

PEPCO HOLDINGS INC
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May 28, 2014
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
(Amendment No.)

Filed by the Registrant

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Check the appropriate box:

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PEPCO HOLDINGS, INC.

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Filed by Pepco Holdings, Inc.

Pursuant to Rule 14a-12

Under the Securities Exchange Act of 1934

Subject Company: Pepco Holdings, Inc.

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On May 28, 2014, Pepco Holdings, Inc. (Pepco Holdings) commenced providing the following materials to customers, media and members of the community.

Exelon Corporation 2013 Annual Report

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Introduction

March 2013

Christopher M. Crane

President and Chief Executive Officer,

Exelon Corporation

On March 12, 2012, Exelon completed its merger with Constellation Energy, creating the leading U.S. competitive energy provider with one of the industry's cleanest and lowest-cost power generation fleets and one of the largest retail customer bases in the nation. Exelon has operations and business activities in 47 states, the District of Columbia and Canada, and conducts business in a world rich in diversity. Therefore, it is imperative that we foster a culture that recognizes our similarities and embraces our differences; our approach to diversity and inclusion is as important in the field of diverse business empowerment as it is among our workforce of more than 26,000 employees.

Achievements in Exelon's diverse business empowerment process are not possible without the leadership of Exelon's senior executives, the guidance of the Board of Directors and the commitment of every Exelon employee.

Our case for diverse business empowerment is clear: We operate on a national platform, selling electricity, natural gas and energy services in 47 states, while also operating and owning generating plants in 18 states. Our utilities are based in three large and highly diverse metropolitan areas—Baltimore, Chicago and Philadelphia—and we have substantial operations in Texas. That means that our workforce, our supplier base and our values must join together to reflect the diversity of our customers and our communities. We work aggressively on increasing our support of diverse suppliers. Not only is this good for the community, it is good business for Exelon as well.

Our commitment is only part of the story. As with all key areas of our business, Exelon's senior executives measure our performance on diversity so we can identify ways to strengthen and expand our impact. Meeting diversity goals is not a one-time event, nor is it strictly a quantitative exercise, but a continuous proactive process of defining, measuring, managing, evaluating and rewarding.

This Report tells the story of our commitment, and our results.

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Executive Summary

1.0 Message from M. Bridget Reidy

M. Bridget Reidy

Senior Vice President and Chief

Supply Officer, Exelon Corporation

Exelon's commitment to diversity and inclusion, both within the Exelon family of companies as well as in our relationships with our external stakeholders, is longstanding and pervasive. Our companywide commitment to diversity and inclusion recognizes that to demonstrate performance that drives progress we must treat diversity and inclusion as a business and moral imperative. A critical component of our diversity and inclusion strategy is our diverse business empowerment process.

By including diverse suppliers in the sourcing process we provide our stakeholders the most innovative, highest quality, and most cost-effective business solutions. Through experience, we know that inclusion of diverse suppliers in our sourcing process enables us to deliver business benefits that would not have been possible otherwise.

We attract suppliers of all backgrounds with the assurance that our corporate culture will welcome their abilities, ideas and aspirations. In turn, these suppliers respond by delivering value above and beyond the mere terms and conditions of a contract. They are highly valued partners in our enterprise and members of the extended Exelon family. Our suppliers' commitment, innovation and ability to make a difference inspire us; their stories and ours are intertwined.

Exelon's diverse business empowerment strategy, articulated in the pages that follow, aligns with national peer corporations whose supplier diversity programs are recognized as industry leaders and is a manifestation of our commitment.

Exelon stands among best practice standard bearers in the electric utility industry, having spent more than \$3 billion with diverse suppliers over the past five years. Our diverse business empowerment process is designed to engage

women-and minority-owned businesses with recognized diversity certifications in the economic activities of the company. We remain committed to building relationships and doing business with diverse suppliers that support Exelon and deliver economic benefit to the communities we serve.

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2.0 2012 EDBE Year-End Review

In 2012, Exelon's commitment to supplier diversity resulted in surpassing its goals, and we concluded another successful year of expanding relationships with diverse suppliers. Through careful planning and a concerted effort to implement the Exelon diverse business empowerment (EDBE) process, we purchased \$751 million in goods and services – an all-time high – from diversity certified suppliers, a \$122 million, or 19 percent, increase over the 2011 EDBE spend. The 2012 spend represents 11 percent of Supply-managed expenditures for services and materials, an increase over the 10 percent figure achieved in 2011.

Exelon's 2012 EDBE spend increased across a number of major categories, and achieved numerous high points for the year, including:

Exelon's spending with women-owned businesses increased \$98 million, 46 percent more than last year.

Exelon's Tier One (T1) spend (expenditures with diverse suppliers who contract directly with Exelon) increased by \$105 million, or 22 percent more than 2011.

Exelon's Tier Two (T2) spend (expenditures with diverse companies who serve as subcontractors) increased by \$18 million, 13 percent more than 2011.

ComEd's total diverse supplier spend rose from \$177 million to \$260 million, a 47 percent increase over 2011 expenditures.

Baltimore Gas and Electric's (BGE) diverse supplier spend was 14.2 percent of BGE's total procurable expenditures. For the fourth successive year, BGE has increased its goal for diverse supplier spend as an annual percentage of total corporate expenditures.

Independent of any formal legislative action or request, PECO established a 12 percent diverse supplier inclusion goal for its Smart Grid Smart Meter (SGSM) implementation project. In 2012, the third year of the project, PECO exceeded that 12 percent goal and beat its own projections for diverse supplier spend by \$6 million.

Exelon Business Services Company's (BSC) total diverse supplier spend increased from \$112 million to \$178 million, or by 44 percent over 2011 expenditures.

The BSC Supply organization managed 97 categories of spend for services and materials used by the company in 2012. Of those 97 categories, 90 included diverse suppliers as either T1 or T2 suppliers. Within 54 of the 97 categories, Exelon increased its spend with both T1 and T2 suppliers over the previous year's level.

Exelon Nuclear's total diverse supplier spend increased from \$131 million to \$141 million, or an 8 percent increase over 2011 expenditures.

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Areas of strategic focus contributing to and serving as the foundation of our 2012 diverse business empowerment process improvements include:

1. An increase in spending related to the Illinois legislature's passage of the Energy Infrastructure Modernization Act (EIMA);
2. The March 12, 2012, completion of the merger between Exelon and Constellation Energy;
3. The impact of focused efforts to increase high-margin/ Professional Service Firms spend; and
4. The effect of successful EDBE process changes impacted diverse supplier spend.

These four pillars of our EDBE process account for the majority of our \$122 million overall 2012 supplier diversity increase.

First, our 2012 results are especially significant because the spend associated with EIMA rose sharply, demonstrating the effects of greater sourcing event participation.

Second, diverse spend opportunities resulting from the Constellation merger contributed to supplier diversity growth.

Third, Exelon Corporation's high-margin strategy with diverse suppliers realized significant growth in 2012. The high-margin strategy focuses on eight categories of spend in the professional services areas. These categories are: advertising and marketing, business consulting, engineering and technical consulting, financial services, human resource services, IT professional services, legal and banking. The high-margin strategy was undertaken because these businesses typically have higher profit margins and an increased capacity to contribute to community economic development (jobs and community-based organization support).

Finally, a focus in 2012 on supplier development and supplier diversity integration with strategic sourcing resulted in increased participation in sourcing processes.

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The table below provides information on the total, T1 and T2 year-over-year EDBE expenditures for each Exelon operating company. The chart graphically illustrates the dramatic increase in supplier diversity at ComEd as a result of the EDBE spend related to EIMA.

2012 EDBE Spend Overview

The table below shows that Exelon's spend with T1 diverse suppliers increased by approximately 22 percent from last year, an achievement attributable to increases in spend with women-owned businesses (up 46 percent). In 2012, women-owned businesses continue to be the largest classification of EDBE spend, representing 53 percent of Exelon's spend with T1 diverse suppliers.

2012 EDBE Spend by Diversity Certification

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The table below shows another key benefit of the EDBE spend: increased spend in core areas such as distribution construction, engineering and technical consulting, supplemental labor and facilities, which is an essential part of our strategy to increase spending in key areas of the business where there are consistent product, service and support needs.

Exelon 2012 Top 10 Categories of Spend

The tables below show that our core value of diversity runs deep and is widespread throughout the organization. Our top 10 T1 and T2 suppliers reflect a wide representation of diversity. For example, spending with T1 women-owned businesses posted the largest percentage gains with an increase over 2011 of \$67 million to surpass \$104 million in 2012 in distribution and construction, and our T2 spend increased the most in supplemental labor. These increases reflect our consistent attention to improvements in EDBE spend in our core areas of operation.

EDBE Top 10 T1 Diverse Suppliers

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EDBE Top 10 T2 Spend

Exelon supports several diverse supplier advocacy organizations. In 2012, Exelon completed its fourth year of support for the Chicago United (CU) Five Forward Program. In 2009, ComEd joined CU, an organization that advocates for all aspects of corporate diversity, and became a charter member of the CU Five Forward Initiative, which was created to build a stronger regional economy and build minority businesses of scale. Through this membership ComEd has committed to expand or establish business relationships with five current and/or new local minority firms. Since 2009, we've more than tripled our expenditures with our Five Forward partners as T1 or T2 suppliers. Importantly, in 2012 the program expanded from the original five partners to include two additional partners. In the future this collaborative venture will be referred to as Five Forward Plus. During 2012, we spent \$4.9 million with our Five Forward Plus partners.

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EDBE Priorities

3.0 ComEd Infrastructure Modernization Initiatives

In October 2012, ComEd received approval to upgrade and modernize the electric system to build a stronger, more reliable infrastructure. As part of this \$2.6 billion effort, ComEd launched one of the largest and most extensive capital projects in company history. A cornerstone of this initiative is our commitment to increase spending with diverse suppliers by 15 percent over a 10-year period. The increase is being measured over ComEd's 2010 capital spending baseline. The intent of the self-directed diverse supplier goal was to make known ComEd's commitment to economic growth for small and minority business as a function of the project.

Looking back on 2012, the impact of ComEd's capital expenditures on supplier diversity was one of the year's most significant highlights. ComEd set an ambitious diverse supplier inclusion goal for its annual capital expenditures to ensure economic return to our small business partners in Illinois. In 2012, ComEd far surpassed its goal by increasing capital expenditures with diverse suppliers from \$79 million to \$147 million, an 86 percent increase over 2011 expenditures. This growth represents 2012's largest dollar and percentage increase in diverse supplier spend for any Exelon operating company and far outpaced the original goal of an additional \$1 million in EDBE spend.

The extraordinary growth in ComEd diverse spending was in large part due to a concerted effort by ComEd, BSC sourcing, and the EDBE Office to increase the number of diverse suppliers in sourcing events. This effort to increase sourcing event participation resulted in diverse supplier participation in capital investment that greatly exceeded EDBE targets set for 2012.

ComEd EIMA Performance

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Profile in Generosity

Larry Huggins, CEO of Riteway-Huggins Construction, came from a single-parent home in Englewood, a rough neighborhood on Chicago's South Side. As a construction worker in the 1970s, Huggins was driven to start his own construction company. According to Huggins, as a general contractor, you're able to give back to your community by providing contracts and employment for others. Years after first dreaming of Riteway-Huggins Construction, the reality of his construction company has now exceeded the dream.

Riteway has grown dramatically over the years, and employed hundreds of employees. In addition, Riteway has participated in numerous large projects, which include the Harold Washington Library, the United Airlines terminal at O'Hare Airport, and the Chicago Board of Trade building. Because of this tremendous growth, Huggins remains committed to offering economic opportunities to other minorities. According to Huggins, he has a responsibility to train people from his Englewood neighborhood, a community currently plagued by violence, and he believes that a diverse work force is best. Huggins' dedication to opportunity aligns with Exelon's commitment to diversity. Over the years, Exelon has recognized the hard work and creativity of Riteway-Huggins, and the company was recruited to join Exelon's Five Forward Plus Program.

I've had the privilege of being a ComEd supplier since 1995, and I've always admired ComEd for the examples provided in economic and community leadership, Huggins said. My partnership with ComEd has provided me with the opportunities necessary to grow my business. This in turn allows us the resources needed to give back generously to the community, just like ComEd does.

Among Huggins' charitable contributions is his coordination and primary sponsorship of the Christmas in the 8th and 34th Wards event. Huggins has coordinated the largest Christmas toy and gift giveaway for families in two of Chicago's most economically challenged neighborhoods on the City's South Side since its inception 16 years ago. In addition, Huggins sponsors one of the nation's largest Historically Black College Football Celebration weekends, a football game between two historically black colleges and universities at Soldier Field to raise funds for scholarships for students of all races. He personally sponsors the attendance of hundreds of underprivileged students.

Riteway-Huggins is a constant reminder that while contracts are important measurements of a company's progress, there's more to Exelon's EDBE process than simply numbers, including giving suppliers the tools they need to develop and grow. These suppliers in turn provide jobs and other opportunities for our stakeholders.

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3.1 City of Chicago Franchise Agreement

In addition to exceeding ComEd's annual capital expenditure goals for supplier diversity, the EDBE Office also surpassed goals established by the City of Chicago Franchise Agreement. The Franchise Agreement requires ComEd to use good faith efforts to achieve active participation of certified minority-owned business enterprises equal to 25 percent of the dollar value of contracts relating to the construction or rehabilitation of buildings in Chicago, and to achieve participation of certified woman-owned business enterprises (WBE) equal to 5 percent of such contracts.

ComEd has consistently met or exceeded Franchise Agreement targets over the past five years. In 2012, ComEd achieved 32 percent diverse supplier inclusion, with 26 percent MBE and 6 percent WBE. The Franchise Agreement also requires Exelon to annually host a minimum of two supplier development/ technical assistance workshops targeting smaller diverse suppliers with aspirations of competing for larger public and private sector contracts. The EDBE Office conducted six technical assistance and business development workshops for diverse suppliers in the City of Chicago. The table below shows the results of our City of Chicago Franchise Agreement efforts.

Chicago Franchise Agreement Performance

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3.2 New ICC Reporting Requirements

Finally, it is important to note that this past summer, the Illinois General Assembly amended the Public Utilities Act to mandate that the Illinois Commerce Commission (ICC) require all regulated utilities to submit an annual report on procurement goals and spending with certified diverse suppliers. On February 1, 2013, ComEd completed and filed with the ICC its 2013 annual report, which details the dramatic growth in diverse supplier spend resulting from increased annual capital expenditures. As part of the EDBE strategy, supplier development programs are being enhanced to ensure that viable diverse suppliers are available for future ComEd capital expenditure projects.

Profile in Progress

As infrastructure modernization continues to evolve to meet customers' needs now and in the future, more emphasis is placed on infrastructure construction. Sharing our modernization procurement needs with diverse suppliers was a key focus of our efforts in 2012. Business owner Loretta Rosenmayer, a long-time ComEd supplier, has played a significant role in infrastructure construction. Rosenmayer founded InTren, originally Trench-It, in 1988 as an underground trenching company. Over the years the company's capabilities have expanded to overhead and underground electric distribution, gas distribution work, directional borings and maintenance services for electric and natural gas utilities.

It was ComEd's commitment to supplier diversity that provided me with the opportunities to grow my business, Rosenmayer said. The ComEd team mentored me, coached me and really challenged me. They raised the bar high, and I was determined to exceed their expectations and demands.

InTren has now established its own second tier subcontracting program, through which InTren tracks its expenditures with diverse suppliers. InTren offers formal mentoring to its participating suppliers.

Through our mentoring program we strive to give smaller diverse suppliers the opportunity to grow and develop in the same manner that ComEd helped us, Rosenmayer said. This includes inviting them to participate in ComEd safety meetings with us, assessing their books and coaching them in preparing responses to RFPs.

In 2013, we will continue to work with suppliers, like InTren, to expand opportunities to diverse businesses.

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3.3 PECO Smart Grid Smart Meter Initiatives

In 2010, PECO began its four-year Smart Grid Smart Meter (SGSM) implementation. The SGSM project will conclude in 2013. Independent of any formal legislative action or request, PECO established a 12 percent diverse supplier inclusion goal for this project to support ongoing small business development and to demonstrate PECO's commitment to expanding opportunities for diverse suppliers in the mid-Atlantic region.

PECO exceeded the 12 percent goal in the third year of the project. The cumulative diverse spend of \$26 million represents 15 percent of the project's total expenditures and exceeded the projected actual dollars spent with diverse suppliers by \$6 million. Significant categories for diverse supplier inclusion were IT hardware, business consulting and IT professional services

PECO SGSM Performance

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Profile in Customer Service

Since 2004, Choctaw-Kaul (CK) has supported Exelon with tools and safety equipment.

In 2012, CK became our new integrated distributor for Maintenance, Repair and Operations (MRO) and Electrical Distribution Equipment (EDE) materials. Since 2004, CK has supported Exelon Nuclear, Exelon Power, ComEd and PECO with tools and safety/PPE equipment. CK was awarded both the 2011 Exelon Diversity Supplier of the Year award from ComEd and PECO. Because of their legacy of value and excellent performance, CK prevailed in the bidding for a new deal valued at \$100 million per year for five years.

CK, however, had very little time to celebrate the execution of the contract. Prior to full implementation of the contract, hurricane Sandy struck Exelon's service territory, requiring an unprecedented amount of resources. Ensuring service to critical infrastructure required delivery of safety equipment within hours. True to its reputation for exceptional customer service, CK delivered even before full implementation of the contract. CK's flexibility and willingness to adapt are well aligned with Exelon. We look forward to our continued relationship with CK in 2013.

4.0 The Exelon and Constellation Merger

The second of the four key factors producing growth in diverse supplier participation was the merger between Exelon and Constellation. On March 12, 2012, Exelon Corporation and Constellation completed their merger, which created the leading U.S. competitive energy provider with one of the industry's cleanest and lowest-cost power generation fleets, and one of the largest retail customer bases in the nation. The new Exelon's economies of scale increase the opportunities for Exelon and its suppliers.

Because of Exelon's larger scale, the focus on supplier diversity remains a top priority. Exelon's EDBE process remains one designed to identify high-potential diversity certified businesses and assist in growing these companies to regionally and nationally competitive positions. Exelon has already seen positive effects to the EDBE process directly related to the merger. Exelon's diverse suppliers can now provide goods and services to Exelon's utilities, which are headquartered in three of the nation's largest and most ethnically diverse cities (Baltimore, Chicago and Philadelphia), and retail operations throughout the country. This combination of economies of scale and geographic expansion has created significant contract opportunities for our diverse suppliers.

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In 2012, Exelon also assumed responsibility for reporting diversity statistics to the state of Maryland. Specifically, in February 2009 the Maryland Public Service Commission (PSC) and BGE agreed that BGE would voluntarily develop, implement and annually report on spending with certified diverse suppliers. According to this agreement (known as the Memorandum of Understanding, or MOU), BGE will provide diverse suppliers a maximum opportunity to participate in and compete for contracts in the BGE supply chain. The MOU also established an aspirational goal for all participating Maryland utilities to award 25 percent of supply chain spending to certified diverse suppliers. While the MOU set no specific timetable for the utilities to achieve the 25 percent goal, BGE is consistently working towards the goal.

Together, through careful planning and a concerted effort to integrate BGE's successes in managing supplier diversity with Exelon's advanced diverse business empowerment strategy, BGE spent \$116 million with certified diverse suppliers. This sum equals 14.2 percent of the total procurable expenditures of \$816 million. For four successive years, BGE has met or exceeded its MOU annual percentage goal. The table below provides figures demonstrating BGE's advancing the inclusion of diverse supplier over four years from 10.3 percent to 14.2 percent of the total procurable spend.

BGE MOU Annual Percentage Growth.

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5.0 The EDBE Office's High-Margin/Professional Service Firm Strategy

The third key factor producing growth in supplier diversity participant was the Exelon high-margin strategy, which has been highlighted as an industry best practice over the past five years. This strategy focuses on increased expenditures in core areas such as engineering/technical consulting, information technology professional services, and human resource services, which are an essential part of our strategy to increase spending in key areas of the business where there are consistent product, service and support needs. This year's T1 spend with high-margin diverse suppliers was \$91 million, representing a \$26 million year over-year increase. The top 10 suppliers represent 51 percent of the T1 high-margin total.

EDBE Top 10 Suppliers by High-Margin Category

Spending with engineering/technical consulting firms, information technology professional services, human resource services and financial services provided the largest percentage gains within the high-margin strategy.

2012 T1 High Margin

In 2012, Exelon Finance significantly contributed to accomplishing the high-margin Strategy. During 2012, minority investment management firms managed \$929 million in corporate assets. In addition to this important milestone, another nine minority investment firms participated in or co-managed \$1.3 billion in corporate bond deals. Exelon's increase in deposits and credit facilities agreements in 31 small, community focused banks also represents a high water mark and demonstrates our firm commitment to community reinvestment. Included in the 31 community focused banks are 12 minority-owned-and-operated banks. Finally, in 2012, certificates of deposit and credit facilities agreements managed by the minority-owned banks exceeded \$145 million. Included in this year's results were Baltimore-based and African-American-owned Harbor Bank and Brown Capital. Both were added as a function of the completion of the Exelon/ Constellation merger and represent Exelon's commitment to diverse supplier inclusion in that region.

Table of Contents**2012 Statistical Overview of Diverse Investment Banking Service Providers**

In 2012, Exelon's support for minority banks was tremendous. Exelon's minority and community banking program, now in its tenth year, exemplifies our commitment to doing business with diverse suppliers. Over \$929 million in corporate assets were managed by minority/women-owned investment and commercial banks. Approximately 35 percent of banks doing business with Exelon were diversity certified.

Pension Fund Management

\$876 million under management
82 percent African American firms
9 percent Hispanic firms
9 percent Asian/Indian firms

Certificate of Deposit & Cash Management Program

\$21.6 million in deposits
19 percent African-American banks
10 percent Asian banks
3 percent Hispanic banks
3 percent women-owned banks

Credit Facility

\$122.9 million under management
25 percent African-American banks
6 percent Asian banks
3 percent women-owned banks

Profiles in Excellence

Loop Capital and Williams Capital Group have a lot in common. They are both at the vanguard of change for African American investment banking. Both are led by charismatic, determined, hard working CEOs who were educated at elite business schools and have succeeded at some of Wall Street's most influential firms. These entrepreneurs have become difference makers in the world of corporate finance. Importantly, both have a methodical dedication to client satisfaction. Importantly, both worked for ComEd as co-managers for the electric utility industry's first ever taxable bond offering managed exclusively by minority-owned investment banks.

Christopher J. Williams, head of Williams Capital Group, has an MBA from Dartmouth, and has led his firm to consistent profitability through down markets – setting himself apart from the many peer firms in investment banking. For years Williams has earned the distinction of being the only black-owned firm to land among the top 20 underwriters on Wall Street.

Loop Capital has enjoyed remarkable growth from a Chicago municipal bond firm with a staff of six in 1997, to a global investment services firm with more than 170 professionals lead by Loop Co-Founder James Reynolds. Reynolds, a Kellogg MBA graduate and former Merrill Lynch vice president has put his personal stamp on a culture of client relationship building. Loop Capital has lead nearly \$1 billion in Exelon bond transactions, and advised in the \$7.9 billion merger of Exelon and Constellation.

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6.0 Internal Communications

6.1 EDBE Integration Into Sourcing Goals And Processes

Looking back on the year, it is clear that program improvements around refined internal communications contributed to the increase in diverse spending. During 2012, the BSC Supply leadership team reinforced the sourcing professionals' commitment to collaborate with the EDBE Office, to identify appropriate sourcing opportunities, and invite potential diverse suppliers to sourcing events managed by BSC Supply. Category managers regularly alerted the EDBE office when bid opportunities arose, and the EDBE Office actively assisted in the management of strategic sourcing initiatives. Our strong partnership encouraged Supply employees to participate in EDBE networking events, and to promote diversity throughout the entire organization. This year, more than any other, timely communication with the EDBE Office allowed for efficient research of best-in-class diverse suppliers throughout our national network, resulting in increased diverse spend across the company. Our internal communications process has now been refined to include the following mutual considerations:

Actively sharing bid opportunities with the EDBE Office, which in turn researches and pre-qualifies diversity certified suppliers to participate in sourcing events;

Coordinating efforts to assist with goal-setting, ensuring co-ownership of supplier diversity goals;

Ensuring that EDBE information is communicated to internal clients in the Exelon Operating companies and to external, non-diverse suppliers for utilization of diversity certified subcontractors;

Regular reporting of EDBE progress to operating company leadership; and

Reviewing current contracts to ensure maximized diverse supplier opportunities.

6.2 EDBE Processes Quality Benchmarks

The EDBE office conducts regular benchmarking of best practices among its industry peers' supplier diversity programs, as well as with leading supplier diversity advocacy organizations such as:

The National Minority Supplier Development Council's (NMSDC) Best Practice Task Force

NMSDC's Utility Industry Professionals Group;

Maryland Utility Forum on Supplier Diversity;

The National Association of Regulatory Utility Commissioners, Utility Marketplace Access Partnership; and

The Conference Board's Supplier Diversity Leadership Council.

Exelon continues to be recognized among peer corporations for leadership in corporate supplier diversity, and currently holds leadership positions in both NMSDC's Best Practice Task Force and Utility Industry Professional Group.

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6.3 EDBE Policy and Procedures

A critical element in process oversight and governance of sourcing activity is the enhancement and reinforcement of BSC Supply policies and procedures. To this end, the EDBE process aligns with the supply organization's policies and procedures. BSC sourcing professionals are well versed and committed to the EDBE mission, vision and goals.

In 2012, the EDBE Office implemented new processes and systems to more effectively capture diversity data and continue to improve the line of site for each business unit. By implementing a new T2 reporting system, Exelon successfully consolidated and standardized T2 reporting across operating companies. In addition, the EDBE Office created a specific training module for category managers and other sourcing professionals that highlight process and reporting enhancements. The new system includes an enhanced user-friendly reporting features, increased visibility of T2 spend, and a system to generate reminder notifications.

6.4 EDBE Support of Commercial Business

The EDBE team also forged strong ties with our commercial business organization. During 2012, an increasing number of RFPs were generated by federal, state and municipal entities. These growing governmental opportunities require reporting of diverse supplier expenditures. In 2012, Exelon reported T2 spend that supported \$57 million in revenue.

6.5 EDBE Staff

In 2012, the EDBE Office added staff to increase efficiency. To support EDBE process management, a director-level manager reporting to the senior vice president and chief supply officer leads the execution of the corporate EDBE strategy. Additional resources include:

Three manager-level employees work directly and exclusively on all aspects of the supplier diversity process;

A shared business analyst and administrative coordinator for data and communication support, respectively; and

Supply category managers who serve as champions for the EDBE process throughout the sourcing organization, and are responsible for the inclusion of diverse suppliers in the sourcing process.

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EDBE Process

7.0 External Outreach

7.1 EDBE Recognition

We are proud that Exelon's diverse business empowerment efforts have been recognized by several national supplier diversity advocacy organizations. Exelon was the recipient of the 2012 American Association of Blacks in Energy (AABE) Corporation of the Year award for excellence in promoting business in the energy industry for diversity certified firms. Exelon served on a National Advisory Council of Minority Business Enterprises sponsored by The Minority Business Development Agency (MBDA) of the U.S. Department of Commerce. The Advisory Council was chartered to examine the current state of affairs of public/private sector minority business development efforts, and to redirect the MBDA's approach to advancement of national minority business issues. Twenty-five Fortune 500 executives and minority business enterprise CEOs comprise the taskforce.

In 2012, Exelon also served on Chicago Mayor Rahm Emmanuel's taskforce to assess the state of minority business in the city. This taskforce of private sector executives, MWBE CEOs and diverse supplier advocacy organization leaders was chartered to examine the current state of affairs of Chicago public/private sector minority business development efforts.

Exelon served on the National Minority Supplier Development Council's Corporate Best Practices Committee. Seventeen Fortune 500 corporations are represented on the Best Practices Committee, and are mandated to advance the standards for measuring excellence among corporate supplier diversity programs. In addition, Exelon co-leads along with Pacific Gas & Electric the NMSDC Utility Industry Professionals Group. This group addresses supplier diversity concerns and issues unique to the utility industry.

Finally, in November 2012 Exelon was one of two utilities invited to make a supplier diversity best practices presentation at the national conference of the National Association of Regulated Utility Commissioners (NARUC).

7.2 EDBE External Relationships

The EDBE Office constantly builds relationships with diverse suppliers, and ensures our active involvement with minority business development and advocacy organizations. As a result, Exelon maintains a large database of qualified diverse suppliers. Our knowledge of diversity certified suppliers is also enhanced by our participation in local, regional and national diverse supplier advocacy organizations. In 2012, we made improvements in expanding opportunities in categories in which diverse suppliers were historically under-represented. The Supply sourcing teams worked with regional organizations to leverage their resources and ensure local diverse contractors were positioned for meaningful participation in future bid opportunities in these categories. The national and regional organizations that Exelon works with include:

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National Organizations

American Association of Blacks in Energy Entrepreneurship Committee

Edison Electric Institute

Human Rights Campaign

The Minority Business Development Agency U.S. Department of Commerce

National Association of Women Business Owners

Rainbow PUSH Trade Bureau

The Congressional Black Caucus Washington, D.C.

The National Minority Supplier Development Council (and regional affiliates)

The Women's Business Enterprise National Council (and regional affiliates)

Regional Organizations

Chicago United (The Five Forward Program)

Hispanic American Construction Industry Association

Illinois Hispanic Chamber of Commerce

Maryland Chamber of Commerce

Maryland Governor's Office of Minority Affairs

Maryland Hispanic Chamber of Commerce

Maryland Minority Contractors Association

Philadelphia Gay and Lesbian Chamber of Commerce

Philadelphia Hispanic Chamber of Commerce

The Elite Service-Disabled Veteran-Owned Business Network

The Pennsylvania Enterprise Center

U.S. Pan Asian American Chamber of Commerce - Midwest Region

MD. Washington Minority Contractors Association, Inc.

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7.3 EDBE Supplier Development

2012 also saw an expanded focus on supplier development. Mentoring diverse suppliers through the T2 Institute has been a win-win process for all involved. It has enhanced our pool of suppliers in these areas and has provided diverse suppliers with valuable experience working with a major utility company, while receiving mentoring and constructive feedback. T2 Institute participants gain a comprehensive understanding of Exelon's expectations and receive opportunities to network with prime contractors.

Specifically, the T2 Institute focuses on the following:

Provide support and coaching that follows the guidelines of the Chicago United Five Forward Plus Supplier Development program, and the NMSDC Centers of Excellence Supplier Development program;

Facilitating relationships between non-diverse prime suppliers and diverse suppliers;

Supporting Diverse Supplier Technical Assistance Programs in Baltimore, Chicago and Philadelphia by providing curriculum content and sponsorship to specific advocacy organizations with small business technical assistance programs;

Identifying supplier development opportunities through analysis of additional under-represented spend categories, and through input from internal utility and other operating company clients; and

Monitoring T1 suppliers' compliance with our T2 diversity subcontracting requirements.

Profile in Pride

Skip Williams is the president of Fidelity Print Communications (FPC). Williams arrived in Chicago from Memphis, Tennessee, in 1941 at the age of 14 with \$20 in his shoe and an abundance of hope. He found a job at Berlin Press, where he worked for 20 years with a break to serve in the Air Force as a ground crew member for the legendary Tuskegee Airmen. He and his wife, Hazel, opened Fidelity Bindery in 1963. By 1970, Fidelity grew into one of the largest black-owned printing companies in the United States.

I started Fidelity hoping to give my family an opportunity to own a business and educate themselves. I wanted to open opportunities for minorities that had been locked out of the print industry and make a difference in the lives of disadvantaged people that wanted good honest work. In this company employees are proud to work with different types of people and collectively see their future growing together by working together. Working with Exelon since 2001 has given FPC credibility among other corporations that otherwise might not consider us, Williams states. The Exelon relationship is now over 12 years old and our workers take pride when they see projects with the Exelon logo on various printed pieces. In our small company it makes us all feel big.

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8.0 EDBE 2013 Plan

The 2013 EDBE diverse supplier inclusion goal for Exelon spend is \$720 million. To achieve this goal the EDBE Office is continuing to focus on the Exelon's diverse business empowerment process. The process employs a systemic model that optimizes diverse supplier relationships to add value to Exelon beyond the norms of traditional corporate supplier diversity. Specifically to achieve the 2013 goal, the EDBE process will:

Increase focus on under-represented diverse suppliers with regional and national capabilities;

Continue to monitor and increase opportunities for diversity certified suppliers for inclusion in Exelon sourcing events;

Explore and affirm opportunities for diversity certified suppliers outside of BSC sourcing events;

Focus on projects for BGE, ComEd, Constellation and PECO where supplier diversity inclusion metrics are regulatory requirements and/or integral to project success; and

Engage new non-diverse primes in the T2 diverse subcontracting process, while continuing to monitor T1 suppliers subcontracting with diverse suppliers.

The EDBE process is detailed below.

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9.0 Appendix

9.1 EDBE Glossary of Terms

Exelon Diverse Business Empowerment (EDBE)	Exelon's program to integrate supplier diversity with other business diversity processes and create value for Exelon
Diverse Supplier / Diversity Certified Supplier	A business holding a diversity certification from an approved third-party certification organization
High-Margin Firm/Category	Professional services spend in the categories of advertising and marketing, business consulting, engineering and technical consulting, financial services, HR services, IT professional services, legal and banking
T0	Prime contract spend with a non-diverse supplier
T1	Prime contract spend with a diverse supplier
T2	Sub-contracted spend by T1 with a non-diverse supplier
Supply-Managed Spend	The dollar amount of spend managed by the Exelon BSC Supply organization
WBE	Women-Owned Business Enterprise
MWBE	Minority and Women-Owned Business Enterprise
MBE	Minority-Owned Business Enterprise
Veteran	Veteran-Owned Business Enterprise
LGBT	Lesbian, Gay, Bi-Sexual, and Transgender-Owned Business Enterprise
SDVOB	Service Disabled Veteran-Owned Business

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Exelon's Diverse Business Empowerment

total spend consists of the following components:

Profile in Perseverance

Marsha Serlin founded United Scrap Metal in 1978 and began building her company with \$200 and a rental truck. At that time, Marsha was a divorced single parent, solely responsible for two young children. She saw an opportunity to support her family by gathering scrap from alleys, manufacturers and facilities. Competitors anticipated her start-up would soon fail as the industry entered an economic recession. Now, United Scrap Metal is changing the way corporations manage and benefit from their recyclable commodities, United Scrap Metal is an invaluable partner in Exelon's efforts to proactively manage, its precious metals scrap.

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Diverse Business Empowerment

2012: A Year in Review

10.0 BGE Executive Summary

In 2012, BGE total spend was \$819 million across 46 categories, and its diverse spend was \$116 million, or 14 percent of BGE's total Supply-managed spend. The subsequent tables provide more detailed information on BGE's total spend and specifically illustrate BGE's total and diverse spend.

10.1 BGE T1 Spend

The Top 5 categories of BGE T1 diverse spend represents 53 percent of the total T1 diverse spend.

The tables on the opposite page show that the top five T1 diverse suppliers represent 30 percent of the total T1 diverse spend at BGE. In addition they show that BGE's T1 diverse spend is dominated by women-owned businesses totaling \$41 million, or 51 percent of the T1 Spend. The Asian-owned businesses spend was \$9 million, or 13 percent.

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10.2 BGE T2 Spend

Tier 2 diverse spend is reported by each supplier on an aggregate basis. As a result, Exelon allocates the T2 spend to a business unit and category in accordance with the supplier's total spend within each respective business unit and category. The values in the table below are an approximation of the T2 diverse spend by supplier and category.

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10.3 Exelon Maryland T1 Spend

The top five categories of Exelon's T1 diverse spend within the State of Maryland represent 52 percent of the total T1 diverse spend in that state.

The following chart provides a breakdown of Exelon's spend within the State of Maryland with the top five T1 diverse suppliers, which represent 47 percent of the total Exelon T1 diverse supplier spend in Maryland.

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BGE's top five categories of T1 diverse spend within the State of Maryland represent 47 percent of the total BGE T1 diverse spend in Maryland.

10.4 BGE Maryland T1 Spend

BGE's top five categories of T1 diverse spend within the State of Maryland represent 47 percent of the total BGE T1 diverse spend in Maryland.

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The following chart provides a breakdown of BGE's top five T1 diverse suppliers by spend, which represent 53 percent of the total T1 diverse spend in Maryland.

The following chart provides a breakdown of BGE's Maryland 2012 T1 diverse spend of \$32 million by certification. Women-owned businesses are the dominant resource, representing 75 percent of BGE's T1 diverse spend.

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Diverse Business Empowerment

2012: A Year in Review

11.0 ComEd Executive Summary

In 2012 ComEd total spend was \$1.128 billion across 64 categories. ComEd's total diverse spend in 2012 was \$260 million, representing 23 percent of ComEd's total spend. The following tables provide more detailed information on ComEd's total spend and specifically depict ComEd's total spend; diverse spend; and diverse spend within the top 5 categories.

11.1 ComEd T1 Spend

The top five categories of ComEd T1 diverse spend represent 71 percent of the total T1 diverse spend.

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The following chart provides a breakdown of ComEd's 2012 top five T1 diversity suppliers by spend, which represents 73 percent of the total T1 diverse spend.

The following chart provides a breakdown of ComEd's 2012 total T1 diverse spend of \$217 million by certification. Women-owned businesses are the dominant source, representing 68 percent of the T1 diverse spend.

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11.2 ComEd T2 Spend

T2 diverse spend is reported by each supplier on an aggregate basis. As a result, Exelon allocates the T2 spend to a business unit and category in accordance with the supplier's total spend in each respective business unit and category. The values in the table below are an approximation of the T2 diverse spend by supplier and category.

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11.3 Exelon Illinois T1 Spend

The top five categories of Exelon's T1 diversity spend within the State of Illinois represent 80 percent of the total T1 diverse spend in the state.

The following chart provides a breakdown of Exelon's spend within the State of Illinois with the top five T1 diverse suppliers, which represent 77 percent of the Exelon's T1 diverse supplier spend in Illinois.

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The following chart provides a breakdown of Exelon's Illinois 2012 total T1 diverse spend of \$212 million by certification. Women-owned businesses are the dominant resource, representing 70 percent of Exelon T1 spend within Illinois.

11.4 ComEd Illinois T1 Spend

ComEd's top five categories of T1 diverse spend within the State of Illinois represent 85 percent of the total ComEd T1 diverse spend in the state.

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The following chart provides a breakdown of ComEd's top five T1 diverse suppliers by spend, which represents 83 percent of the total T1 diverse spend in Illinois.

The following chart provides a breakdown of ComEd's Illinois 2012 T1 diverse spend of \$160 million by certification. Women-owned businesses are the dominant resource, representing 79 percent of ComEd's T1 diverse spend.

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Diverse Business Empowerment

2012: A Year in Review

12.0 PECO Executive Summary

In 2012 PECO's total spend was \$638 million across 59 categories. PECO's total diverse spend in 2012 was \$76 million, representing 12 percent of PECO's total spend. The following tables provide more detailed information on PECO's total spend and specifically depict PECO's total spend; total EDBE spend; and EDBE spend within the top five categories.

12.1 PECO T1 Spend

PECO's top five categories of T1 diverse spend represent 65% of the total T1 diverse spend in that company.

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The following chart provides a breakdown of PECO's 2012 top five T1 diverse suppliers by spend, which represents 65 percent of the total T1 spend.

The following chart provides a breakdown of PECO's T1 diverse spend of \$57 million by certification. Women-owned businesses are the dominant resource, representing 51 percent of PECO's T1 diverse spend.

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12.2 PECO T2 Spend

T2 diverse spend is reported by each supplier on an aggregate basis. As a result, Exelon allocates the T2 spend to a business unit and category in accordance with the supplier's total spend within each respective business unit and category. The values in the table below are an approximation of the T2 diverse spend for PECO by supplier and category.

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12.3 Exelon Mid-Atlantic (PA, NJ, DE) T1 Spend

The top five Exelon Mid-Atlantic T1 spend categories represent 67 percent of the total Mid-Atlantic T1 spend.

The following chart provides a breakdown of Exelon's Mid-Atlantic 2012 top five T1 diverse suppliers by spend; these suppliers represent 68 percent of the total Mid-Atlantic T1 diverse spend.

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Set forth below is a chart that provides a breakdown of the Exelon's Mid-Atlantic 2012 total T1 diverse spend of \$66 million by certification. Women-owned businesses are the dominant resource, representing 47 percent of Exelon's Mid-Atlantic T1 diverse spend.

12.4 PECO Mid-Atlantic (PA, NJ, DE) T1 Spend

The top five PECO Mid-Atlantic T1 spend categories represent 88 percent of the total PECO Mid-Atlantic T1 spend.

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The following chart provides a breakdown of PECO's Mid-Atlantic top five supplier T1 spend representing 80 percent of the total PECO Mid-Atlantic T1 spend.

The following chart provides a breakdown of the PECO's Mid-Atlantic 2012 total T1 diverse spend of \$25 million by certification. Women-owned businesses are the dominant resource, representing 84 percent of PECO Mid-Atlantic T1 diverse spend.

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Diverse Business Empowerment
2012: A Year in Review

Exelon Nuclear

13.0 Exelon Nuclear Executive Summary

In 2012 Exelon Nuclear's Supply managed spend was \$2.27 billion across 90 categories. Exelon Nuclear's total diverse spend in 2012 was \$141 million, representing 6 percent of Exelon Nuclear's total spend. The following tables provide more detailed information on Exelon Nuclear's total spend and specifically depict Exelon Nuclear's total spend; total diverse spend; and diverse spend within the top five categories.

13.1 Exelon Nuclear T1 Spend

The top five categories of Nuclear T1 diverse spend represent 54 percent of the total T1 diverse spend in that business.

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The following chart provides a breakdown of Nuclear's 2012 top five T1 diverse suppliers, which represent 38 percent of the total T1 diverse spend.

The following chart provides a breakdown of Exelon Nuclear's T1 diverse spend of \$118 million by certification. Women-owned businesses are the dominant resource, representing 33 percent of Exelon Nuclear's T1 diverse spend.

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13.2 Exelon Nuclear T2 Spend

T2 diverse spend is reported by each supplier on an aggregate basis. As a result, Exelon allocates the T2 spend to a business unit and category in accordance with the supplier's total spend within each respective business unit and category. The values in the table below are an approximation of the T2 diverse spend for Exelon Nuclear by supplier and category.

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Diverse Business Empowerment
2012: A Year in Review

Exelon Power

14.0 Exelon Power Executive Summary

In 2012 Exelon Power's total spend was \$1.187 billion across 85 categories. Exelon Power's 2012 diverse spend was \$28 million and represented 2 percent of Exelon Power's total spend. The tables on the following pages provide more detailed information on Exelon Power's total spend and specifically depict Exelon Power's total spend; total diverse spend; and diverse spend within the top five categories.

14.1 Exelon Power T1 Spend

The top five Power T1 diverse spend categories represent 52 percent of the total T1 diverse spend within that business.

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The following chart provides a breakdown of Power s 2012 top five T1 diverse suppliers by spend, which represents 36 percent of the total T1 diverse spend in Power.

The following chart provides a breakdown of Exelon Power s 2012 total T1 spend of \$25 million by diversity certification. Women-owned businesses are the dominant resource, representing 44 percent of T1 spend.

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14.2 Exelon Power T2 Spend

T2 diverse spend is reported by each supplier on an aggregate basis. As a result, Exelon allocates the T2 spend to a business unit and category in accordance with the supplier's total spend within each respective business unit and category. The values in the table below are an approximation of the T2 diverse spend for Exelon Power by supplier and category.

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Diverse Business Empowerment
2012: A Year in Review

Exelon BSC

15.0 Exelon BSC Executive Summary

In 2012 Exelon BSC's total spend was \$805 million across 51 categories. Exelon BSC's total diverse spend in 2012 was \$112 million and represented 14 percent of BSC's total spend. The following tables provide more detailed information on Exelon BSC's total spend and specifically depict Exelon BSC's total spend; total diverse spend; and diverse spend within the top five categories.

15.1 Exelon BSC T1 Spend

The top five categories of BSC T1 diverse spend represent 87 percent of the total T1 diverse spend.

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The following chart provides a breakdown of Exelon BSC's 2012 top five T1 diverse supplier spend, which represents 68 percent of the total T1 diverse spend.

The following chart provides a breakdown of BSC's 2012 total T1 diverse supplier spend of \$78 million by certification. Women-owned businesses are the dominant source, representing 46 percent of the T1 diverse spend.

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15.2 Exelon BSC T2 Spend

Tier 2 diverse spend is reported by each supplier on an aggregate basis. As a result, Exelon allocates the T2 spend to a business unit and category in accordance with the supplier's total spend within each respective business unit and category. The values in the table below are an approximation of the T2 diverse spend by supplier and category.

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Exelon Corporation 2012 Diversity and Inclusion Report

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Exelon Corporation 2012 Corporation Sustainability Report

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Exelon Corporation Sustainability Fact Sheet

Exelon's Sustainability Commitment

Exelon believes that clean, affordable energy is the key to a brighter, more sustainable future. We are committed to connecting customers to more sustainable and cost-effective energy resources and actively leading the conversation to help shape the future of clean energy.

At Exelon, we have identified the most economical and effective options for eliminating greenhouse gas emissions. Through internal operational reductions, assisting our customers in managing their energy use and replacing higher-emitting generation with cleaner energy options, we have become one of the first companies to acknowledge the impact we can have by reducing emissions across our businesses.

Exelon 2020

In 2008, we introduced *Exelon 2020*, an industry-leading program that has the goal of eliminating 17.5 million metric tons of greenhouse gas emissions per year by 2020. As of the end of 2012, Exelon already had eliminated more than 14 million metric tons of carbon emissions, or more than 89 percent of our goal and we expect to complete the goal years ahead of our 2020.

Thanks to efforts like this one, Exelon has been named to the Dow Jones Sustainability Index for eight years running and was the only U.S.-based utility company to be included by the Carbon Disclosure Project on both its Climate Disclosure and Performance Global Leadership Indexes for 2013.

Electricity Generation

Our clean power generation portfolio is 55 percent nuclear, 28 percent natural gas and 10 percent hydro, wind, solar and other clean generation.

Nuclear Power

Exelon's nuclear fleet has the capacity to produce more than 19,000 megawatts of clean, zero-emission generation, which is enough to power about 17 million average American homes annually.

Nuclear energy emits no greenhouse gases, making it a clean, reliable power source that plays a critical role in helping the nation meet its clean energy and climate goals.

Wind Power

Exelon is the nation's 11th largest wind producer, with a portfolio of 44 wind projects in 10 states capable of generating 1,300 megawatts of clean energy.

Exelon completed six wind projects in 2012, adding 404 megawatts, and plans to build a 45.6 megawatt wind farm in Michigan to be built in 2014

Solar Power

Exelon owns and operates the nation's largest urban solar power plant and is developing a 230 megawatt solar power plant in California, with 3.8 million solar panels that will generate enough energy to power 75,000 average homes.

Customer Products and Services

All three Exelon utilities have energy efficiency programs to help customers conserve energy, save money and make smarter energy choices. Since 2010, these programs have saved almost 10 million megawatt-hours (MWh) of electricity and avoided almost 5.4 million metric tons of carbon emissions through home energy audits, lighting discounts, appliance recycling, home improvement rebates, equipment upgrade incentives and air conditioner saver programs.

Exelon's utilities have each received Energy Star Partner of the Year Awards from the U.S. Environmental Protection Agency recognizing outstanding contributions to energy efficiency programs.

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Constellation funds and installs energy conservation upgrades for customers through energy savings performance contracts and as part of their energy supply bill. Since 2011, Constellation Efficiency Made Easy customers have saved more than 31,700 MWh of electricity and reduced 16,400 metric tons of carbon emissions.

Constellation continues to expand the range of green products and services available to retail customers and is a leading provider of solar installations with 58 commercial, industrial and governmental customer solar arrays, totaling more than 164 megawatts of capacity.

Operational Efficiency

Exelon has a green vehicle fleet with nearly 7,300 vehicles. In 2012, nearly half of the fleet was made up of alternative fuel or hybrid vehicles, and fossil fuel emissions per mile traveled for ComEd and PECO combined were 12 percent lower than 2005 levels.

Exelon uses the Leadership in Energy and Environmental Design guidelines and certification process as one way to reduce energy consumption in its commercial buildings. Exelon has 15 LEED-certified buildings and is in the process of renovating and upgrading other buildings in accordance with these standards.

Since 2001, we have reduced Exelon's own energy use, with a 30 percent reduction in commercial building energy use and a 13 percent reduction in industrial energy use at plants.

We engage our employees in programs that reduce our carbon impact through in-office recycling and other initiatives, such as reclamation of metals. In 2012, we recycled 4,900 short tons of paper, cardboard, aluminum cans, plastic bottles and glass and more than 525,000 pounds of electronic waste.

Environmental Sustainability

We are committed to protecting water quality and operating in balance with aquatic ecosystems. Recognizing the specific characteristics of each watershed, we manage water use locally at each operating site and focus on the long term availability of water at the business and corporate levels.

Exelon has operations on tracts of land that provide habitats for a diverse range of plant and animal species. We work to minimize the impact of our operations on these habitats. For hydroelectric facilities in active fish migration areas, we have installed lifts or ladders that allow migrating fish to travel upstream without contacting the generation equipment.

Exelon has a long-standing partnership with the Wildlife Habitat Council to restore and enhance wildlife habitats at 16 facilities. Currently, more than 20 Exelon programs in four states are certified as Wildlife at Work or Corporate Lands for Learning.

Community Education

Exelon engages in a wide variety of programs and sponsorships designed to educate people in the communities it serves about how they can help the environment. Just a few examples:

The Exelon Foundation sponsors the PECO Energizing Education Program, a hands-on curriculum developed for grades 5-8 to teach Philadelphia-area students about the science of energy, renewable and nonrenewable energy sources and energy efficiency.

Exelon's Renewable Energy Education Center at Fairless Hills, Pa., features interactive exhibits on wind and solar power, hydroelectricity, use of landfill gas to create electricity and energy conservation.

ComEd sponsors the Smart Home: Green + Wired exhibit at Chicago Museum of Science and Industry. The futuristic, 2,500-square-foot house embodies energy efficiency in action and that is covered with enough solar photovoltaic film to power the majority of the house.

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Map of Exelon Corporation and Pepco Holdings service areas and assets

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Exelon Corporation Press Releases Dated September 30, 2013, October 21, 2013 and April 7, 2014

News Release

Contact: Paul Elsberg
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FOR IMMEDIATE RELEASE

EXELON EMPLOYEES OBSERVE NATIONAL VOLUNTEER WEEK

BY LEADING MORE THAN 150 COMMUNITY SERVICE PROJECTS

Volunteers will provide approximately 4,000 hours of service

CHICAGO (April 7, 2014) Employees from across the Exelon family of companies will observe National Volunteer Week (April 6-12) by participating in more than 150 employee-led service projects in the communities Exelon serves, from cleaning up parks and other public spaces to serving meals to people struggling with poverty to mentoring at-risk students.

National Volunteer Week is an annual, nationwide celebration of people working to improve their communities through volunteer service. For the eighth consecutive year, Exelon employees are organizing community service projects in which more than 1,000 employees, family members and friends are expected to participate this week and throughout the month of April.

Our employees look forward to National Volunteer Week as an opportunity to better the quality of life in the communities they serve, said Exelon President and CEO Chris Crane, and their passion for serving does not end there. All year long, our dedicated employees donate their time and energy to the causes and organizations that matter to them to help create a brighter, more sustainable future where our communities thrive.

Exelon empowers employee volunteers to design their own National Volunteer Week service projects and recruit others to participate. Projects focus on education, environmental stewardship, diversity and inclusion, and community enrichment, and involve employee volunteers from all of Exelon's businesses, including: ComEd in northern Illinois, PECO in southeastern Pennsylvania, Constellation and BGE in Maryland, and Exelon Generation and Exelon Business Services Company in the Midwest, Mid-Atlantic and Texas.

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Exelon has a longstanding tradition of charitable giving and service to civic and nonprofit organizations through its Energy for the Community corporate citizenship program. Last year, more than 3,800 Exelon employee volunteers gave almost 86,500 hours of their time to community nonprofit organizations. This is equivalent to more than 2,162 workweeks or nearly 41 years of fulltime service.

Examples of Exelon's National Volunteer Week projects include:

Illinois

Environmental service project with ComEd CEO Anne Pramaggiore at Garfield Park Conservatory (Chicago, April 7)

Naperville Area Humane Society cleanup (Naperville, Ill., April 8)

Habitat for Humanity home construction (Chicago, April 11)

Food pantry assistance and handout (Oak Park, Ill., April 12)

Humboldt Park cleanup and beautification with Exelon Executive Vice President and Chief Administrative Officer Ruth Ann Gillis (Chicago, April 26)

Pennsylvania

Fairmount Park tree planting with the Philadelphia Zoo (Philadelphia, April 8)

Prepare food and package meals for the hungry at MANNA (Philadelphia, April 9)

One-on-one mentoring with children through Big Brothers Big Sisters of Southeastern PA (Philadelphia, April 10)

Emergency readiness training and painting at Red Cross House (Philadelphia, April 11)

Monarch Butterfly habitat planting (Kennett Square, Pa., April 24)

Maryland

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School gardening project with BGE CEO Calvin Butler at Friendship Academy at Cherry Hill (Baltimore, April 8)

Tree planting at Moravia Park Elementary with Exelon Senior Vice President and Chief Supply Officer Bridget Reidy (Baltimore, April 8)

Youth Opportunity Career Day at BGE s Whitemarsh training facility (Baltimore, April 9)

Packing food for the hungry at the Maryland Food Bank (Baltimore, April 11)

Susquehanna River riverbank cleanup (Conowingo, Md., April 26)

Texas

Habitat for Humanity build day (Houston, April 8)

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Crafts projects with visually impaired and blind people at Lighthouse of Houston (Houston, April 8)

Christmas in July gift wrapping with Candlelighters Childhood Cancer Family Alliance (Houston, April 10)

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Exelon Corporation is the nation's leading competitive energy provider, with 2013 revenues of approximately \$24.9 billion. Headquartered in Chicago, Exelon has operations and business activities in 47 states, the District of Columbia and Canada. Exelon is one of the largest competitive U.S. power generators, with approximately 35,000 megawatts of owned capacity comprising one of the nation's cleanest and lowest-cost power generation fleets. The company's Constellation business unit provides energy products and services to approximately 100,000 business and public sector customers and approximately 1 million residential customers. Exelon's utilities deliver electricity and natural gas to more than 6.6 million customers in central Maryland (BGE), northern Illinois (ComEd) and southeastern Pennsylvania (PECO).

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News Release

Contact: Paul Adams
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FOR IMMEDIATE RELEASE

EXELON SECURES CREDIT AGREEMENTS WITH 31 MINORITY AND COMMUNITY BANKS IN PROGRAM'S ELEVENTH YEAR

Program unique to energy industry creates a \$123 million credit facility with participating banks in Illinois, Pennsylvania, Maryland and New Jersey

CHICAGO (Oct. 21, 2013) Exelon arranged \$123 million in credit lines with 31 community and minority-owned banks in Illinois, Pennsylvania, Maryland and New Jersey, reinforcing the company's commitment to invest in the communities it serves. The minority and community banking program provides Exelon subsidiaries Exelon Generation, PECO, ComEd and BGE with additional sources of credit at competitive prices, while participating banks benefit from having increased deposits and assets with which to serve their communities.

Exelon has long recognized that we are at our best when we embrace diversity and inclusiveness, and that extends to the many community-based service providers, vendors and individuals with whom we do business, said Jonathan W. Thayer, executive vice president and CFO of Exelon. This program provides us with greater financial flexibility, while also supporting the banks that are helping to build stronger communities where we live and work.

Exelon's minority and community banking program began in 2003 and remains unique in the energy industry. Administered by JP Morgan Chase since its inception, the program has more than tripled in credit facility size and quadrupled the number of participating banks.

The four lead credit arrangers for 2013 are the United Bank of Philadelphia, Seaway Bank and Trust Company and Riverside Community Bank in Illinois, and The Harbor Bank of Maryland.

The small businesses and consumers in the communities we serve benefit from Seaway Bank's partnership with Exelon, said Walter Grady, president and CEO of Seaway Bank and Trust Company. We are able to leverage the financial support derived from the Exelon credit lines to provide enhanced products and services. As a minority-owned community bank, the value of Exelon's investment in the communities we serve is enormous.

As part of its business strategy to advance diversity and inclusion, Exelon also maintains partnerships with minority- and women-owned investment firms. Exelon currently has approximately \$900 million of pension and healthcare assets invested with 11 diverse investment firms.

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Exelon has a demonstrated commitment to supplier diversity throughout its business and has made it a critical part of the company's overall supply chain strategy. Exelon's corporate spending with diversity-certified businesses reached more than \$750 million in 2012.

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Exelon Corporation (NYSE: EXC) is the nation's leading competitive energy provider, with 2012 revenues of approximately \$23.5 billion. Headquartered in Chicago, Exelon has operations and business activities in 47 states, the District of Columbia and Canada. Exelon is one of the largest competitive U.S. power generators, with approximately 35,000 megawatts of owned capacity comprising one of the nation's cleanest and lowest-cost power generation fleets. The company's Constellation business unit provides energy products and services to approximately 100,000 business and public sector customers and approximately 1 million residential customers. Exelon's utilities deliver electricity and natural gas to more than 6.6 million customers in central Maryland (BGE), northern Illinois (ComEd) and southeastern Pennsylvania (PECO).

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FOR IMMEDIATE RELEASE

EXELON MAKES DOW JONES SUSTAINABILITY INDEX FOR EIGHTH CONSECUTIVE YEAR; ONLY U.S. UTILITY ON CDP GLOBAL INDEXES FOR CLIMATE PERFORMANCE AND DISCLOSURE

Energy company named to DJSI North America Index and CDP's Global 500 Climate Performance and Disclosure Leadership Indexes

CHICAGO (Sept. 30, 2013) Two separate global authorities on corporate sustainability — the Dow Jones Sustainability Indices (DJSI) and CDP — have recognized Exelon for its sustainability performance and climate change performance and reporting.

DJSI and sustainability investing specialist RobecoSAM named Exelon to the Dow Jones Sustainability North America Index for the eighth year in a row. The achievement distinguishes Exelon as a consistent industry leader in corporate sustainability based on a rigorous assessment of the company's economic, environmental and social performance.

Exelon was included in the index for placing among the top 20 percent of North American utility companies based on responses to more than 100 questions covering corporate governance, risk management, environmental performance, human resources development, corporate citizenship, and health and safety.

We have an obligation to our customers, communities, employees and shareholders to operate our business in a way that is economically, environmentally and socially sustainable, and we take that responsibility very seriously, said Christopher M. Crane, president and CEO of Exelon. This recognition validates our long-term commitment to improving sustainability performance at all levels.

Recognized for carbon emissions performance, disclosure

In addition to DJSI, CDP named Exelon to both its Global 500 Climate Disclosure Leadership Index (CDLI) and its Climate Performance Leadership Index (CPLI) for the second year in a row. No other U.S.-based utility company appeared on either the Global 500 CDLI or CPLI.

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These annual indexes, based on analysis by PwC, recognize companies that lead their industries worldwide in the disclosure of information regarding their carbon footprints, climate change strategies and risk management, and in taking action on climate change mitigation, adaptation and transparency. The top 10 percent of responding companies, based on the completeness and quality of their CDP submissions, are named to the indexes. Exelon received a carbon disclosure score of 98 out of 100 in 2013 – an increase from its score of 94 in 2012 – and again fell within the A band, the highest performance band for emissions.

Exelon also was one of only two utility companies named to the S&P 500 CDLI and CPLI, indexes that recognize the top 10 percent of responding U.S. companies from the S&P 500.

Companies that score highly enough to be included in the Climate Disclosure Leadership Index are responding to the call for greater corporate climate accountability, said Paul Simpson, chief executive officer of CDP. They have demonstrated leading practice for the measurement of greenhouse gas emissions and energy use and transparency of their climate change strategy.

The foundation of Exelon's climate performance is *Exelon 2020*, a program that drives the company toward a goal of reducing, offsetting or displacing 17.5 million metric tons of greenhouse gas emissions per year by 2020. Exelon increased its goal from its original target of 15.7 million metric tons to account for its merger with Constellation in March 2012. As of the end of 2012, Exelon had achieved more than 89 percent of the original goal.

In addition to *Exelon 2020*, Exelon had numerous achievements in the area of corporate sustainability last year. For example, the company:

- Added nearly 500 megawatts (MW) of new, clean generating capacity – including 404 MW in new wind projects, 31 MW in new solar and 63 MW in nuclear power uprates – creating jobs, tax revenue and shareholder value;

- Donated nearly \$28 million to nonprofit organizations and provided more than 105,000 hours of employee volunteer service in its communities;

- Supported certified minority- and women-owned businesses with more than \$750 million in Exelon business;

- Made substantial contributions to the economic health of its communities, paying \$13.1 billion for materials, goods and services; \$8.0 billion in compensation, benefits and contracting expenses; and \$1.7 billion in dividends, interest and taxes; and

- Achieved its best-ever industrial safety performance.

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Exelon's sustainability performance last year is detailed in its 2012 Corporate Sustainability Report, available at <http://www.exeloncorp.com/assets/newsroom/docs/csr/index.html>.

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The following legends were included as a part of or attached to each of the foregoing solicitation materials provided by Pepco Holdings.

Cautionary Statements Regarding Forward-Looking Information

Except for the historical information contained herein, certain of the matters discussed in this communication constitute forward-looking statements within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934, both as amended by the Private Securities Litigation Reform Act of 1995. Words such as may, might, will, should, could, anticipate, estimate, expect, predict, project, future, potential, intend, see, believe, target, forecast, goal, objective, continue or the negative of such terms or other variations thereof and terms of similar substance used in connection with any discussion of future plans, actions, or events identify forward-looking statements. These forward-looking statements include, but are not limited to, statements regarding benefits of the proposed merger, integration plans and expected synergies, the expected timing of completion of the transaction, anticipated future financial and operating performance and results, including estimates for growth. These statements are based on the current expectations of management of PHI and its utility subsidiaries. There are a number of risks and uncertainties that could cause actual results to differ materially from the forward-looking statements included in this communication. For example, (1) PHI may be unable to obtain shareholder approval required for the merger; (2) PHI or Exelon may be unable to obtain regulatory approvals required for the merger, or required regulatory approvals may delay the merger or cause the companies to abandon the merger; (3) conditions to the closing of the merger may not be satisfied; (4) an unsolicited offer of another company to acquire assets or capital stock of PHI could interfere with the merger; (5) problems may arise in successfully integrating the businesses of the companies, which may result in the combined company not operating as effectively and efficiently as expected; (6) the combined company may be unable to achieve cost-cutting synergies or it may take longer than expected to achieve those synergies; (7) the merger may involve unexpected costs, unexpected liabilities or unexpected delays, or the effects of purchase accounting may be different from the companies' expectations; (8) the credit ratings of the combined company or its subsidiaries may be different from what the companies expect; (9) the businesses of PHI and its utility subsidiaries may suffer as a result of uncertainty surrounding the merger; (10) PHI and its utility subsidiaries may not realize the values expected to be obtained for properties expected or required to be sold; (11) the industry may be subject to future regulatory or legislative actions that could adversely affect PHI and its utility subsidiaries; and (12) PHI and its utility subsidiaries may be adversely affected by other economic, business, and/or competitive factors. Other unknown or unpredictable factors could also have material adverse effects on future results, performance or achievements of the combined company. Therefore, forward-looking statements are not guarantees or assurances of future performance, and actual results could differ materially from those indicated by the forward-looking statements. Discussions of some of these other important factors and assumptions are contained in PHI's filings with the Securities and Exchange Commission (SEC), and available at the SEC's website at www.sec.gov, including PHI's 2013 Annual Report on Form 10-K in (a) ITEM 1A. Risk Factors, (b) ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and (c) ITEM 8. Financial Statements and Supplementary Data, and PHI's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014 in (x) PART I, ITEM 1. Financial Statements, (y) PART I, ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations and (z) PART II, ITEM 1A. Risk Factors. These risks as well as other risks associated with the proposed merger will be more fully discussed in the proxy statement that PHI intends to file with the SEC and mail to its stockholders in connection with the proposed merger. In light of these risks, uncertainties, assumptions and factors, the forward-looking events discussed in this communication may not occur. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this communication. PHI does not undertake any obligation to publicly release any revision to its forward-looking statements to reflect events or circumstances after the date of this communication. New factors emerge from time to time, and it is not possible for

PHI to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on PHI s or its utility subsidiaries businesses (either individually or collectively) or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. Any specific factors that may be provided should not be construed as exhaustive.

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Additional Information and Where to Find It

This communication does not constitute a solicitation of any vote or approval. PHI intends to file with the SEC and mail to its stockholders a proxy statement in connection with the proposed merger transaction. PHI URGES INVESTORS AND SECURITY HOLDERS TO READ THE PROXY STATEMENT AND ANY OTHER RELEVANT DOCUMENTS WHEN THEY BECOME AVAILABLE, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION about Exelon, PHI and the proposed merger. Investors and security holders will be able to obtain these materials (when they are available) and other documents filed with the SEC free of charge at the SEC's website, www.sec.gov. In addition, a copy of PHI's proxy statement (when it becomes available) may be obtained free of charge from Pepco Holdings, Inc., Corporate Secretary, 701 Ninth Street, N.W., Room 1300, Washington, D.C. 20068. Investors and security holders may also read and copy any reports, statements and other information filed by PHI with the SEC, at the SEC public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 or visit the SEC's website for further information on its public reference room.

Participants in the Merger Solicitation

Exelon, PHI, and their respective directors, executive officers and certain other members of management and employees may be deemed to be participants in the solicitation of proxies in respect of the proposed transaction. Information regarding Exelon's directors and executive officers is available in its proxy statement filed with the SEC on April 2, 2014 in connection with its 2014 annual meeting of stockholders, and information regarding PHI's directors and executive officers is available in its proxy statement filed with the SEC on March 25, 2014 in connection with its 2014 annual meeting of stockholders. Other information regarding the participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the proxy statement and other relevant materials to be filed with the SEC when they become available.