

Climate Change: Addressing and Disclosing Risks and Opportunities

*RiskMetrics Group: Electric Utilities -
Understanding their Carbon Risk*

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Webinar

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✓ One of the largest integrated electric utilities in the U.S.

- 2008 Total Assets: \$47.8 billion
- 2008 Revenues: \$18.9 billion
- Employees: 19,600 (approx.)
- Customers: 5.4 million electric, 485,000 gas
- Generating Assets: 31,300 MW (owned generation and long-term contracts)

Exelon

Generation

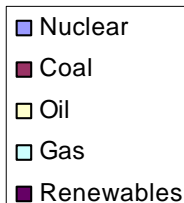
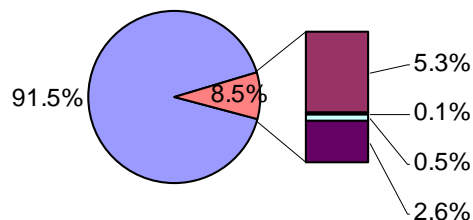
Capacity (MW)

Owned:	24,809
Contracted:	6,483
Total	31,292

Generating Plants

Nuclear	▲
Hydro	◆
Coal/Oil/Gas Base-load	●
Intermediate	■
Peaker	✦

**2008 Exelon Generation
Electrical Output
Ownership Equity**



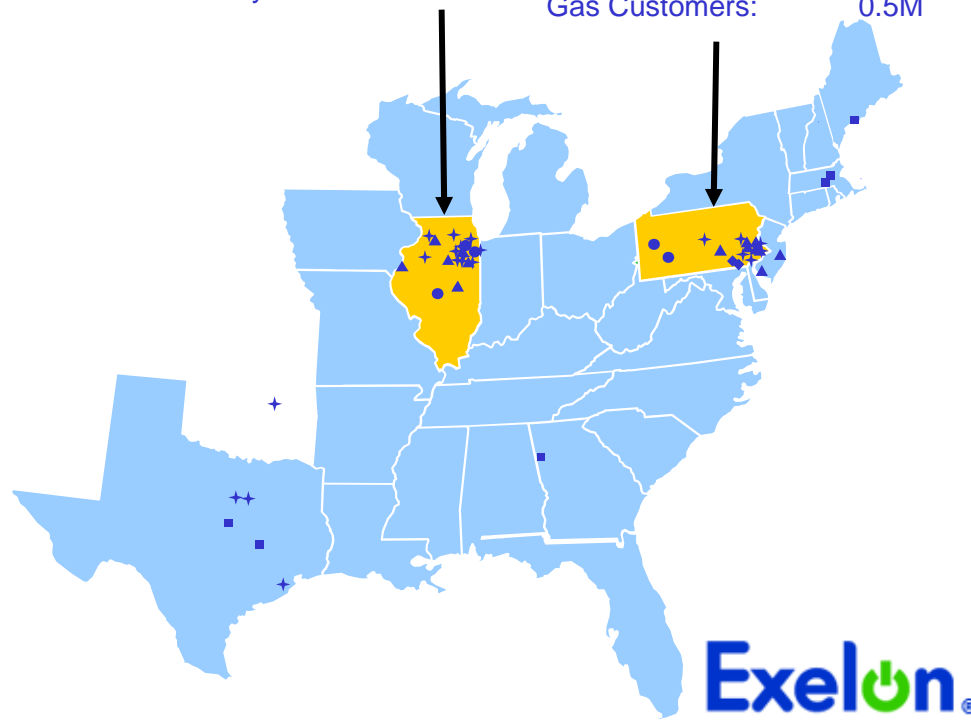
ComEd

An Exelon Company

Electricity Customers: 3.8M

PECO

Electricity Customers: 1.6M
Gas Customers: 0.5M



EPA Climate Leaders (2001 – 2008)

- ✓ Voluntary commitment: 8% reduction in GHG by YE2008 (from 2001)
 - Achieved greater than 30% reduction
- ✓ Initiatives included:
 - Closed older, inefficient fossil-fueled power plants;
 - Incorporated emissions and their potential cost into its business analyses;
 - Reduced leakage of SF6 and methane;
 - Increased use of renewable energy; and
 - Internal energy efficiency initiatives



Exelon 2020: A Low Carbon Roadmap (2008 – 2020)

- ✓ Reduce, offset or displace >15 million metric tons of GHG emissions (M MT CO2e) per year by 2020
 - Reduce or offset Exelon's carbon footprint (Potential: ~5M MT CO2e)
 - Help our customers/communities reduce their emissions (Potential: >3.5M MT CO2e)
 - Offer more low-carbon electricity in the marketplace (Potential: up to 12.5M MT CO2e)



Reduce, offset or displace more than 15 million metric tons of GHG emissions per year by 2020

Reduce or offset our footprint by greening our operations

- ✓ Reduce Exelon's energy consumption by 25%
- ✓ Improve the efficiency of the generation and delivery system for electricity and natural gas
- ✓ Continuously reduce GHG emissions from our vehicle fleet
- ✓ Build an industry-leading green supply chain
- ✓ Help employees adopt green practices in the workplace and at home
- ✓ Offset a portion of emissions

Help our customers and the communities we serve reduce their GHG emissions

- ✓ Implement industry-leading energy efficiency and demand response programs
- ✓ Convey price signals to help customers use energy more efficiently
- ✓ Enhance wholesale and retail markets for green products and services
- ✓ Increase customer awareness of approaches to reduce GHG emissions

Offer more low carbon electricity in the marketplace

- ✓ Reduce fossil generation emissions and expand low-carbon fossil generation capacity
- ✓ Increase investment in renewable power
- ✓ Expand nuclear generation

- ✓ **CO₂, Fuel and Electricity Market Price Forecast:** Semi-annually, a climate policy assumption – developed based on a then-current review of proposed federal legislation plus existing state regulation - is incorporated into Exelon's market price forecast. The result is production of 20-year forward price curves for CO₂, fossil fuels and electricity as well as various sensitivity cases.
- ✓ **Long Range Plan (LRP):** The market price forecast is incorporated into the development of Exelon's LRP; carbon emissions calculations are prepared based on forecasted generation output.
- ✓ **Asset Optimization Studies:** A periodic asset-by-asset review of generation investments to assess the profitability of continued operations when compared to other alternative future uses of the assets and the associated invested capital. A carbon cost is included in these studies.
- ✓ **Business Case Analysis:** Modeling includes a carbon calculation and resulting impact.

✓ Exelon Management Model

- Policies, programs, procedures and processes grounded in best practices
- Assigns defined roles and responsibilities at every level of the organization

✓ Exelon 2020

- Senior management set expectations, approved plans and reviews performance metrics
- Board-approved plan
- Steering Committee, VPs who oversee program and facilitate strategy development across our businesses
- Environment Council, chaired by EVP, provides guidance on policy and program
- Risk Committee evaluates the impacts of climate change on our business

✓ Corporate Governance Committee of the Board of Directors

- In January 2009, revised its charter to include responsibility for overseeing Exelon's policies and practices to protect and improve the quality of the environment, including, but not limited to, climate change, sustainability and Exelon's 2020 Strategy.

- ✓ Investor interest in the environmental performance of the companies in which they invest continues to grow
 - Exelon has expanded its 10-K discussion of climate change
 - Exelon Progress Report and corporate Web site disclose company performance, goals, targets, systems, impacts, data and initiatives, including policy position on climate change
 - Exelon has responded annually since inception to the Carbon Disclosure Project questionnaire and has permitted its response to be made public
 - CEO actively engages in public policy debate on climate change
 - CEO/CFO discussion during investor and media calls
- ✓ Engage in climate policy discussion with others
 - US Climate Action Partnership (USCAP)
 - Ceres
 - Pew Climate Center
- ✓ Respond to others
 - Dow Jones Sustainability Index

- ✓ Exelon Annual Report
- ✓ Exelon Progress Report
- ✓ Exelon 2020: A Low-Carbon Roadmap



You can find more information at www.ExelonCorp.com