



2011

CORPORATE
SOCIAL
RESPONSIBILITY
REPORT



A PHI Company





PEPCO'S PHILOSOPHY

ABOUT CORPORATE SOCIAL RESPONSIBILITY

For 116 years, we have been providing an essential service — electricity — to residents and businesses throughout the Washington Metropolitan area. But our job goes well beyond just providing power. It also is about a shared philosophy — a philosophy that embodies the principles and values of corporate social responsibility to help improve the quality of life in the communities we serve. As a corporate citizen with a major presence in the Washington Metropolitan area, we take seriously the central role we play in the region's economic development and the importance of ensuring that everyone benefits from that growth. Therefore, we support a wide variety of cultural, educational, environmental, health and business initiatives that are dedicated to improving the quality of life for all citizens.

COVER PHOTOS (counterclockwise from top): William West, Pepco Equipment Operator Underground Maintenance & Construction, lends a helping hand at the annual Senior Picnic in June in the District of Columbia; Pepco Region Vice President of Maryland Affairs Jerry Pasternak and Montgomery County Councilmember Nancy Floreen serve soup at the Interfaith Works Empty Bowl event in Rockville, Md.; Pepco Region President Thomas H. Graham and employees assemble Thanksgiving gift baskets for area residents in need; Pepco employee volunteers clean up the Anacostia River.

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A Message to Our Readers:

It is with great pride that I encourage you to read our 2011 edition of Pepco's Corporate Social Responsibility (CSR) Report, which highlights our many achievements throughout the year and illustrates a shared cultural philosophy that we continue to live by at Pepco: We are responsible for providing safe and reliable electric service, and we are deeply committed to giving back to the communities we serve.



During the past year, you may have seen our crews in your neighborhoods performing critical work to improve the reliability of our service through trimming trees, upgrading feeders and replacing old underground lines throughout the District of Columbia, and Prince George's and Montgomery counties. Our commitment to improving the reliability of our service is one of our top priorities. Equal to that work is our strong desire to help improve the lives of the more than 780,000 customers we serve throughout the Washington Metropolitan area.

Last year, our employees dedicated more than 3,000 hours of company and personal time to community service. As you review our 2011 CSR Report, you will notice many of us helping to clean up the Anacostia Watershed. You also will see us in our bright red sweatshirts walking around Nationals Park – home to our own Washington Nationals – supporting the fight against heart disease and enthusiastically serving food to some 1,500 seniors at the District of Columbia Annual Senior Picnic at Oxon Run Park in southeast D.C. We are just as proud of our mentoring efforts as evidenced by a picture of the 12 talented students from high schools in the District of Columbia, Montgomery County and Prince George's County with whom we paired with company executives and senior managers for three months of mentoring through our Guiding Light Leadership Program, which began in 2006.

As you read through our report, I also encourage you to take note of our efforts in charitable giving. During 2011, our company contributed more than \$2.75 million to some 300 local and regional organizations, including more than \$1.2 million to civic and community-based organizations such as the United Way of the National Capital Area, the Mission of Love Charities, Inc., and Interfaith Works, among others. Many of our employees work to raise money to support our charitable efforts on their own time. By contributing to our community, we are able to directly make a difference in the lives of our customers while helping to bolster the economic base that supports our region.

To learn more about our corporate social responsibility activities, as well as our reliability enhancement efforts in the District of Columbia and Maryland, our environmental principles and our energy plans for the future, visit our website at pepco.com.

Thank you for your continued support, and we hope you enjoy learning more about Pepco's continuous efforts to improve the communities we serve through corporate philanthropy and social responsibility.

Sincerely,

A handwritten signature in black ink that reads "Thomas D. Graham". The signature is written in a cursive, professional style.

President, Pepco Region



United Way Campaign Raises \$1 Million

Through the annual United Way campaign, Pepco’s parent company, PHI, raised more than \$1 million that was used to assist those in need throughout PHI’s service territories.

Employee contributions totaled nearly \$700,000 and PHI matched 50 cents-on-the-dollar, or nearly \$350,000. The campaign included kickoff rallies at multiple locations, an employee photo contest, a talent show and several festivals. As a result of the contributions, PHI was named the United Way’s biggest contributor in the Washington Metropolitan area.

“Our employees consistently show how important it is to give back to the community,” said Reggie McCauley, PHI United Way Executive Sponsor. “We have fun raising money for the United Way each year, and we enjoy the satisfaction that comes with helping those in need.”



United Way Campaign Award to PHI – (l-r) PHI Campaign Executive Sponsor Reggie McCauley joins Pepco Region Campaign Coordinator Janet Randolph, IBEW Local 1900 Executive Board Chairman and Vice President Greg Waller and PHI Chairman, President and CEO Joseph M. Rigby to receive the Top Corporate Campaign Award from Bill Hanbury (far right), United Way of the National Capital Area’s President and Chief Executive Officer.



Tournament Scores Big for Area Charities

The sixth annual PHI Community Foundation Pepco Golf & Tennis Classic raised \$220,000 to help area families in need with their winter energy bills. Since its inception in 2006, the tournament has raised more than \$1.2 million for local charities.

Thanks to corporate sponsorships, proceeds from the September 12, 2011, tournament helped disadvantaged residents in the District of Columbia as well as Prince George’s and Montgomery counties keep their homes warm and their lights on during the winter. Funds were distributed through the PHI Community Foundation to residents served by the Greater Washington Urban League, United Communities Against Poverty in Prince George’s County and Interfaith Works in Montgomery County.



Volunteers Raise \$23,000 to Help Fight Heart Disease

Nearly 200 Pepco volunteers and their families and friends raised \$23,000 to help fight heart disease leading up to the 2011 American Heart Association's Greater Washington Region Heart Walk.

Pepco Region President Thomas H. Graham, who participated in the walk, said, "It was very inspiring to see such an outpour of support from co-workers, families, friends and neighbors. Personally, it made me very proud to be part of our Pepco family and to show the community that we not only talk the talk, but walk the walk – literally!"



March of Dimes Drive Exceeds \$10,000 Goal

Pepco employees who participated in the 2011 March of Dimes campaign to help prevent premature births, infant mortality and birth defects, raised more than \$15,000—well exceeding the \$10,000 employee giving goal set for the year. In addition to the donations, Pepco had 114 walkers support the effort on a beautiful Saturday morning.

"When I think about Pepco's 2011 March of Dimes campaign, the words that come to mind are: felt good, brought our Pepco family closer together, the right thing to do and ... was fun!" said Pepco Manager of Sourcing Technology Diana Dykstra, who participated in the walk. "I hope that with the 2012 March of Dimes campaign, Pepco can raise over \$20,000 and feel an even greater sense of pride about the number of babies and families we will be helping."

Volunteers Help Make D.C. Senior Picnic a Success

More than 60 Pepco volunteers rolled up their sleeves on June 30 and served lunch to 1,500 seniors at the District of Columbia Annual Senior Picnic at Oxon Run Park in southeast D.C. The D.C. Office on Aging and the D.C. Parks and Recreation Department coordinated this annual event for the enjoyment of seniors who wanted to get out for a day of fun, food and games.

Pepco volunteers served food, made snow cones, popped popcorn, helped seniors on and off buses, helped with setup and break down and staffed gaming stations including horse shoes, chess and checkers.

“Seniors have paved the way for us and there is nothing better than to serve those who have helped us so much,” said Chris Taylor, Pepco Public Affairs Manager, who coordinated Pepco’s participation. “It is rare to have so many seniors in one spot, and to see them so happy is very rewarding.”



William West, Pepco Equipment Operator Underground Maintenance & Construction, helps a senior off the bus at the District of Columbia Annual Senior Day Picnic.

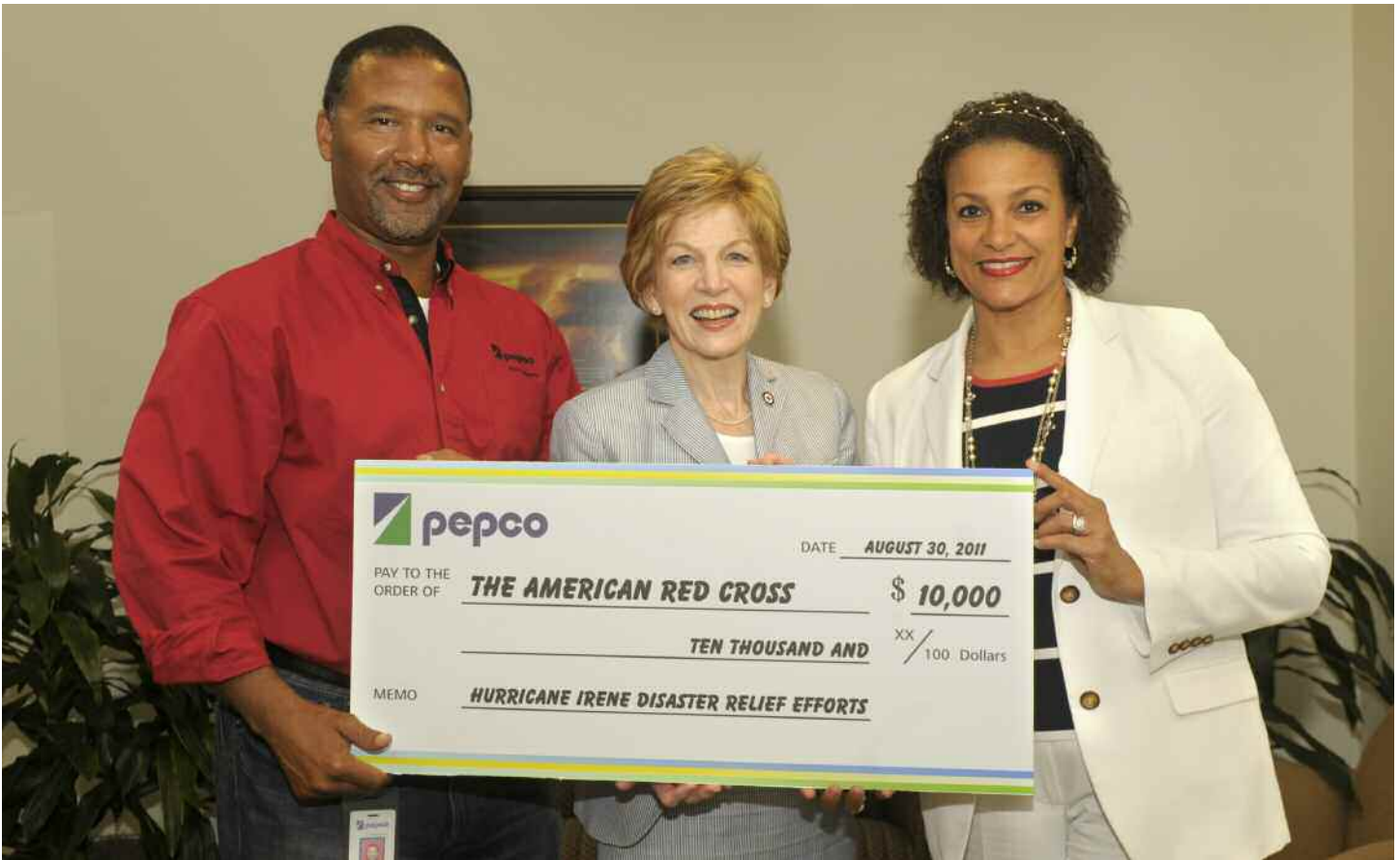
Pepco Region President Raises \$134,000 to Help Fight Blood Cancer

Thomas H. Graham, President, Pepco Region, was named second runner-up in The Leukemia & Lymphoma Society’s (LLS) 2011 Man and Woman of the Year campaign. As part of the National Capital Area Chapter, Graham raised \$134,000 during the 10-week fundraising competition.

Beginning on March 31, 19 candidates from the LLS National Capital Area Chapter competed to raise the most money in the region to help the LLS fund research to find cures for blood cancers such as leukemia, lymphoma, Hodgkin’s disease and myeloma. Participants were chosen based on their dynamic leadership abilities and their desire to make a difference in their communities. Collectively, the candidates raised more than \$1 million, the first time that the National Capital Area Chapter had broken the \$1 million mark.

Eric Allen of General Electric raised \$174,000 and was named the winner in the men’s category. Jerry Truman of Morgan Stanley Smith Barney raised \$139,000 and was named first runner-up.

“I’m glad to have been a part of this exceptional campaign,” Graham said. “I’m thrilled that together we were able to raise more than \$1 million, which is significantly more than the \$870,000 raised last year.”



Pepco Helps American Red Cross Rebuild Funds

Following the 2011 earthquake and Hurricane Irene, Pepco made a \$10,000 donation to the American Red Cross in the National Capital Region to boost local emergency assistance efforts.

Kiwanis Club Honors Pepco Region President for Community Impact

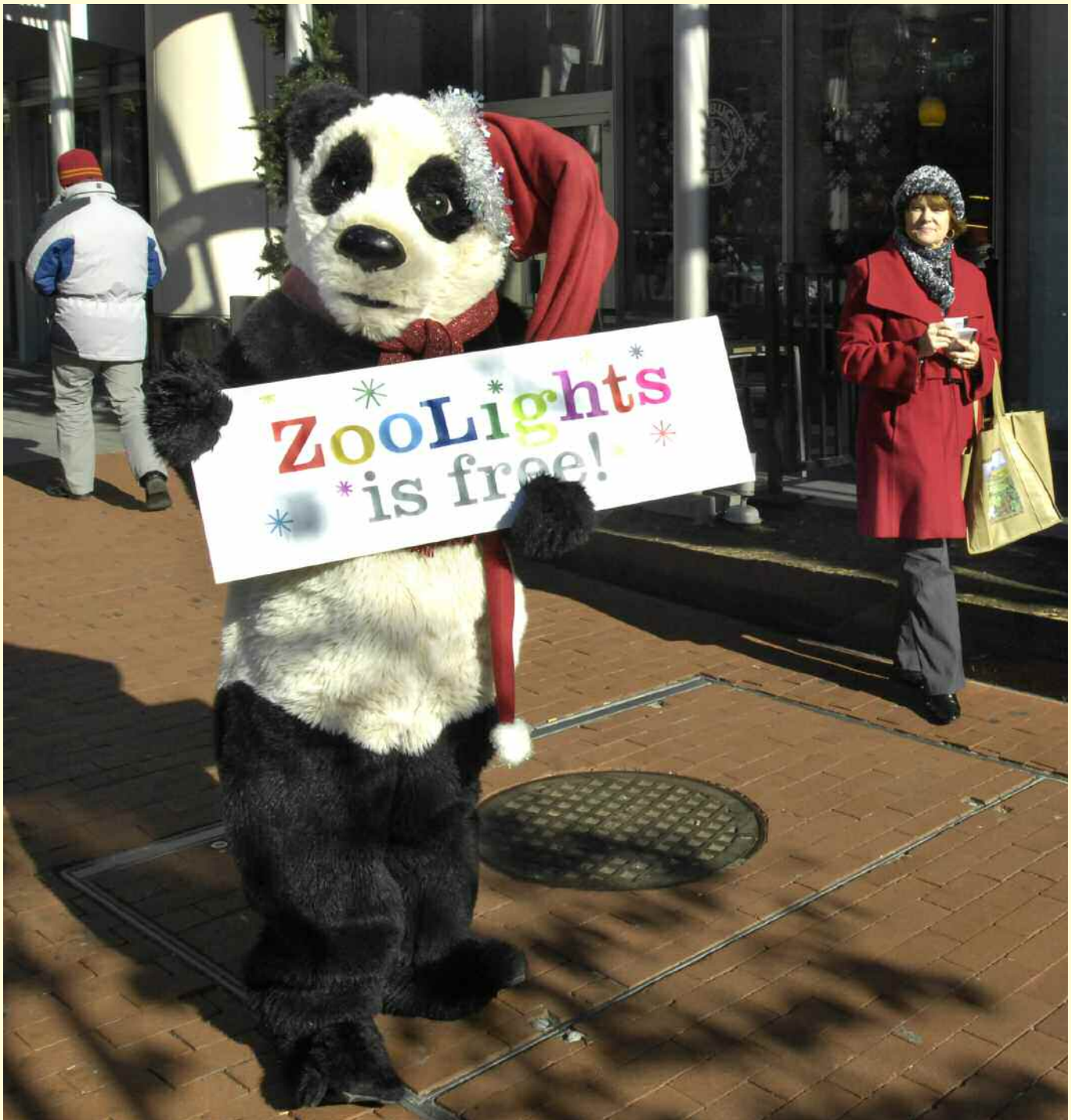
The Kiwanis Club of Mitchellville, Md., named Pepco Region President Thomas H. Graham as the recipient of its 2011 Community Impact Award. The award honors Graham for conducting philanthropic activities that positively impact the community.

Kiwanis is a global organization of volunteers dedicated to changing the world one child and one community at a time. The Kiwanis Club of Mitchellville, Md., serves children, seniors and the homeless throughout Prince George's County all year long.

Washington Business Journal Honors Pepco Philanthropy

The *Washington Business Journal (WBJ)* honored Pepco at its 2011 Corporate Philanthropy Awards breakfast. The WBJ ranked Pepco 10th in the corporate contributions category after accounting for approximately \$2.2 million that the company donated to organizations and initiatives in the Washington Metropolitan area. Each year, the WBJ honors the region's most active and inspirational companies and nonprofits that have made a difference in their communities through both financial and volunteer philanthropic work.

"It is great to be part of a socially conscious organization that works to make a difference in the communities we serve," said Debbi Jarvis, Vice President, Corporate Citizenship and Social Responsibility. "Pepco is celebrating its 115th anniversary and remains committed to its philanthropic efforts."



In the photo above, a “panda” promotes ZooLights in front of Edison Place, Pepco’s headquarters.

Pepco Sponsors Fourth Annual ZooLights

In 2011, Pepco was again the lead sponsor of ZooLights, an all-LED holiday light show, for the fourth consecutive year. ZooLights featured larger-than-life displays of the National Zoo’s most popular animals, all constructed of LED lights that use about 90 percent less energy than traditional incandescent light bulbs. Activities included zoo keeper talks, train rides and more.



From right, Debbi Jarvis, Vice President, Corporate Citizenship and Social Responsibility, accepts the Community Partner of the Year Award from Angie Reese-Hawkins, President & CEO of the YMCA Washington Metropolitan region.

Pepco Honored by YMCA as Community Partner of the Year

Pepco has received the YMCA of Metropolitan Washington's Community Partner of the Year Award. The award was in appreciation of Pepco's commitment to nurture the potential of youth, promote healthy living and foster a sense of social responsibility.

Each year, the YMCA honors volunteers, community partners and business leaders who have helped the "Y" build a strong, supportive foundation for the communities it serves.

"Pepco thanks the YMCA for allowing us to assist the organization in better serving the needs of thousands of local children, adults and families," said Debbi Jarvis, Vice President, Corporate Citizenship and Social Responsibility. "We greatly appreciate the commitment of the YMCA to the people of the Washington Metropolitan area and thank them for their recognition of our support."

Pepco has donated \$30,000 to the YMCA over the last three years because its partnership has a measurable positive impact on the community. The "Y" has provided more than \$1.8 million in scholarships and subsidies to local children and families, assisted more than 1,100 local seniors through its Fit and Well Seniors Program, and has more than 61,000 children participating in its national youth wellness program while teaching more than 8,000 children how to swim.

PHI Executives Mentor Top Area Students

For the fifth consecutive year, The Guiding Light Leadership Program (GLLP), led by Donna Cooper, Pepco Region Vice President, District of Columbia, and Kim Watson, former Pepco Region Vice President, Maryland Affairs, brought together 12 of the area's brightest students to be mentored by Pepco business executives while gaining exposure to one of the Washington area's largest employers.

"Executive mentorship of high school seniors is a vital component of The Guiding Light Leadership Program," said Thomas H. Graham, President, Pepco Region, and founder of the program. "The students become mentees, then develop a personal relationship with a successful business professional, giving them a rare opportunity to jumpstart their futures."

The GLLP curriculum is designed to give students information on tangible and intangible success factors that can be applied to school, work or personal life. Full-day training sessions are structured such that time is allocated for mentors and mentees to engage in one-on-one conversations. Mentors deliver instructional materials on pre-identified subjects provided in advance by PHI's External Affairs staff.

"At the completion of the program, each student receives a \$2,500 scholarship to the college of their admission," said Cooper.

PHI Engineering Intern Program Enters Second Decade

Once again, college students flocked to Pepco Holdings, Inc. (PHI), Pepco's parent company, during the summer for internships and opportunities. While all of the programs that PHI offers are impressive, the Engineering Internship program is especially outstanding. The program, currently in its 11th year, has grown substantially since it began in 2001. To date, 242 interns have gone through the program. Of those 242 interns, 72 internships have resulted in full-time new hires, and of those new hires, there is an 86 percent retention rate.

In 2011, 36 interns participated in the program. According to PHI Chief Engineer Basil Allison, the program gives electrical, mechanical, civil and environmental engineers an opportunity to witness and experience what it means to be an engineer with PHI, and simultaneously allows the company to assess the intern's knowledge, skills and productivity.



The 2011 class of Pepco Region engineering interns.



Guiding Light Leadership Program participants

Some of the highlights of the program included trips to the control centers, overhead lines training yards and various substations. The program also included a power systems engineering class, discussions on business acumen and professional conduct, as well as a "Smart Grid 101" class. At the end of their internship, every intern gave a presentation discussing the specific projects they were assigned.

At the end of the summer, all of the interns came together to relax and enjoy each other's company at a farewell dinner hosted by PHI.



Pepco Receives Partnership Award

Thomas H. Graham, President, Pepco Region, accepted the Excellence in Partnership Award by the United Communities Against Poverty (UCAP). Both Pepco and Graham were honored during the UCAP's Awards Dinner and Silent Auction.

"Pepco appreciates the opportunity to give and share within the community. Giving back reminds all of us that the need is great and continues to impact each individual," said Graham. "We all have different gifts, but the gift of giving is one we can all take part in every day."

In addition to more than 3,000 hours of public service volunteered by Pepco's employees, Pepco also made financial contributions in excess of \$2 million to an array of over 300 diverse organizations in the communities the company serves.



Joint Utility Discount Day 2011

On September 27, a dedicated group of nearly 100 Pepco employees volunteered their time to assist more than 3,000 customers for Joint Utility Discount Day.

This event was sponsored by the District Department of the Environment and held at the Washington Convention Center in Washington, D.C. As in previous years, Pepco teamed up with volunteers from fellow local utilities such as Verizon, Washington Gas and DC Water. The purpose of the event was to provide District of Columbia residents with valuable information for utility discount programs. Pepco employees were on hand to answer questions and accept applications from customers as they applied for assistance in paying their utility bills.



Pepco Installs LED Lights on the National Mall

During November, Pepco overhead line crews – complete with hybrid bucket trucks – installed state-of-the-art LED light bulbs in historic streetlights between the Capitol Building and the Washington Monument. Pepco performed the work on behalf of the Trust for the National Mall, the nonprofit partner of the National Park Service that is dedicated to restoring and improving the Mall.

The 160 historic Olmsted streetlights originally were installed by Pepco in 1936 as part of the federal reconstruction and beautification of the Mall. The streetlight posts are made of fluted bronze and stand 21 feet tall. The light fixtures are made of cast iron and weigh approximately 300 pounds each. Pepco crews cleaned the glass lamps and installed the new LED lights, which will use far less electricity than the former mercury vapor light bulbs. Osram Sylvania, Inc. contributed the LED bulbs and retrofit equipment to the project.

“Through the generosity of Osram Sylvania and Pepco, we are directly advancing the National Mall plan’s call for sustainable, yet respectful, enhancements to the Mall,” said Caroline Cunningham, President of the Trust for the National Mall. “This project is an outstanding example of the power of our public/private partnership.”

“We are enthusiastic supporters of the initiative to install LEDs on the Mall,” said Pepco Holdings, Inc., Chairman, President and CEO Joseph M. Rigby. “It is a great privilege to continue Pepco’s historic role of helping to keep the lights on for this national treasure while supporting the sustainability goals of all the public and private organizations involved in this project,” added Rigby, who serves on the Corporate Committee of the Trust for the National Mall.



Pepco Installs First Curbside Electric Vehicle Charging Station in the District

Pepco, along with federal and local government officials, took part in the dedication of the first curbside electric car charging station in the District of Columbia.

The first public curbside Coulomb ChargePoint station is now located at the Franklin D. Reeves Center, 2000 14th St., in northwest D.C. There are two spaces available for charging vehicles on the west side of 14th Street adjacent to the Reeves Center. The installation of the ChargePoint station was done by Pepco and Coulomb distributor NovaCharge, LLC.

"Pepco is building a smart grid that will support electric transportation by allowing the electric utility to monitor and balance system loads as customers adopt plug-in vehicle technology," said Mike Maxwell, PHI Vice President, Asset Management. "Those loads include new public and residential charging stations, such as the one introduced in the District."



Pepco Helps Fuel the Electric Car Revolution

Thomas H. Graham, Pepco Region President, addressed the Edison Electric Institute (EEI) "Electric Transportation is Here" event on Capitol Hill. Graham joined EEI President Tom Kuhn, along with Under Secretary of Transportation Roy Kienitz, to discuss the benefits of electric vehicles and describe how Pepco and its parent company, PHI, are helping to pave the way for the future of electric car transportation in America.

"Pepco is proud to be an electric industry leader as the nation transitions to a new era of electric transportation," said Graham. "Pepco has installed two plug-in vehicle charging stations at the company's headquarters building in the District. This is part of the infrastructure that will be necessary to support the growth of electric transportation."

PHI is adding 10 Chevrolet Volts to its fleet as they become available from General Motors. These new plug-ins will be deployed across the PHI service area in the District of Columbia, Maryland, Delaware and New Jersey.



Pepco Supports District of Columbia Public Schools “Beautification Day”

Employees volunteered to spruce up Thomas Elementary School in northeast Washington as part of Pepco’s sponsorship of the District of Columbia Public Schools “Beautification Day.”



Pepco’s Green Team Cleans Up at the Anacostia River

More than 60 members of Pepco’s “Green Team,” which included employees and their family members, joined more than 100 other volunteers to help clean up the shoreline along the Kingman Island area of the Anacostia River.

The cleanup effort filled two industrial size, 40-yard refuse containers with trash and recyclable materials, including baseballs and basketballs. Leading Pepco’s team was Joseph M. Rigby, Chairman, President and CEO of Pepco Holdings, Inc., Pepco’s parent company.

“Pepco has hundreds of employees who work and live near the Anacostia watershed, in addition to our hundreds of thousands of Washington area customers,” Rigby said.

PHI Returns to Help Make 2011 Solar Decathlon a Success

University of Maryland Captures Top Prize

Pepco Holdings, Inc. (PHI), Pepco's parent company, returned for another exciting year of participation in and support of the U.S. Department of Energy's (DOE) 2011 Solar Decathlon that features a competition among student-built, solar-powered homes.

The team representing the University of Maryland won the competition on October 1, earning 951.2 points (out of 1,000) from the judges and defeated teams from Purdue, New Zealand and a combined entry from Caltech and the Southern California Institute of Architecture.

In a repeat effort of 2009, PHI served as a sustaining sponsor, to provide high-level manpower and support to help ensure that the event exceeded the success of those of the past.



University of Maryland's Solar Decathlon home, under construction, won top honors at the event.



Kenny Kagle, Meter Technician, installs a meter on Team New Zealand's solar house at the 2011 U.S. Department of Energy's Solar Decathlon.

to electric vehicles, home energy efficiency, interconnecting solar generation with the electric grid and renewable energy and smart grid workforce opportunities.

The DOE 2011 Solar Decathlon was open to the public and free of charge. Visitors were able to tour the 19 student-built houses, gather ideas to use in their own homes, and learn how energy-saving features can help them save money today and in the future. The houses were judged in 10 contests including architecture, energy balance and market appeal among other categories.

Student teams represented countries such as China, Belgium, Canada and New Zealand. Locally, three schools in PHI's territories also competed: the University of Maryland, Rutgers University and the New Jersey Institute of Technology.

Pepco and the Arbor Day Foundation Launch Energy-Saving Trees Pilot Program

Pepco, in cooperation with the Arbor Day Foundation, provided 3,000 free trees to Pepco customers in the Washington Metropolitan area. The cooperative effort launched the Arbor Day Foundation's pilot energy-efficiency program called "Energy-Saving Trees" aimed at helping conserve energy through strategic tree planting.

The trees were available on a first-come, first-served basis, with 1,000 trees reserved for District customers, 1,000 trees for Montgomery County, Md., customers, and 1,000 trees for Prince George's County, Md., customers. They were delivered through the Arbor Day Foundation directly to customers.



Pepco customers were able to reserve up to two free trees at www.arborday.org/pepco. In return for the free trees, customers agreed to plant them in a recommended location on their property and care for them. The planting location was recommended based on its potential to create shade as the tree grows in height to reduce energy consumption.

To ensure that customers would plant the right trees in the most strategic location, the "Energy-Saving Trees" program used an online tool whereby customers mapped their houses, selected a tree with energy-saving potential, learned the best energy-saving and safe locations to plant, and received an estimate of the annual savings that may result when the tree grows.

Along with the estimated future energy savings, the online tool also provided estimates of other community benefits that trees provide, including air quality improvements, storm-water reduction and carbon sequestration.

"Pepco is honored to cooperate with the Arbor Day Foundation to provide 3,000 free trees to our customers," said Thomas H. Graham, President, Pepco Region. "As a company that consistently has been recognized as a Tree Line USA utility by the Arbor Day Foundation for our quality tree care, annual worker training in quality tree care practices and our tree planting and public education program, we welcome the opportunity to provide power-line friendly trees that not only beautify our environment, but also provide the potential for our customers to save energy and money."



Nathan McElroy, Staff Forester for Pepco, displays samples of 3,000 free trees that were offered to Pepco customers through the "Energy Saving Trees" partnership with Pepco and the Arbor Day Foundation.

PHI Scores Well in *Newsweek's* 2011 Green Rankings

Achieves Top Utility Score for "Environmental Impact"

Pepco Holdings, Inc. (PHI), Pepco's parent company, was once again a top performer in *Newsweek Magazine's* 2011 Green Rankings of America's Largest Public Companies, published in its October 16, 2011, issue. Among the 500 largest U.S. companies – according to revenues, market capitalization and number of employees – PHI was the third-highest ranked utility.



"These rankings matter to us," said Joseph M. Rigby, PHI Chairman, President and CEO, "because they give us a clear picture of how we are doing in achieving the environmental goals that we have set for ourselves. Having a clear focus on our environmental performance is an essential contributor to our financial performance."

Newsweek collaborated with environmental research firms Trucost and Sustainalytics to produce the rankings, based on each company's environmental footprint, management of that footprint, and transparency. Trucost specializes in quantitative measurements of environmental performance, and Sustainalytics is a global leader in sustainability research and analysis.

Companies' "green scores" were derived from three components: an Environmental Impact Score; an Environmental Management Score; and an Environmental Disclosure Score.

PHI achieved the highest ranking score among U.S. utilities for the Environmental Impact component, which is a comprehensive, quantitative and standardized measurement of the overall environmental impact of a company's global operations. Measurements and analysis covered more than 700 metrics – including emissions of nine key greenhouse gases, water use, solid waste disposal and emissions that contribute to acid rain and smog.

The Environmental Management score is an assessment of how a company manages its environmental performance through policies, programs, targets, certifications and other methods.

The Environmental Disclosure Score – a new component in 2011 – evaluates the breadth and quality of company environmental reporting of their material impacts, as well as company involvement in key transparency initiatives such as the Global Reporting Initiative and the Carbon Disclosure Project.

Pepco Is Recertified for Wildlife Habitat Council's Wildlife at Work Registry

The Wildlife Habitat Council has again recognized Pepco for the continuation of a successful wildlife habitat management program and for the ongoing commitment of vegetation management, environmental planning and other staff to a long-term program that provides and enhances wildlife habitat.

The award was presented at the Council's 23rd annual symposium, Nov. 14-15 in Baltimore, at which the Hon. Harris Sherman, Under Secretary for Natural Resources and Environment, U.S. Dept. of Agriculture, was the keynote speaker.

Dana Small, Manager, Environmental Planning, and Cristina Frank, Sr. Environmental Scientist, both from PHI's Environmental Planning group, unveiled Environmental Services' new tabletop display at the event. The educational outreach display – featuring panels on Natural Resource Enhancement through Community-Based Initiatives; PHI Is Committed to Protecting Avian Species; and





Protecting the Environment Is a Core Principle – drew many compliments from attendees, including representatives of environmental organizations and other nonprofit organizations and utilities.

Their efforts, “particularly in creating and maintaining an array of wildlife habitats that benefit a wide range of wildlife species, have been truly exceptional,” stated the council’s award citation. “The team’s excellent use of technical information from partners and their great job including the community and educating others about the habitat projects also deserves praise. The council staff wishes you continued success in your wildlife habitat enhancement program.”

As a result of Pepco’s documentation and maintenance of an excellent right-of-way management program, the company will not need to reapply for certification until 2013.

Pepco’s right-of-way management program will be listed in the council’s Registry of Certified & Internationally Accredited Programs and recognized on the Conservation Registry, an online resource through which various stakeholders can collaborate on conservation efforts.

MINORITY BUSINESS AND SUPPLIER DIVERSITY

Pepco Hosts Inaugural Supplier Diversity Forum

Pepco hosted its inaugural Supplier Diversity Forum on June 14 at Pepco's Edison Place headquarters.

The forum was designed to educate qualified diverse suppliers and vendors within the Washington Metropolitan area on potential Pepco business opportunities. Pepco is committed to including local and diverse suppliers and vendors within the company's service territory, which impacts the District of Columbia and portions of Montgomery and Prince George's counties.

Pepco defines diverse suppliers as certified businesses that are minority-owned and protected-class within the Washington Metropolitan area.



"This forum not only gives minority-owned and protected-class suppliers and vendors in our service territory an opportunity to hear from us, but it also gives us the chance to hear from them," said Pepco Region President Thomas H. Graham.



PHI Receives President's Award

On behalf of Pepco Holdings, Inc. (PHI), Pepco's parent company, Vice President People Strategy & Human Resources Ernest Jenkins (third from left) received the President's Award during the Minority Supplier Development Council Choice Awards. The Pennsylvania-New Jersey-Delaware Minority Supplier Development Council (PA-NJ-DE MSDC) recognized PHI for its support above and beyond corporate membership, including consistent employee engagement, board representation and inkind contributions.

The celebration brought together more than 400 guests, including other Fortune 500 company executives, minority business owners, public and private sector leaders and government officials. The PA-NJ-DE (MSDC), an affiliate of the National Minority Supplier Development Council, one of the country's leading business membership organizations, was chartered to provide increased procurement and business opportunities for minority businesses of all sizes.

PHI Continues to Receive Multiple Diversity Honors

For the seventh consecutive year, *Black Enterprise Magazine* selected Pepco Holdings, Inc. (PHI), Pepco's parent company, as one of the "40 Best Companies for Diversity." PHI was chosen from among more than 1,000 leading corporations that were sent a survey questionnaire. Inclusion on the "40 Best Companies for Diversity" list was based on employee base, senior management, supplier diversity and Board of Directors.

HispanicBusiness Magazine also included PHI in their "2011 Diversity Best Companies." It is an annual list determined by more than 32 variables that measure a company's commitment to Hispanic hiring, promotion, marketing, philanthropy and supplier diversity. This marks PHI's fifth consecutive year of receiving this special recognition.

"PHI is honored to be recognized by both *Black Enterprise Magazine* and *HispanicBusiness Magazine* for our diversity programs," said Joy Dorsey, PHI Director, Talent Management and Diversity. "By continuously enhancing our diversity efforts through the application of evolving best practices, PHI has created a diverse and inclusive workforce that provides great value for our employees, customers, communities and suppliers."



Pepco Supports MBE University Conference

In early October, Pepco Holdings, Inc., Vice President, People Strategy and Human Resources, Ernest Jenkins addressed an all-day event targeting county small, minority and women business owners. The Minority Business Enterprise (MBE) University Conference was held at the Greenbelt Marriott in Prince George's County, Md. The conference theme, "Emerging Markets: Positioning Your Business for Opportunities," highlighted potential areas for economic growth and techniques for businesses to thrive in today's rapidly changing markets.

"Pepco is in the midst of implementing energy efficiency programs through EmPOWER Maryland and is installing smart meters across Maryland and beyond," said Jenkins. "Typically, Pepco uses a competitive bidding process to award contracts to suppliers. In 2010, Pepco procured nearly \$38 million in goods and services from minority- and women-owned businesses. We continue creating and expanding opportunities to reinvest in our communities in 2011."

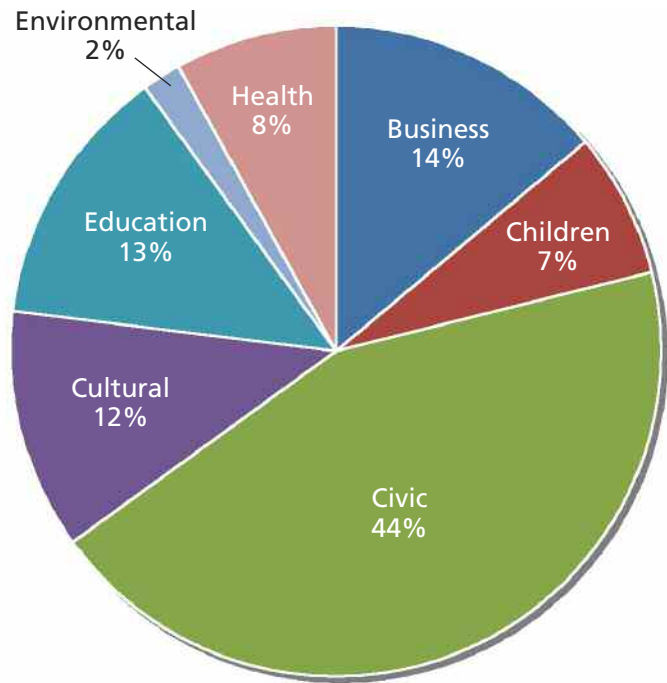


Some of the More Than 300 Organizations We Supported in 2011

African Continuum Theatre Company
ALSAC St. Jude Children's Research
American Association of Blacks in Energy
American Heart Association Mid-Atlantic Region
American Red Cross
Board of Education of Prince George's County
Bowie State University Foundation, Inc.
Boys & Girls Clubs of Greater Washington
Bread for the City
Capital Area Food Bank
Capital Breast Care Center
Catalogue for Philanthropy, Inc. Greater Washington
Center for Energy Workforce Development
Center for Nonprofit Advancement
Community Services for Autistic Adults and Children
Congressional Black Caucus Foundation
Corporate Volunteer Council of Montgomery County
Covenant House Washington
Cystic Fibrosis Foundation
DC Action For Children
DC Appleseed Center
DC Central Kitchen
DC Chamber of Commerce
DC College Access Program (DC-CAP)
DC Public Education Fund
DCBIA Community Services Corporation
East of the River Boys and Girls Steel Band
East River Family Strengthening Collaborative
Emmaus Services for the Aging
Fairlawn Citizens Association, Inc.
Fiesta DC Inc.
Food & Friends
Friends of the Library Montgomery County
Friends of the National Zoo
GALA Hispanic Theatre
GapBuster Learning Center
Girls Incorporated
Glen Echo Park Partnership for Arts and Culture
Greater Silver Spring Chamber of Commerce
Greater Washington Board of Trade
Greater Washington Hispanic Chamber of Commerce
Greater Washington Urban League
Help the Homeless Program
HEROES, Inc.
House of Ruth
Housing Unlimited, Inc.
Howard University
Human Services Coalition
IMPACT Silver Spring
Innocents at Risk
Institute for Education
Institute of Caribbean Studies
Interfaith Works
J. Franklyn Bourne Bar Association, Inc.
Jamaican Nationals Association of Washington
Jamaican Women of Washington, Inc.
James E. Clyburn Research and Scholarship
Kidsave International
Langston Junior Boys & Girls Golf Club
Latin American Youth Center
Latino Student Fund
Leadership Greater Washington
Leadership Montgomery
Leukemia & Lymphoma Society
Maryland Business Roundtable for Education
Maryland Chamber of Commerce
Maryland Clean Energy Center
Mary's Center for Maternal & Child Care
Melwood Prince George's County Open
Mental Health Association of Montgomery
Mentoring to Manhood, Inc.
Mentors, Inc.
Miriam's Kitchen
Mission of Love Charities, Inc.
Montgomery County Chamber of Commerce
Montgomery County Coalition for the Homeless
Multicultural Career Intern Program
My Sister's Place Inc.
National Capital Area Council Boys Scouts
National Center for Children & Families
National Children's Museum
National Congress of Black Women, Inc.
PHI Community Foundation
Prince George's Chamber of Commerce
Prince George's Community College
Prince George's County Professional Fire Fighters Association
Prince George's Tennis & Education Foundation
Rachael's Women's Center
Recreation Wish List Committee
Second Chance Employment Services
Sheriff Michael A. Jackson Charities
So Others Might Eat
Special Olympics MD-Montgomery County
Strathmore Hall Foundation, Inc.
Suited for Change
The ARC of Montgomery County
The ARC of Prince George's County
The Community Foundation for Prince George's County
United Negro College Fund
United Way of the National Capital Area
United Communities Against Poverty
U. S. Chamber of Commerce
Vis Arts at Rockville
Washington Business Journal
Washington Performing Arts Society
Washington Tennis and Education Foundation
Woolly Mammoth Theatre Company

PHI-PEPCO 2011 CHARITABLE CONTRIBUTIONS

In addition to the thousands of hours of public service volunteered by our employees, we also made financial contributions to an array of diverse organizations in the communities we serve, totaling more than \$2.75 million.



CATEGORY DESCRIPTIONS

Business (Contributed \$388,950)

Chambers of Commerce, Boards of Trade and Similar Organizations

Children & Youth (Contributed \$189,325)

Organizations that directly target or impact young people

Civic & Community (Contributed \$1,212,040)

Civic and community-based groups, organizations and activities

Culture & the Arts (Contributed \$329,940)

Cultural institutions, organizations and activities

Education (Contributed \$360,090)

Direct support for educational institutions and education-related organizations, activities and scholarships

Environmental (Contributed \$42,750)

Organizations and agencies that have a direct impact on the environment and/or environmental activities

Health & Human Services (Contributed \$235,356)

Local health and human services institutions and activities



PEPCO — A PHI COMPANY

Pepco is a regulated electric utility that provides transmission and distribution services and is a wholly owned subsidiary of Pepco Holdings, Inc. (PHI). Pepco has been providing reliable electric service for 116 years. We work around the clock to deliver electricity to more than 780,000 homes and businesses in the District of Columbia as well as Montgomery and Prince George's counties in Maryland. We're committed to ensuring that our customers continue to receive the highest quality service available.

Pepco places a high value on being a good corporate citizen. We conduct our business responsibly and in a manner designed to protect the health and safety of our employees, our customers, the general public and the environment. We are also active in the communities we serve, working with nonprofit organizations to aid the less fortunate, local governments to support school enrichment programs, and community groups to enhance the quality of life of their citizens.

We encourage and support our employees who give their personal time and energy to create a brighter future for others.

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