantalum, tungsten and gold, and other minerals determined by the U.S. government to be financing conflict in the Democratic Republic of the Congo or its neighboring countries — were necessary to the production or functionality of any product manufactured or contracted for manufacture by the company. After a review of the products we sell, we found that we do not have any reporting requirements under the rule.

2016 AWARDS

Exelon's Diverse Business Empowerment (Supplier Diversity) program received the following corporate awards and recognitions in 2016:

PECO was named Corporation of the Year by the Eastern Minority Supplier Development Council.

Exelon was recognized by the U.S. Department of Commerce and Small Business Administration as a best practice leader in supplier diversity at the Global Economic Summit at Stanford University.

Exelon was one of five finalists for the National Minority Supplier Development Council's National Corporation of the Year Award.

Exelon was recognized as the Top Regional Utility by the Washington Maryland Minority Companies Association.

Exelon was recognized for exemplary leadership in minority business development and leadership at the 2016 Power Networking Conference.

APPENDIX

2016 ELECTRIC GENERATION BY MAJOR STATION[1,2]

FOSSIL	Location *Water Body*	Net Operational Capacity (MW)[3]	GENERATION (GWh)[4] 2014	2015	2016	EMISSIONS (thousand short tons)[5] Type	2014	2015	2016	TECHNOLOGY Current Air Pollution Control	Cooling Water[6]
Colorado Bend Energy Center 4 gas 2X1 combined cycle turbines & 2 steam generators (intermediate)	Wharton, Texas *Colorado River*	498	1,591	1,558	2,239	SO_2 NO_x CO_2	* 0.1 784	* 0.2 800	* 0.1 1,130	SCR, low-NO_x burners	Closed
Eddystone 2 oil/gas steam units (intermediate) 4 combustion turbines (peaking)	Eddystone, Pa. *Delaware River*	820	65	192	141	SO_2 NO_x CO_2	0.1 0.1 114	0.1 0.1 186	* 0.1 147	Low-NO_x burners with separated overfire air	Open
Handley 3 gas steam units (2 peaking and 1 intermediate)	Fort Worth, Texas *Lake Arlington*	1,265	274	371	550	SO_2 NO_x CO_2	* * 208	* 0.1 278	* 0.1 401	SCR	Open
Hillabee Energy Center Combined cycle: 2 gas 2X1 turbines & 1 steam generator (intermediate)	Alexander City, Ala. *Municipal Supply*	753	5,028	5,193	5,387	SO_2 NO_x CO_2	* 0.2 2,172	* 0.2 2,134	* 0.1 2,227	SCR	Closed
Mountain Creek 3 gas steam units (2 peaking and 1 intermediate)	Dallas, Texas *Mountain Creek Cooling Pond*	798	206	406	506	SO_2 NO_x CO_2	* * 185	* 0.2 302	* 0.2 341	Units 6 and 7 utilize induced flue gas recirculation; Unit 8 utilizes NO_x SCR	Open
Mystic & Mystic Jet Combined cycle: 4 gas 2X1 turbines, 3 steam generators & 1 combustion turbine (intermediate)	Charlestown, Mass. *Mystic River*	1,999	1,840	2,945	6,940	SO_2 NO_x CO_2	0.9 0.2 921	0.7 0.3 1,398	0.8 0.5 3,151	SCR, low-NO_x burners	Closed
Wolf Hollow Combined cycle: 2 gas turbines & 1 steam generator (intermediate)	Granbury, Texas *Lake Granbury*	705	3,865	2,941	3,030	SO_2 NO_x CO_2	* 0.3 1,791	* 0.3 1,345	* 0.3 1,390	SCR	Closed

2016 ELECTRIC GENERATION BY MAJOR STATION[1,2] (CONTINUED)

RENEWABLE	Location *Water Body*	Net Operational Capacity (MW)[3]	GENERATION (GWh)[4] 2014	2015	2016	EMISSIONS (thousand short tons)[5] Type	2014	2015	2016	TECHNOLOGY Current Air Pollution Control	Cooling Water[6]
Conowingo[7] 11 hydro units (baseload)	Darlington, Md. *Susquehanna River*	572	1,642	1,597	1,369						Run-of-river
Fairless Hills[8] 2 landfill gas units (peaking)	Fairless Hills, Pa. *Delaware River*	60	248	257	242	SO_2 NO_x CO_2	0.1 0.1 6	0.1 0.1 4	0.1 0.1 11		Open
Muddy Run[7] 8 pumped-storage units (intermediate)	Drumore, Pa. *Susquehanna River*	1,070	1,475	1,142	1,258						Pumped storage
Exelon Wind[9] 856 units 94–100%		1,529	3,760	3,889	3,790						
Solar[9] 329 units 4.2–100%		534	822	922	984						

Exelon.

2016 ELECTRIC GENERATION BY MAJOR STATION[1,2] (CONTINUED)

NUCLEAR[10]	Location *Water Body*	Net Capacity (MW)[3]	GENERATION (GWh)[4] 2014	2015	2016	TECHNOLOGY Cooling Water[6]	NUCLEAR OPERATIONS DATA Unit	Commercial Ops. Began	Current License Expiration[11]	Spent Fuel Pool Capacity Reached[12,13]
Braidwood 2 PWR units (baseload)	Braidwood, Ill. *Kankakee River*	2,383	20,274	19,740	19,849	Closed (dedicated pond)	1 2	1988 1988	**2046** **2047**	Dry cask storage in operation
Byron 2 PWR units (baseload)	Byron, Ill. *Rock River*	2,347	19,252	19,472	19,600	Closed	1 2	1985 1987	**2044** **2046**	Dry cask storage in operation
Calvert Cliffs 2 PWR units (baseload) 50.01%	Lusby, Md. *Chesapeake Bay*	879	7,163	7,322	7,382	Open	1 2	1975 1977	**2034** **2036**	Dry cask storage in operation
Clinton 1 BWR unit (baseload)	Clinton, Ill. *Clinton Lake*	1,069	9,100	8,664	8,914	Closed	1	1987	2026	Dry cask storage in operation
Dresden[14] 2 BWR units (baseload)	Morris, Ill. *Kankakee River*	1,845	15,129	15,188	15,444	Open	2 3	1970 1971	**2029** **2031**	Dry cask storage in operation
LaSalle 2 BWR units (baseload)	Seneca, Ill. *Illinois River*	2,320	18,755	18,686	19,144	Closed	1 2	1984 1984	**2042** **2043**	Dry cask storage in operation
Limerick 2 BWR units (baseload)	Sanatoga, Pa. *Schuylkill River*[15]	2,317	19,077	18,931	19,395	Closed	1 2	1986 1990	**2044** **2049**	Dry cask storage in operation
Nine Mile Point 2 BWR units (baseload) Unit 1: 50%, Unit 2: 41%	Scriba, N.Y. *Lake Ontario*	838	6,740	7,004	6,842	Open/Closed	1 2	1969 1986	**2029** **2046**	Dry cask storage in operation
Oyster Creek[16] 1 BWR unit (baseload)	Forked River, N.J. *Barnegat Bay*	625	4,834	5,259	4,585	Open	1	1969	**2029**	Dry cask storage in operation
Peach Bottom[17] 2 BWR units (baseload) 50.00%	Peach Bottom Township, Pa. *Susquehanna River*	1,301	9,386	9,929	10,938	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	11,540	11,672	11,741	Open	1 2	1973 1973	**2032** **2032**	Dry cask storage in operation

2016 ELECTRIC GENERATION BY MAJOR STATION[1,2] (CONTINUED)

NUCLEAR[10] (continued)	Location *Water Body*	Net Capacity (MW)[3]	GENERATION (GWh)[4] 2014	2015	2016	TECHNOLOGY Cooling Water[6]	NUCLEAR OPERATIONS DATA Unit	Commercial Ops. Began	Current License Expiration[11]	Spent Fuel Pool Capacity Reached[12,13]
R.E. Ginna 1 PWR (baseload) 50.01%	Ontario, N.Y. *Lake Ontario*	288	2,332	2,401	2,535	Open	1	1970	**2029**	Dry cask storage in operation
Salem 2 PWR units (baseload) 42.59%	Lower Alloways Creek Twp., N.J. *Delaware Estuary*	1,005	6,935	7,919	6,685	Open	1 2	1977 1981	**2036** **2040**	Dry cask storage in operation
Three Mile Island 1 PWR unit (baseload)	Middletown, Pa. *Susquehanna River*	837	7,309	6,598	7,083	Closed	1	1974	**2034**	Dry cask storage in 2023

1 Owned generation as of Dec. 31, 2016. Table does not include station auxiliary equipment, plants comprised solely of peaking units 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 emissions and intensities shown in the Reducing Air Emissions section of the report include retired and divested fossil unit emissions for the time periods in 2014–2016 during which Exelon had an ownership interest in these units. Numbers have been rounded. For more information on Exelon's generation fleet, please see Item 2: Properties in Exelon's 2016 10-K.

2 Percentages listed under station name reflect Exelon's fractional ownership interest for those assets that are not 100 percent.

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.

5 * Indicates emissions less than 50 short tons.

6 Open — a system that circulates cooling water withdrawn from the environment, returning it with waste heat to its source.
Closed — a system that recirculates cooling water with waste heat dissipated to the atmosphere through evaporation.

7 On August 29, 2012 and August 30, 2012, Generation submitted hydroelectric license applications to the FERC for 46-year licenses for the Conowingo Hydroelectric Project (Conowingo) and the Muddy Run Pumped Storage Facility Project (Muddy Run), respectively. On December 22, 2015, FERC issued a new 40-year license for Muddy Run. The license term expires on December 1, 2055. Based on the FERC procedural schedule, the FERC licensing process was not completed prior to the expiration of Conowingo's license on September 1, 2014. FERC is required to issue an annual license for the facility until the new license is issued. On September 10, 2014, FERC issued an annual license for Conowingo, effective as of the expiration of the previous license. If FERC does not issue a new license prior to the expiration of annual license, the annual license will renew automatically.

8 Fairless Hills CO_2 emissions are those related to fossil fuel combustion and exclude landfill gas CO_2 emissions.

9 Ownership may vary with each asset.

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

11 Dates in bold indicate that NRC license renewals have been received. Generation is in the process of pursuing a 20-year license extension for the Clinton plant, the only remaining nuclear unit for which an extension has not yet been granted.

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

13 Zion Station, a two-unit site in Illinois, has ceased power generation; its SNF is currently stored in dry casks on site.

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

15 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.

16 On Dec. 8, 2010, in connection with an Administrative Consent Order with the New Jersey Department of Environmental Protection, Exelon announced that Generation will permanently cease generation operations at Oyster Creek by Dec. 31, 2019.

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

About This Report

The Exelon 2016 Sustainability Report details our company's programs and performance in the areas of economic, social, governance and environmental initiatives. Exelon is committed to reporting on our sustainability performance annually, and this report follows our 2015 Sustainability Report.

Data in this report cover 2014 through 2016, with an emphasis on activities in the reporting period of January 1, 2016 through December 31, 2016. Where it may be helpful for the reader to understand relative trends over time, we have provided graphs or tables covering three years of performance. Data reflect all wholly or partially owned generating units for the time period of ownership unless otherwise noted. Contracted power (i.e., purchases for trading or resale) is outside the scope of this report.

We also seek annual assurance of our GHG emission inventory. Lloyd's Register Quality Assurance, Inc. (LRQA), an accredited GHG verifier, provided verification of our 2016 inventory to a reasonable assurance level in accordance with The Climate Registry and ISO 14064 standards. The verification statement is available on our website.

GRI Content Index

The indicators below are from the GRI Standards and the Electric Utilities Sector Supplement. This report has been prepared in accordance with the GRI Standards: Core option. All disclosures in this GRI Content Index refer to GRI Standards 102 and 103 and the 200, 300 and 400 series of Standards published in 2016.

GENERAL DISCLOSURES		REPORT SECTION
Organizational Profile		
102-1	Name of the organization	About Exelon
102-2	Activities, brands, products, services	About Exelon
102-3	Location of headquarters	About Exelon
102-4	Location of operations	About Exelon
102-5	Ownership and legal form	About Exelon
102-6	Markets served	About Exelon
102-7	Scale of the organization	About Exelon
102-8	Information on employees and other workers	Diversity and Inclusion Exelon reports the total number of employees, identifying gender, minority and age group breakdowns. As all of Exelon's employees are located in the United States and less than 1 percent of employees are part-time, we have not provided gender and regional breakdowns for these categories.
102-9	Supply chain	Sustainable Supply Chain
102-10	Significant changes to the organization and supply chain	About Exelon
102-11	Precautionary principle or approach	Exelon 2016 10-K
102-12	External initiatives	Stakeholder Engagement; Adapting to Climate Change in our Regions; Sustainable Supply Chain
102-13	Membership of associations	Exelon website
EU1	Installed capacity	About Exelon; 2016 Electric Generation by Major Station
EU2	Net energy output	About Exelon; 2016 Electric Generation by Major Station
EU3	Number of customers	About Exelon
EU4	Length of transmission and distribution lines	About Exelon; Exelon 2016 10-K
EU5	Allocation of CO_2e emissions allowances	Exelon fossil plants in Massachusetts utilize Regional Greenhouse Gas Initiative (RGGI) CO_2e allowances.

GENERAL DISCLOSURES (continued)		REPORT SECTION
Strategy		
102-14	Statement from senior decision-maker	A Message from Our CEO
Ethics and Integrity		
102-16	Values, principles, standards and norms of behavior	Managing Sustainability; Ethics and Corporate Governance
Governance		
102-18	Governance structure	Sustainability Governance; Ethics and Corporate Governance
Stakeholder Engagement		
102-40	List of stakeholder groups	Stakeholder Engagement
102-41	Collective bargaining agreements	As of December 31, 2016, 11,984 employees, or 35 percent, of the Exelon workforce were covered by collective bargaining agreements.
102-42	Identifying and selecting stakeholders	Stakeholder Engagement
102-43	Approach to stakeholder engagement	Stakeholder Engagement; Public Safety and Awareness
102-44	Key topics and concerns raised	Stakeholder Engagement; Accelerating Our Employees
Reporting Practice		
102-45	Entities included in the consolidated financial statements	Exelon 2016 10-K
102-46	Defining report content and topic boundaries	Key Sustainability Issues
102-47	List of material topics	Key Sustainability Issues
102-48	Restatements of information	Some data have been restated to include PHI performance; footnotes on charts and tables throughout the report indicate adjustments and scope of data.
102-49	Changes in reporting	No significant changes
102-50	Reporting period	About This Report
102-51	Date of most recent report	About This Report
102-52	Reporting cycle	About This Report
102-53	Contact point for questions regarding the report	Back Cover
102-54	Claims of reporting in accordance with GRI Standards	GRI Content Index
102-55	GRI content index	GRI Content Index
102-56	External assurance	About This Report
Management Approach		
103-1	Material topics and boundaries	Key Sustainability Issues
103-3	Evaluation of management approach	Managing Sustainability; Ethics and Corporate Governance

SPECIFIC DISCLOSURES		REPORT SECTION
Economic Performance		
103-2	Management approach	About Exelon; Exelon 2016 10-K
201-1	Direct economic value generated and distributed	About Exelon; Support for Communities
201-2	Climate change financial implications	Exelon 2016 CDP Climate Change Response
Indirect Economic Impacts		
103-2	Management approach	Support for Communities
203-2	Significant indirect economic impacts	Merger Commitments and Benefits; Local Economic Benefits
Procurement Practices		
103-2	Management approach	Sustainable Supply Chain
204-1	Proportion of spending on local suppliers	Sustainable Supply Chain
Anti-Competitive Behavior		
103-2	Management approach	Ethics and Corporate Governance
206-1	Legal actions for anti-competitive behavior	Ethics and Corporate Governance
Availability and Reliability		
103-2	Management approach	Building the Next-Generation Energy Company; Pepco Holdings Integration Update; Operational Excellence at Our Regulated Utilities
EU10	Capacity and demand	Building the Next-Generation Energy Company; Pepco Holdings Integration Update; Operational Excellence at Our Regulated Utilities
Demand-Side Management		
103-2	Management approach	Energy Efficiency
Research and Development		
103-2	Management approach	Building the Next-Generation Energy Company
Plant Decommissioning		
103-2	Management approach	Exelon 2016 10-K
System Efficiency		
103-2	Management approach	Maintaining Operational Excellence, Productivity and Efficiency
EU11	Generation efficiency	Maintaining Operational Excellence, Productivity and Efficiency
Energy		
103-2	Management approach	Exelon 2016 CDP Climate Change Response
302-1	Energy consumption within the organization	Exelon 2016 CDP Climate Change Response
302-4	Reduction of energy consumption	Exelon 2016 CDP Climate Change Response
302-5	Reduction in energy requirements of products and services	Maintaining Operational Excellence, Productivity and Efficiency; Energy Efficiency

SPECIFIC DISCLOSURES (continued)		REPORT SECTION
Water		
103-2	Management approach	Improving Watershed Management; Exelon 2016 CDP Water Response
303-1	Water withdrawal by source	Improving Watershed Management; Exelon 2016 CDP Water Response
303-2	Water sources significantly affected	Improving Watershed Management; Exelon 2016 CDP Water Response
303-3	Water recycled and reused	Improving Watershed Management; Exelon 2016 CDP Water Response
Biodiversity		
103-2	Management approach	Habitat and Biodiversity
304-1	Sites near areas of high biodiversity value	Habitat and Biodiversity
304-2	Impacts on biodiversity	Habitat and Biodiversity
304-3	Habitats protected or restored	Habitat and Biodiversity
Emissions		
103-2	Management approach	Climate Change Action and Awareness; Full GHG Inventory and Accounting Protocol; Exelon 2016 CDP Climate Change Response
305-1	Direct (Scope 1) GHG emissions	Climate Change Action and Awareness; Full GHG Inventory and Accounting Protocol; Exelon 2016 CDP Climate Change Response
305-2	Energy indirect (Scope 2) GHG emissions	Climate Change Action and Awareness; Full GHG Inventory and Accounting Protocol; Exelon 2016 CDP Climate Change Response
305-3	Other indirect (Scope 3) GHG emissions	Climate Change Action and Awareness; Full GHG Inventory and Accounting Protocol; Exelon 2016 CDP Climate Change Response
305-4	GHG emissions intensity	Climate Change Action and Awareness; Full GHG Inventory and Accounting Protocol; Exelon 2016 CDP Climate Change Response
305-5	Reduction of GHG emissions	Climate Change Action and Awareness; Full GHG Inventory and Accounting Protocol; Exelon 2016 CDP Climate Change Response
305-7	NO_x, SO_x and other air emissions	Reducing Air Emissions
Effluents and Waste		
103-2	Management approach	Waste Management
306-2	Waste by type and disposal method	Waste Management
306-3	Significant spills[1]	Managing Environmental Risks
Environmental Compliance		
103-2	Management approach	Managing Environmental Risks
307-1	Non-compliance with environmental laws and regulations	Managing Environmental Risks
Employment		
103-2	Management approach	Diversity and Inclusion
401-1	New employee hires and employee turnover	Diversity and Inclusion
401-3	Parental leave[2]	Progressive Workforce Policies

SPECIFIC DISCLOSURES (continued)		REPORT SECTION
Occupational Health and Safety		
103-2	Management approach	Promoting a Culture of Safety and Health
403-2	Injury and absenteeism rates[3]	Safety Performance
Training and Education		
103-2	Management approach	Accelerating Our Employees
404-2	Programs for upgrading employee skills	Accelerating Our Employees
Diversity and Equal Opportunity		
103-2	Management approach	Diversity and Inclusion
405-1	Diversity of governance bodies and employees	Diversity and Inclusion
Local Communities		
103-2	Management approach	Community Engagement
413-1	Local community engagement	Community Engagement
Political contributions		
103-2	Management approach	Public Policy
415-1	Political contributions	Public Policy, Exelon website
Customer Health and Safety		
103-2	Management approach	Public Safety and Awareness
416-1	Assessment of health and safety impacts	Public Safety and Awareness
EU25	Injuries and fatalities to the public	Confidential information; Exelon does not disclose information that may relate to potential litigation.
Access		
103-2	Management approach	Low-Income Assistance
EU28	Power outage frequency	Customer Service and Reliability
EU29	Power outage duration	Customer Service and Reliability
EU30	Average plant availability factor	Maintaining Operational Excellence, Productivity and Efficiency

Omissions

1 Exelon reports total reportable and non-reportable spills based upon applicable state and federal reporting requirements, which may also include voluntary reporting agreements with regulatory agencies. Due to the mix of reporting requirements across our operating states, Exelon does not publish spill volumes.

2 Exelon discloses its parental leave policies, but does not disclose the number of employees that have taken parental leave.

3 Exelon internally tracks rates by operating company, but presents data at the corporate level to provide an overall view of company performance.

Full GHG Inventory and Accounting Protocol

Direct and Indirect Emissions

Exelon calculates its GHG emissions inventory in conformance with The Climate Registry General Reporting Protocol, which allows for the use of U.S. EPA mandatory Reporting Rule (40 CFR Part 98) requirements where applicable, and is based on the WRI GHG Protocol. The inventory is also third-party verified to these standards each year to assure its correctness. Our third-party verifier in 2016 was LRQA. Emissions include stationary and mobile combustion of fossil fuels, fugitive emissions of GHGs (e.g., methane, SF6, CO and hydrofluorocarbons) and indirect emissions associated with the purchase of electricity from external sources. Exelon uses the global warming potentials (GWPs) from the Fourth IPCC Assessment Report (AR4) to align with the November 2013 regulatory revisions to the U.S. EPA GHG regulations (40 CFR Part 98). Our primary inventory reporting uses an equity-share reporting boundary, although emissions relating to our operational reporting boundary are available through The Climate Registry.

As shown in Table 1, Exelon segregates the GHG inventory between operations-driven and customer-driven sources. This presentation of our inventory is based on the location-based Scope 2 accounting, which uses the latest regional transmission organization (RTO) average emissions rates when available, or eGRID 2012 data set issued November 2015 if an RTO emissions rate is not available. Per The Climate Registry protocol, emission rates are adjusted to account for the fossil generation Exelon has in each region, to avoid double counting of these emissions already captured in our Scope 1 accounting. It should be noted that 2014 and 2015 calculations were adjusted to incorporate the PJM Regional average emission factor in lieu of the eGRID average, which had been used for previous reporting to better show the trend in emissions performance beyond the Scope 2 methodology change (movement from eGRID RFC-East and RFC-West emissions factors to the PJM Annual System Mix Average).

In order to maintain a strong focus on GHG management, each Exelon operating company establishes a not-to-exceed net GHG target on an annual basis that focuses on the operations-driven portion of our inventory. For 2016 and years prior, the net GHG target has been based on location-based accounting, with renewable energy purchases incorporated as offsets. Starting in 2017, this net GHG target will now capture direct Scope 1 and market-based Scope 2 emissions incorporating clean power purchases directly into the accounting. The net GHG target excludes the customer-driven emissions, such as electric generation and electric distribution, because they swing significantly with customer demand, making them more difficult to target with traditional reduction initiatives than operations more directly in our control.

Efforts to reduce the customer-driven segment of our inventory are associated with our customer programs for energy efficiency, access to clean energy and increasing generation of low-carbon electricity. These impacts are referred to as customer abatement, emissions displacement and avoided emissions — each of which relate to overall GHG emissions associated with grid-level electric generation and distribution. These customer programs result in real GHG benefits, apply to the broader electricity sector level and cannot always be tied directly to immediate reduction of our own GHG inventory.

TABLE 1: EXELON CORPORATION GHG INVENTORY BREAKDOWN[1]

Equity-Share Boundary, Location-Based for Scope 2 Accounting

Customer-Driven Emissions

thousand metric tons CO_2e	2014	2015	2016
Scope 1 — Direct Emissions			
Stationary Combustion	15,654	6,811	8,954
Upstream Gas (combustion & fugitive)[2]	284	150	29
Total Customer-Driven Scope 1	**15,938**	**6,961**	**8,983**
Scope 2 — Indirect Emissions			
T&D Line Losses[3]	6,150	6,397	6,554
Muddy Run Pumping Power[4]	190	160	165
Upstream Gas (purchased electric)	154	48	17
Total Customer-Driven Scope 2	**6,494**	**6,605**	**6,735**
Total Customer-Driven Scope 1 & 2 Emissions	**22,432**	**13,566**	**15,718**
Supplemental Biomass (Generation)	290	356	338

Internal Operational Emissions

thousand metric tons CO_2e	2014	2015	2016
Scope 1 — Direct Emissions			
Stationary Combustion — Support Operations	117	103	88
Natural Gas Distribution (Fugitive Methane)	406	397	409
Electrical Equipment (Fugitive SF_6)	137	108	132
Fugitive Refrigerants, Bulk CO_2, Coal Pile	73	16	11
Vehicle Fleet Operations	83	92	100
Total Operations-Driven Scope 1	**816**	**716**	**741**
Scope 2 — Indirect Emissions			
Building Electric, District Heating and Cooling	129	110	139
Grid-Supplied Plant Electric Use	205	197	187
Total Operations-Driven Scope 2	**333**	**307**	**326**
Total Operations-Driven Scope 1 & 2 Emissions	**1,149**	**1,023**	**1,067**
Supplemental Biomass (Mobile)	6	6	7

Total Exelon GHG Emissions

	2014	2015	2016
Scope 1	16,754	7,677	9,723
Scope 2 (Location-based)	6,827	6,912	7,061
Supplemental	295	361	345
Total	**23,877**	**14,950**	**17,130**

1 Due to rounding, some totals may be off by 1,000 metric tons.

2 Upstream gas accounting refined to align with Argonne National Lab's GREET model estimations.

3 T&D line loss emissions adjusted to reflect establishment of location-based Scope 2 accounting.

4 Muddy Run pumping power emissions adjusted to reflect establishment of location-based Scope 2 accounting.

New Scope 2 Accounting

In response to the latest WRI Scope 2 guidance issued January 2015, Exelon has incorporated market-based Scope 2 accounting into our reporting as seen in Table 2. In addition, per this guidance, we have also included our Scope 2 emissions as calculated by location-based accounting side-by-side with these emissions as calculated by market-based accounting. Location-based represents emissions estimated using regional grid average emissions rates. Market-based accounting represents emissions estimated based on how we purchase our electricity. In instances where we specify through purchases specific technologies for generation, we are able to use the emission factor (lbs/MWh) associated with that technology in the calculation. Where we are not specifying our power, we use a residual mix emission factor (lbs/MWh), which is the emission rate of power whose emission attributes were not otherwise purchased and retired through a specific contract (tends to be higher-emitting sources).

Under the market-based Scope 2 accounting view, Exelon is recognizing the following market-based elements: electricity we purchase specifically from Exelon-owned generation assets, Green-e® certified RECs (renewable generation emissions attributes) and PJM-issued EFECs (nuclear generation emissions attributes). All other electric use is currently assigned a residual emissions rate for the region (the emissions rate of generation after all retired attributes are removed). An independent system operator residual rate is used where available, as it is considered the most current and accurate (currently only available in PJM, NEPOOL, ERCOT and CAISO).

TABLE 2: EXELON SIDE-BY-SIDE SCOPE 2 ACCOUNTING[1]

	2014 (Does not include PHI)			2015 (Does not include PHI)			2016 (Incorporates PHI after time of merger)		
	MWh Use (in thousands)	**Location-based Emissions** (thousand metric tons CO_2e)	**Market-based Emissions** (thousand metric tons CO_2e)	**MWh Use** (in thousands)	**Location-based Emissions** (thousand metric tons CO_2e)	**Market-based Emissions** (thousand metric tons CO_2e)	**MWh Use** (in thousands)	**Location-based Emissions** (thousand metric tons CO_2e)	**Market-based Emissions** (thousand metric tons CO_2e)
T&D Line Losses	12,701	6,150	4,784	12,687	6,397	4,628	14,245	6,554	5,097
Muddy Run Pumping Power[2]	404	190	0	319	160	0	361	165	0
Upstream Gas (electric compressors)	212	154	167	67	48	48	24	17	17
Building Electric, District Heating & Cooling	241	109	81	237	110	52	324	139	74
Grid-Supplied Plant Electric Use	467	199	152	440	197	125	462	187	59
Exelon Total	**14,025**	**6,802**	**5,184**	**13,750**	**6,912**	**4,853**	**15,416**	**7,061**	**5,246**

1 Historical years have been adjusted to remove plants since divested and incorporate ISO emission rates as available. eGRID average factors were used in lieu of residual rates not available during those years.

2 Muddy Run pumping power results in an emission benefit of avoiding nearly 1 million metric tons of CO_2e from emissions displacement that occurs from storing power generated at night and returning it to the grid at peak hours. This emissions displacement is not currently included as part of TCR's Scope 2 accounting. Electric use is less that returned to the grid at peak hours.

U.S. EPA e-GRID sub-regional average emissions rates are used if no ISO residual rate is available. Supplier-specific rates will be used once verified factors become available.

Other GHG Categories

Table 3 provides additional details on other GHG categories that Exelon is tracking as part of our program. These categories are used as a means of gaining insights into where Exelon may have additional opportunity to influence reductions in the supply chain or beyond the bounds of the Scope 1 and 2 GHG inventory. These categories currently include:

Scope 3

WRI Scope 3 supply chain categories such as business travel, long-term power purchase agreements and spot market purchases used to fulfill customer load, electricity delivered by utilities, and emissions associated with heating and cooling equipment we operate for others.

Clean Attributes and Offsets

Clean power attributes and CO_2 offsets include clean emissions attributes purchased to cover our internal electricity use (such as REC and EFECs), as well as carbon reductions we support that reduce CO_2 emissions outside of our verified GHG inventory. RECs and EFECs as shown are now also accounted for as part of the new market-based accounting. Currently our offsets include Climate Reserve Tonnes (CRTs) retired to offset the carbon footprint associated with our business travel, and Natural Gas STAR emissions reductions associated with PECO's natural gas system operating at a lower than average operating pressure.

Project-based Reductions

Project-based reductions relate to internal programs that improve operational efficiencies and encourage employee engagement. The U.S. EPA Waste Reduction Model methodology is used as the basis for estimating avoided emissions associated with our commercial facility material recycling and investment recovery activities. Accounting for other project-based reductions is developed on a case-by-case basis using the best available emissions documentation available to align with the specific activity. Accounting practices and factors are documented and applied consistently. These project-based reductions are for our internal environmental performance program only, and are not formally verified for sale in existing carbon markets.

TABLE 3: EXELON CORPORATION OTHER GHG EMISSIONS

thousand metric tons CO_2e	2014	2015	2016
Scope 3 Emissions			
Employee Business Travel[1]	21	25	26
Long-term and Spot Market Power Purchases for Resale — Fossil[2]	17,537	18,131	22,486
Long-term Power Purchases for Resale — Biomass	811	678	299
Electricity Distributed by our Utilities	75,711	78,602	78,888
Heating and Cooling Equipment Operated for Others	382	585	283
RECs and Offsets			
RECs Purchased for Corporate Buildings	(25)	(36)	(28)
EFECs Retired	(952)	(765)	(740)
Verified Offsets Retired	(25)	(29)	(20)
U.S. EPA Natural Gas STAR Reduction	(10)	(14)	(9)
Project-based Reductions			
Investment Recovery	(96)	(112)	(90)
Office Recycling	(10)	(14)	(12)
Used Oil Reclamation and Reuse	(9)	(10)	(8)
Prairie Grass Sequestration	(4)	(4)	(4)
Customer Abatement and Avoided Emissions			
Mandated Utility Customer Programs	(4,210)	(6,148)	(7,629)
Utility Renewable Portfolio Obligations	(1,375)	(1,192)	(1,202)
Competitive Retail Customer Energy Efficiency Programs	(59)	(95)	(120)
Competitive Retail Voluntary REC Sales	(829)	(902)	(972)
Avoided Emissions — Competitive Retail Distributed Generation[3]	(87)	(149)	(188)
Avoided Emissions — Exelon-owned Utility Scale Renewable Generation[3]	(3,795)	(3,436)	(3,234)
Avoided Emissions — Exelon-owned Nuclear Generation[4]	(85,477)	(85,983)	(86,731)

1 Scope 3 Business Travel emissions only; owned corporate aircraft is included under Scope 1 mobile emissions. Prior years were adjusted to reflect this refinement.

2 Includes owned and power purchase agreement renewables for which attributes may have been sold as RECs or retired for RPS obligations.

3 All years reflect emissions associated with their regional average emissions rate.

4 All years revised to reflect emissions based on the latest eGRID national average emission rate.

State-Level Supplier Specific Emission Factors

CONSTELLATION NEW ENERGY (CNE) 2016 CO_2 EMISSIONS FACTOR SHEET

State	CNE Supplier Specific Factor (lbs/MWh) Supports Market-based Reporting	Comparable Residual Factor (lbs/MWh) Supports Market-based Reporting	Comparable Regional Average (lbs/MWh) Supports Location-based Reporting	Data Source
Maine	702.40			
New Hampshire	891.16			
Rhode Island	768.03	662.03	854.68	NE-ISO - CY2015
Massachusetts	731.65			
Connecticut	868.02			
New York — Upstate	365.70	365.70	365.70	
New York City	665.50	665.50	665.50	EPA eGRID - CY2014
New York — Long Island	1,196.20	1,196.20	1,196.20	
Delaware	965.46			
Maryland	886.51			
District of Columbia	858.30			
New Jersey	897.10	965.46	1,014.29	PJM ISO - CY2015
Pennsylvania	935.28			
Ohio	949.08			
Illinois	918.75			
Michigan	1,531.50	1,531.50	1,531.50	EPA eGRID - CY2014
Texas	1,175.34	1,247.54	1,148.41	ERCOT - CY2015
California	615.39	943.58	568.60	CA ISO / eGRID - CY2014

- While a significant amount of Constellation supply flows directly from Exelon's low-carbon fleet (with a CO_2 emissions intensity of 106 lbs/MWh nationally), Constellation is limited to claiming clean attributes from RECs retired for RPS due to the de-regulated market structure and limitations in preventing double-counting of nuclear supply in existing market-derived residual emission rates currently used by others. This does differ from utilities in regulated markets where owned generation flows first to its utility supply and is not being potentially reported by other entities.
- There is currently no ISO-level emissions reporting (average or residual emission rates) for NYISO or MISO; thus the most recent eGRID 2014 data set (issued January 2017) has been used as the highest quality proxy for the system average, residual and our supplier rate per the WRI Scope 2 Standard.
- CNE currently has no RPS obligations in Delaware, thus the CNE emissions rate is equivalent to the residual rate for the region.
- Illinois, Pennsylvania and New Jersey report annually for the time period June through May for their RPS programs, therefore the Constellation supplier-specific emission rate aligns with that time period. The comparable residual and regional average rates provided are for a calendar year.
- The California residual rate is the California unspecified power rate as established by the California Air Resource Board.

Customer Abatement

Customer abatement refers to customer programs that result in GHG benefits. These include the BGE Smart Energy Savers programs and ComEd and PECO Smart Ideas programs and the PHI Home Energy Savings program, which help our customers reduce their electricity use through energy efficiency measures in conformance with 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 Energy Smart Savers in Maryland for BGE, to the Illinois Commerce Commission by ComEd, to the Pennsylvania Public Utility Commission by PECO, and to the regulatory commissions associated with the PHI utilities. When estimating emissions avoided by these efforts, Exelon is using the PJM 2015 system mix average (lbs/MWh).

Constellation's retail energy efficiency and clean energy products sales are also accounted for as customer abatement. Estimated megawatt-hours reduced as a result of Constellation efforts are those associated with estimated savings in its Efficiency Made Easy contracts and actual performance as measured in its performance-based contracting. Voluntary REC sales are based on actual annual sales volumes for national wind RECs. Avoided emissions associated with these efforts are estimated using the PJM 2015 system mix average (lbs/MWh).

Avoided Emissions from Nuclear and Renewable

Exelon presents projections for avoided emissions associated with our nuclear and renewable electric generation sources. Avoided emissions during past years are calculated based on the actual generation and a GHG emissions per MWh factor of 1,194.03 pounds/MWh (the U.S. eGRID 2012 national average adjusted to remove Exelon's nuclear generation). Projected avoided emissions for current and future years are based on the EIA Outlook Report 2017, pulling emission rates from regional data that includes both generation and emissions projections. Avoided emissions are estimates designed to give a sense (order of magnitude) of the amount of additional emissions that would be created if that amount of generation had not been produced, or was no longer provided by a low- or zero-carbon source and thus replaced by the remaining grid supply. This projection is one possible outcome, as actual replacement of generation would ultimately be driven by market function, fuel prices and viable and available technologies at a given time.

Comments

We welcome your comments and questions regarding this report. Please e-mail us at 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, Exelon Generation Company, LLC, Commonwealth Edison Company, PECO Energy Company, Baltimore Gas and Electric Company, Pepco Holdings LLC (PHI), Potomac Electric Power Company, Delmarva Power & Light Company, and Atlantic City Electric Company (Registrants) include those factors discussed herein, as well as the items discussed in (1) Exelon's 2016 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 24, Commitments and Contingencies; (2) Exelon's First Quarter 2017 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 17, Commitments and Contingencies; 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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