

PJM INTERCONNECTION, L.L.C.
PJM BOARD OF MANAGERS
CODE OF CONDUCT

(Updated December 2008)

Under PJM's organic documents, general principles of corporate law and the FERC's regulations, those serving on the Board of Managers ("Board") of PJM Interconnection are accountable for maintaining PJM's independence, its fulfillment of its contractual obligations and its compliance with applicable legal and regulatory requirements. The Board must exercise reasonable due diligence, good faith and care in the management of PJM's affairs while bringing to bear independent, honest and unbiased business judgment. Accordingly, the Board will avoid self dealing and conflict of interests and accord PJM's interests priority over other interests, connections and affiliations. In addition, the Board shall ensure that PJM performs its duties and responsibilities in a manner consistent with the creation and operation of a robust, competitive and non-discriminatory electric power market in the PJM Control Area so that no Market Participants will have undue influence over the operation of PJM. In furtherance of these objectives, PJM has adopted certain Standards of Conduct under FERC's Order No. 889, attached hereto. Each Board Member shall sign a statement attesting that he or she has read, and shall comply with, such standards.

In addition, each Board Member will use reasonable due diligence to stay informed about PJM's business affairs and activities and to exercise oversight with respect thereto. To this end, all Board Members will participate, either in person or, where permitted, by telephone conferencing, in all properly noticed meetings or will properly document in the minutes of relevant meetings any valid reason for non-participation. Each Board Member will register dissent when in disagreement with an action of the Board and will ensure that such dissent is made a matter of record in the minutes of the relevant meeting. Communications with the Board (except with the President in the normal course of business) by any employee, officer, agent or representative of a Member or of any Market Participant with respect to any matter that is before the Board or is reasonably likely to come before the Board, shall only be conducted through the procedures set forth in the Operating Agreement, the Tariff or the Transmission Owners Agreement. Any "ex parte" communication by any employee, officer, agent or representative of a Member or of any Market Participant with respect to any matter that is before the Board or is reasonably likely to come before the Board shall promptly be disclosed in writing to the full Board and to all of the Members, provided, however that any "ex parte" communication to the Board raising issues that require referral, or have already been referred, to a governmental investigation or enforcement agency, including the FERC Office of Enforcement or PJM's Market Monitoring Unit (MMU), will not be disclosed publicly. Such determinations will be made by PJM's General Counsel, in consultation with the Chairman of the Board.