Remarks

Thank you, David.

And thank you all for being here today. As you know, Chicago is Exelon’s hometown… where we own and operate six high-performing nuclear generating stations and eleven units and proudly serve 3.8 million customers across Chicago and Northern Illinois through our ComEd utility.

And that brings me to why I’m here today. I’m honored and excited to speak with you today on a topic that I’m passionate about: the future of nuclear energy.

Over the last couple of years, we’ve seen our share of challenges… rising costs, falling energy prices, increased regulation, market inequities, and a lack of federal and state energy policies that value our product.

And then there are the political and legal issues… but I’ll stop there. Trust me, I could go on… but you’d never invite me back.

These are very real and difficult challenges. But today I want to talk about some of the ways Exelon Generation is facing them, and what opportunities exist to ensure a bright future for our plants and our people... opportunities to adapt, innovate and demonstrate our value.
I started my career in nuclear 25 years ago as an engineer right out of college. Today I am fortunate to run the largest nuclear fleet in the country. We generate 20,200 megawatts of electricity from 23 reactors at 14 locations in Illinois, Pennsylvania, New Jersey, New York and Maryland with an industry-leading capacity factor of 94.6 percent last year.

Every day I’m heartened to see our more than 10,000 hardworking, talented people, each with passion for operational excellence, nuclear safety and security.

A lot has changed in those 25 years…. Today, groundbreaking developments in innovation and technology are making our facilities safer, cleaner and more effective, allowing us to deliver historic high capacity factors, monitor and predict plant performance, and maintain world-class levels of operational excellence.

At the same time, historic power pricing swings, market inequities and energy policy issues continue to challenge our very existence. 25 years ago, the way we dealt with financial challenges was pretty simple… make more power. If the shortfall was bigger… trim costs and make more power.

But the days of “cutting” or “performing” our way out are long gone.

It isn’t enough anymore to operate our nuclear plants safely and reliably… That’s simply the price of admission in today’s environment. We have to change the way we do business… We have to adapt, grow and innovate. We have to go beyond
operational excellence... and find new ways to build enduring value for our plants.
The last few years forced us to reinvent ourselves in many ways...

Cost Optimization and DNP
We had to find new ways to do the same work more effectively and efficiently. Through our own cost optimization efforts as well as our participation in an industry-wide initiative called *Delivering the Nuclear Promise*, we identified dozens of opportunities to streamline operations, improve efficiency and reduce costs to make our nuclear power stations as competitive as possible, while ensuring safety and security.

For example, we streamlined how we process the thousands of supplemental workers we hire in local communities to assist in our refueling outages. It used to be that every operating company had its own process for bringing these workers in. This is an extensive process that requires testing and understanding of procedures and policies for working in a nuclear plant. So, an individual who went through the process to work an outage at an Exelon plant, finished that work and then moved on to work an outage at an Entergy plant two weeks later would have to go through the process all over again. It was time consuming for both the workers and the companies. A new industry-standardized process saves us time, allows us to get workers in quicker and reduces costs.

To date, we’ve identified dozens of opportunities like this across our fleet that will save us roughly $160 million. That’s the kind of thinking that will help us remain competitive in this changing industry.
**Innovation**

However, we knew that cost-cutting alone wouldn’t be enough. We needed to think bigger. We had to create a culture of innovation and encourage our people to imagine new ways of working and using groundbreaking, visionary technologies to revolutionize the ways we do business.

At Exelon Generation, we’re really excited about how artificial intelligence and predictive diagnostics can help us. We’re excited about the “digital worker” -- equipping our folks in the field or in the office with digital assistance so that they can be “hands free, eyes up” all the time.

We began with investments in digital plant technologies that are allowing us to work safer, smarter and swifter. A few examples include...

**Watchtower**: A GE application we’re piloting that predicts equipment failures before they occur. With this information, we’re able to assess the issue and quickly determine the right course of action before anything even happens (and ensure it never does).

**Lighthouse**: An advanced analytics tool used to assess organizational performance. It gives plant leadership the information they need to prevent small problems from becoming big ones.

The **Digital Plant Viewer** is an interactive map with 360-degree views of
each elevation inside the plant that workers can use to view real-time dose data in radiologically controlled areas of the plant before they even step inside.

Similarly, **Project Vision** technology lets employees in the plant share what they’re seeing real-time with others in another location, maximizing collaboration to solve a plant issue while minimizing exposure to radiation.

We also created a new Exelon team focused solely on driving, incubating and promoting innovative ideas across our fleet. They currently have more than 20 projects in the pipeline in various stages of the innovation life cycle. As part of this initiative, we’ll be opening Exelon Generation’s new “Innovation Center” in our Warrenville, Illinois, location next week. It’s essentially the workplace of the future, designed to foster innovative thought and drive collaboration to incubate ideas and get them to market.

**Exelon R&D Investments**

Being the only Fortune 100 company in our sector and operating the largest clean energy fleet, we have a unique opportunity to lead the energy industry in the exploration, development and deployment of the next generation of clean, diverse energy technologies.

Exelon’s R&D investments and partnerships complement and enhance the company’s broader strategy to transform the power grid through innovation and technology. We have formed cooperative research and development partnerships
with Argonne National Lab, MIT’s Energy Initiative and Northwestern University to explore technologies ranging from energy storage, solar, materials science, smart grid technologies, transportation systems and many others.

We are bringing together the “best brains” in the energy field and gaining access to the latest research and development taking place at top institutions across the nation. With these partnerships, we can help researchers identify energy needs and speed new technology to market.

**Public Advocacy and Policy Initiatives**
But even as we reinvented and innovated to continually improve our nuclear fleet, public policy had not evolved to properly value the clean energy we provide – even as states and the federal government took action to promote and subsidize other clean energy sources.

We had to take action. As early as 2014, we were looking at potentially having to shut down more than a third of our nuclear fleet because the plants were continuing to lose money and had lost hundreds of millions of dollars. Two stations in Illinois (Clinton and Quad Cities) and two more in New York (Ginna and Nine Mile Point) were at risk.

These are well-run facilities (all over 93% capacity factor) that produce more than 5,400 megawatts of zero-carbon baseload electricity. These plants inject billions of dollars into their local communities through jobs, wages, taxes and other economic activity. The prospect of shutting the plants down—and putting
thousands of our highly skilled, hard-working employees out of work--broke my heart. Policy reforms were the only thing that could save them.

Employees across Exelon responded to the challenge and we refocused our collective efforts to inspire change by demonstrating nuclear energy’s value... to local stakeholders, state policy makers, elected officials and state regulators. We had to tell our story (and more importantly) encourage others to tell it for us.

We brought state legislators, members of the media and local elected officials into our plants for a first-hand look at how we operate them and to talk with plant leaders and employees and understand what it would truly mean if the plants were to shut down and close their doors.

In New York, the Public Service Commission (PSC) created a Clean Energy Standard (or CES), a landmark policy that will balance the state’s ambitious clean energy goals with common sense economic policy. Under the CES program, New York developed a zero-emission standard (ZES) that will keep upstate nuclear plants operating as the state transitions to a 50-percent CES goal by 2030.

Shutting the upstate New York nuclear plants would have devastated the local economies, eliminated thousands of good-paying jobs and increased costs to New Yorkers. In fact, recent report by The Brattle Group found the upstate nuclear plants bring $3.16 billion in economic activity, account for nearly 25,000 direct and indirect jobs, create $1.7 billion in electricity cost savings, contribute $144
million in local and state taxes, and help avoid 16 million tons of carbon emissions.

FitzPatrick, an Entergy plant near Syracuse, had also been marked for closure, risking 600 jobs and millions of dollars in economic value to New York annually. The New York CES program paved the way for Exelon Generation to purchase the FitzPatrick plant, saving the plant from an early shutdown, and also preserved Nine Mile Point and Ginna, which had also been at risk. We purchased the plant in late March and celebrated Day 1 with employees last week, on April 3.

In Illinois, a broad coalition of more than 200 business, labor, environmental, faith-based organizations and other groups worked together to introduce – and ultimately help to enact -- the Future Energy Jobs Act. The legislation pivoted Illinois to the new clean energy economy, saving and creating thousands of jobs and unleashing billions of dollars of investment in clean energy and energy efficiency measures across the state. It also made Illinois an environmental leader by creating an innovative Zero Emissions Standard that appropriately recognizes nuclear power for its zero-carbon energy in the state and ensures clean air. It levels the playing field for all clean sources of electricity, including solar and wind, by placing a value on zero-carbon energy.

Most importantly, the law is expected to preserve the Clinton and Quad Cities nuclear plants for at least 10 years, saving thousands of jobs, preserving $1.2 billion in economic activity in Illinois and contributing to the vitality of two major downstate Illinois communities.
Thanks to the support of New York Gov. Cuomo and Illinois Gov. Rauner, both these states took action to save key nuclear plants from early retirement, preserving these economic engines for years to come.

Regardless of their very different political affiliations, both leaders recognized the need for an “all-of-the-above” approach to reducing emissions, while preserving and growing jobs, keeping energy costs affordable and ensuring that our economy remains competitive.

And the fight isn’t over, we still have to hold the line against litigation brought by the fossil fuel industry in both states but we will stay the course... and we are confident about the future. I’m heartened to see that similar conversations are starting to take place in other states, including Pennsylvania, Ohio, Connecticut and New Jersey.

Closing
In closing... Our future as an industry is based on efficiency, innovation and, most of all, delivering reliable, safe and clean energy.

The transition to a lower-carbon economy is irreversible, driven by a combination of market forces, rapidly advancing technology and growing consumer preference for energy that is clean and affordable.
We can **and must** build on this. Sensible energy policies can unleash investment, accelerate job growth and create an environment for innovation to thrive. We must get our policies right so that we don’t undermine our energy security or unintentionally move our country further from achieving our environmental and economic goals.

While we may all see the future of energy from different angles, there can be no mistaking one important thing... We simply cannot meet our clean energy goals and maintain a reliable electric grid without preserving the existing nuclear fleet. It’s simple math. And despite the many roadblocks we face and the difficulty of the politics, we’re making good progress.

In the absence of coordinated federal policy, states have an important role to play. They can serve as incubators for innovative policies to address complex economic and energy challenges, as New York and Illinois have done.

Today, like never before, we have an opportunity to work with policy makers to establish forward-thinking clean energy policy. There is a path to advance our shared goals of growing American jobs and the economy while reducing pollution and bolstering energy security. The key is finding common ground and I’m convinced we can do it.

Regardless of how we make power, we must all work together... to adapt, innovate and advocate... to build and demonstrate the value of our people, our plants and our product.
Thank You