

**2009 Early General Negotiations
Between
PECO Energy Company
and
IBEW Local 614**

**Memorandum of Agreement
November 13, 2009**

This Agreement is made by and between IBEW Local 614 (the “Union”) and PECO Energy Company (the “Company”) effective on April 1, 2010. The parties agree as follows:

A. New Contract:

Except as referenced in this Memorandum of Agreement, the current Collective Bargaining Agreement (the “CBA”) and all other provisions and agreements between the Union and the Company will remain unchanged; provided however, the parties will make non-substantive housekeeping language changes to the CBA and, furthermore, agree to address certain matters relating to the Cash Balance Plan, Gas progression and AIP as part of separate discussions.

B. Term of Agreement:

This Agreement shall be effective as of the ratification of this Agreement, and shall continue, thereafter, until midnight, March 31, 2015, and shall be renewed from year to year thereafter unless either Party serves on the other Party written notice, which is received not more than ninety nor less than sixty calendar days before any annual expiration, that termination of this Agreement is desired. Such notice shall be sent by certified mail, return receipt requested.

This Agreement is subject to the approval of the International President of the Brotherhood.

C. Severability:

The Parties Agree that the following language will be added to the PECO Energy Company (“PED”) and/or PECO Energy Company Call Center (“PEC”) Agreements as follows:

Third paragraph to the PED and PEC CBA Article XIII as follows:

To the extent any provision of this CBA is not compliant with existing law, the parties agree that the remaining provisions of this Agreement remain in full force and effect.

D. Layoff/Recall Modification

The parties agree to the following modification to Article V, Section 5.5 of the PEC and PED CBAs:

Broken Service

Service of employees shall be broken for the following reasons:

- (1) Voluntary resignation.
- (2) Retirement.
- (3) Discharge for just cause.
- (4) Discharge during the probationary period.
- (5) Failure to return to work after a layoff within ten (10) workdays after being notified to do so by certified letter **(or other generally recognized carrier that has delivery tracking information)** having been sent to the employee’s last known address on the Company’s personnel records. Nothing herein shall be construed to prevent the Company from using temporary help until the employee returns.
- (6) Under the provisions concerning leaves of absence.
- (7) Layoff after recall period as determined by this Article.

E. Holidays:

The Parties Agree to the following modifications to the first paragraph of the Floating Holiday language contained in Article VI, Section 6.1, of the PED and PEC CBAs:

Floating Holidays

In addition to the above holidays, regular, full-time employees shall receive four (4) Floating Holidays on January 1 each calendar year. **Such Floating Holidays should be requested at least five (5) calendar days in advance but may be requested at any time prior to the start of an employee’s shift. The granting of any Floating Holiday request, regardless of how much notice is provided, is solely at the Company’s discretion.** Employees who have thirty (30) or more years of service, who were previously granted five (5) floating holidays, shall be “grandfathered” and shall continue to be entitled to five (5) Floating Holidays.

F. Additional New Business Construction Contractor Liaisons:

As set forth in a Memorandum of Understanding to be attached to the PEC Agreement (**attached hereto as Exhibit A**), the parties agree to the addition of additional contractor liaison bargaining unit positions subject to the terms of the understanding.

G. Mutual Aid:

The parties agree to the following modifications to paragraph 7 of the PED Mutual Aid Agreement as follows:

Employees working the assignment will be compensated at **double their basic hourly rate** for all hours worked during the assignment.

H. Meal Allowance:

The parties agree to modify the language contained in Article VIII, Sections 8.4 (PED) and 8.3 (PEC) as follows:

Overtime Meal Allowance

Employees qualify to receive a meal allowance if, at the direction of management, they work two (2) consecutive hours in addition to their scheduled shift. The regularly scheduled shift must be at least eight (8) hours for this policy to apply. Employees qualify to receive an additional

meal allowance after each additional five (5) consecutive hours of work. Time taken from work for a meal will not be considered as time worked except in emergency conditions.

When a call-out occurs, the employee qualifies for a meal allowance at the end of each five (5) consecutive hours worked. In lieu of a meal allowance the Company may elect to provide a meal.

The allowance for meals shall be \$10.00 (effective April 1, 2010 - \$10.25; effective April 1, 2011 - \$10.50; effective April 1, 2012 and effective April 1, 2013 - \$10.75; effective April 1, 2014 - \$11.00).

I. Shift Differential

The parties agree to the following revision to Article IV, Section 4.17 of the PED and PEC CBAs as follows:

Shift Differential

Shift differential will be increased during the term of the Agreement from the current \$1.70/hour to **\$2.00/hour** for all hours worked for employees scheduled for a regular shift that begins before 6:00 am local time or ends after 8:30 pm local time.

J. 401(K) In-Service Withdrawals

The parties have had extensive discussions regarding employee In-Service withdrawals under the Company 401(k) plan. The parties agree to the following terms that will be applicable to only those employees covered by the PED and PEC Agreements:

As a pilot that will continue for the duration of the agreement, the employer in-service matching withdrawal feature will be added to the Employee Savings Plan for PECO represented employees and subject to the following conditions:

- The withdrawal is limited to the employee's Employer Matching Contribution Account under the Employee Savings Plan;
- Withdrawal is available to employees who have attained age 50 or older and completed at least 5 years of service;

- Withdrawal is limited to one per calendar year;
- Withdrawals are subject to any administrative fee then in effect under the Plan's administrative services agreement. The fee will be \$50 per withdrawal;
- The withdrawal will be established and effective no later than May 1, 2010.

K. Wages

A general base wage increase will be provided to each eligible employee as follows:

- A. Three Percent (3.0%) increase on January 1, 2011.
- B. Three Percent (3.0%) increase on January 1, 2012.
- C. Three Percent (3.0%) increase on January 1, 2013.
- D. Three Percent (3.0%) increase on January 1, 2014.
- E. Three Percent (3.0%) increase on January 1, 2015.

The above wage structure should be read in conjunction with the "3.1 Transition Plan Agreement" and not as a modification or alteration thereof.

L. Bonus Contingent on Ratification of Early Agreement

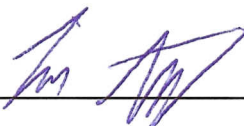
If this Early Agreement is ratified by the membership before the end of 2009, each bargaining unit will receive a ratification bonus in the amount of \$1000.00 less applicable withholdings.

The parties understand that if early agreement is not reached and successfully ratified, all provisions contained in items A- L expire and are deemed withdrawn. Additionally, if early agreement is not reached and full table negotiations commence, neither party should assume that anything tentatively agreed to in items A - L remains as a proposal. Furthermore, the parties can assume that proposals previously rejected, not pursued or not proposed at all may be proposed in full-table negotiations.


The undersigned agree to the provisions of this Memorandum of Agreement with recommendation to the membership for ratification. Ratification must take place before December 31, 2009.

AGREED TO:

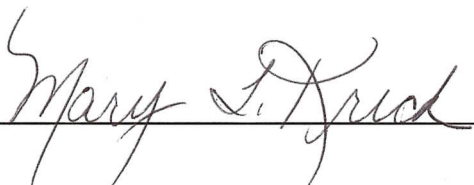
By Company:



Date 11/13/09



Date 11/13/09



Date 11/13/09

By Union:



Date 11/13/2009



Date 11/13/2009

Memorandum of Understanding


As referenced in the Parties' November 12, 2009 letter, during the course of contract negotiations, the parties have discussed potential modification of the AIP individual performance factor. The parties have reached agreement on the following:

The Company agrees to eliminate the individual performance in the AIP during the applicable term of the 2010-2015 Collective Bargaining Agreement;


The Union agrees to withdraw arbitration case number 2009-028-PED (AAA 14 300 01524 09) and withdraw NLRB case No. 4-CA-36631.

AGREED TO:

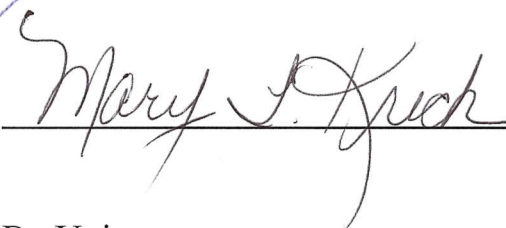
By Company:



Date 11/13/09



Date 11/13/09




Date 11/13/09

By Union:



Date 11/13/2009



Date 11/13/2009

Memorandum of Understanding

As referenced in the Parties' November 13, 2009 Early General Negotiations Memorandum of Agreement, the parties have agreed to address the investment credit issue related to the Cash Balance Plan as a separate discussion.


Until the Department of Treasury/Internal Revenue Service issues relevant regulations, the parties agree to maintain the current investment credit rate and service credit under the current Plan until the year that the relevant regulations referenced in announcement 2009-82 are issued.

AGREED TO:

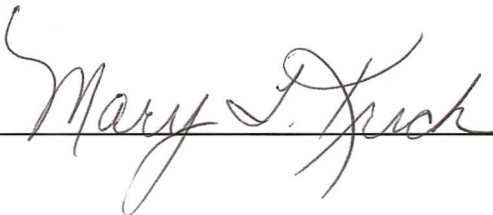
By Company:



Date 11/13/09



Date 11/13/09

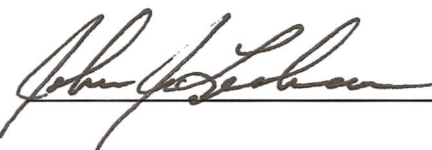


Date 11/13/09

By Union:



Date 11/13/2009



Date 11/13/2009

Exhibit A

Memorandum of Understanding

Effective on or before May 30, 2010, the Company agrees to bring in some new residential construction group ("NRCG") work that has been performed by an outside vendor. Because this work has been performed by an outside vendor for over a decade, it is not ordinary and customary bargaining unit work. The NRCG work will be performed by the contractor liaison classification in the PED CBA for a two-year trial basis. The addition of the NRCG work will result in additional contractor liaison positions in the PED bargaining unit.

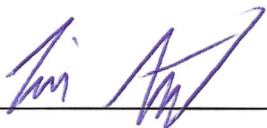
The parties agree that the work performed by the contractor liaison classification will be performed for a minimum of two years beginning on/or before May 30, 2010. Since the NRCG contractor liaison work is not ordinary and customary bargaining unit work, the parties agree that the Company is not bound by the no layoff provisions contained in Article IX, Section 9.1 in the event the Company utilizes its discretion to contract the work to a vendor after the expiration of the two year trial period. At the conclusion of the two year trial period, the parties agree to meet and discuss whether to continue the in-house bargaining unit performance of the NRCG work. If it is determined to continue the NRCG work with bargaining unit contractor liaisons following the two year trial period discussions, the provisions of Article IX, Section 9.1 will apply from that point forward.

Postings for any such vacancies will occur internally in accordance with Article V, Section 5.12.

This letter of Agreement should not be construed to change the requirements of Article V, Section 5.12 or Article IX, Section 9.1 for any other applicable situations not specifically referenced herein. However, all candidates will be notified of the contingencies described above during the two year trial period and during any discussions thereafter.

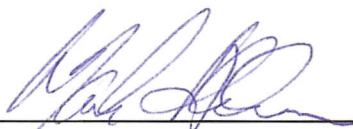
AGREED TO:

By Company:



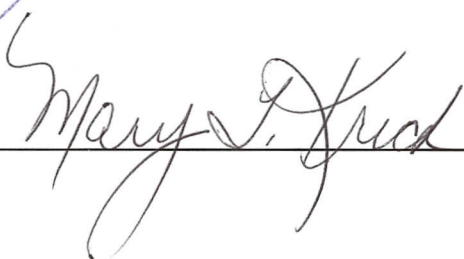
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