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Exelon Corp. *(EXC)*

Analyst Meeting

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MANAGEMENT DISCUSSION SECTION

Jacee M. Burnes*VP-Treasury Operations & Assistant Treasurer, Exelon Corp.*

All right, so mic on? All right, we're going to get started. Welcome to Exelon's 2012 Analyst Day. I'm JaCee Burnes, Vice President of Investor Relations. I took the position in mid-March at merger close from Stacie Frank, who many of you know and one of my dear friends moved over to be the Treasurer of Exelon. I've really enjoyed reconnecting with many of you in the audience having previously been in IR a numbers of years ago, it's been a lot of fun to reconnect. So, those of you that I don't know, I really look forward to meeting you and working with you. So, I'm very pleased. I think, I saw a few of the rating agency analysts here today, so we're happy to see you as well.

Before we go through the agenda, I will remind everyone that the matters we discuss today contain forward-looking statements and estimates that are subject to various risks and uncertainties. Please refer to our IR webpage and SEC filings for a discussion of factors that may cause results to differ from management's projections, forecasts and expectations.

So, today's agenda, we've got fully-loaded agenda for all of you and I'm going to go through the speakers that we have, I'm going to ask each of them who are in the front, when I call their names to stand up, so to make sure you know who they are.

So first, I am – I have a huge smile on my face because I am so proud and pleased to introduce this leadership team to you. I firmly believe that this leadership team is the best in the industry.

Chris Crane, Exelon's President and CEO will introduce the new Exelon to you. He'll provide you with a strategic overview and he'll set the framework and tone for the day. Jack Thayer, Exelon's Executive Vice President and CFO will provide you with the financial update. Then Ken Cornew Exelon Executive Vice President, Chief

Commercial Officer and the CEO of Constellation will present an overview of our Commercial business including a review of our Exelon Generation hedge disclosures. We know how important these disclosures are to you and our intent has been to keep the transparency that we have provided to over number of years.

Then Bill Von Hoene, who many of you know Senior Executive Vice President and our Chief Strategy Officer will conclude the first part of the meeting with a discussion on the competitive market which is vital to Ken's business and also give you an update on the asset divestiture process part of the Maryland Commitment.

Following Bill's remarks, we'll have a panel discussion Q&A for about 30 minutes, we'll also have Joe Glace, Exelon's Chief Risk Officer; and then Joe Dominguez, who is Exelon's Senior Vice President of Governmental and Regulatory Affairs and Public Policy join them on the panel.

After the panel will take a quick break, there'll be snacks on the left and – to my left and to the back do that for a few minutes and then we'll come back. And then Denis O'Brien, Exelon's Senior Executive Vice President of Exelon and then also the CEO of Exelon Utilities will give you a snapshot of the three utilities and also talk about how he is driving operational excellence and efficiencies inside of all the utilities. Then Chip Pardee, Senior Vice President and Chief Operating Officer of Exelon Generation will give you an overview of our Generation business.

Following Chip's presentations, we'll have our second panel and we'll have the three CEOs, the Utilities joins Denis and Chip and Pramaggiore CEO of ComEd; Craig Adams of PECO; Ken DeFontes of BGE will join Denis, Chip and then Chris will also come back for that panel.

Once the formal meeting concludes, we'll have an informal lunch where you can mix and mingle and talk to our – engage directly with our executives. In addition to the presenters and panelists given the importance of this meeting, we have a number of other key executives that will be around for a discussion during the break and also during the lunch.

If you have any specific questions that aren't covered or you want to talk to someone, please let anyone Investor Relations know Melissa, Ishaan, Sandeep, [ph] Gene Miles (5:12), we can all assist you.

And now, with great pleasure, I will turn over to Exelon's President and CEO, Chris Crane.

Christopher M. Crane

President & Chief Executive Officer, Exelon Corp.

Thank you, JaCee, and thanks to all of you for coming today. We really are excited to rollout the new Exelon to all our investors. The bottom line, we have the right strategy, the right platform, the right set of assets and the right leadership team to manage this organization through the market downturn.

Our low cost, durable nuclear assets have many years to operate that positions us well to continue to benefit and grow through all market cycles. We have a balanced portfolio, 50% roughly of the cash will come from our regulated business and 50% from our competitive business.

Clearly, the merger is a success. Generation and Load Match is already providing benefits. We do have a proven track record on cost containment, we illustrate that today by the size of the sign we put up here to rollout the new brand, and that's – and with the sign and the quality of the breakfast we served this morning. So, we're still on cost and our ability to capture the O&M synergy targets of \$500 million by 2014 are well above the \$310 million that we originally announced.

We expect run rate of gross margin opportunity of \$100 million and Ken is going to talk about that more. And we do think we have the – have established the platform for future growth opportunities which really does differentiate us from our peers.

We are committed to the dividend of \$2.10 a share and I'm going to discuss that in more detail as will Jack Thayer when he talks. We are confident in our ability to achieve the 2012 earnings in the range of \$2.55 to \$2.85. We've had some things go against us, in the last month or so, but we're committed to resolve those. We'll discuss the ICC order in the latter part of the session, when we have the utilities up. But we do think we have a path to move forward, and we'll be working to deliver on the higher end of that range.

This is the right time to own Exelon stock. We have a robust and sustainable dividend to compensate all of you and our investors during the market downturn and as the market recovers, we expect continued value to be garnered. We're in a trough. We definitely are there, but all of our fundamentals and our analysis show that by 2014, we'll start to come back out of the position that we're in, in the market with gas prices around \$4. And we do see a continued upside from the capacity market that has seen in this last auction.

So, let me tell you about Exelon. Today, our businesses include Exelon Generation, the nation's number one competitive generator. And Constellation, the nation's largest in competitive retail and wholesale energy business, a very strong platform to continue to grow on. Exelon's regulated utilities, ComEd in Illinois, PECO in Pennsylvania and BGE in Maryland. These distinctive businesses give us an unmatched competitive advantage and a presence in every aspect of the business.

We have a unique platform. We operate in 47 states, the District of Columbia and Canada. Both our Generation and Commercial footprint span the nation and provide us complementary benefits. The diverse set of generation assets allow us to provide an expansive list of our products to our customers. Having this platform does translate or does distinguish us and translates into value, scale and diversification to be able to garner more opportunities.

Exelon's portfolio is well-diversified as I've said in terms of revenue, earnings and cash flows. 50% of our cash flow in 2012 to 2014 is expected to come from stable and growing earnings at the utilities. The remainder will come from our strong competitive business.

With the competitive business, we offer an unparalleled upside as the market recovers. The platform affords a robust pipeline of organic generation growth opportunities and infrastructure investments at the utilities, which will deliver healthy returns to investors. Today's investments in the utilities will increase the support – their support of the dividend in the out years.

So, I said the merger is a success and it continues to make sense from every angle. Strategically, it creates the nation's premier competitive energy provider and a platform for sustainable growth across all operating companies. Financially, it clearly benefits both the Exelon and Constellation shareholders, a balanced portfolio of regulated and competitive businesses and it's not a bet on one single way.

With our three utilities, they're sharing the best practices to drive strong operational performance for reliability and service to our customers, while driving higher rates of returns. So, we believe the merger does make sense for our investors, our customers, and the communities in which we operate.

The merger transforms the scale and scope and flexibility of our business. If you just look, this is an impressive slide. We have \$75 billion of assets. Our market cap is now greater than \$30 billion. We have 35 gigawatts of owned generation. We are the nation's largest retail and wholesale business, serving more than 1.1 million

customers. Through our three urban utilities, we're now serving more than 6.6 million electricity customers and that's more than any other in the business.

Our ability to generate – excuse me, our ability to match generation and load in our competitive – in our markets is a strong competitive advantage. Clearly, this Generation and Load Match benefits us in PJM, particularly in the Midwest. But the benefits go beyond PJM footprint. For example, in Texas, we have 5,300 megawatts of owned or contracted capacity. It's mostly in the Dallas and Houston area. Our units are dispatchable across the curve, allow us to pick up incremental margins if we see the volatility as was seen last summer.

Combining the dispatchable generation position with the customers serving load is a natural fit and one that we can capitalize on. Ken is going to talk more about this, but managing load is not new to us. We did it for many years through the transition at ComEd, PECO and BGE. Overall, we are net long portfolio, which gives us room for further growth of our retail footprint on the back of our low-cost, clean and well-diversified Generation portfolio.

As I said the merger is working. For those that you know me, I'm a metrics-driven accountability focused leader and our integration plans are set up that way. We are effectively integrating the two organizations. We're leveraging proven teams, many of who you're going to here from today in – that are here or speaking or in the audience, we're using Exelon management model to integrate the two organizations that – and deliver superior performance.

We're doing this by performing benchmarking, focusing on the metrics, operating with tangible business plans that are routinely monitored and reviewed by the senior levels of the organization and we're constantly challenging ourselves to excel at all levels.

As I said, we have found incremental savings above the \$310 million in synergies that we communicated at the beginning of the merger. Both O&M and gross margins will be covered in much more detail by Jack, but I'm really confident that we can meet these synergies.

As we've discussed with you many times, disciplined financial and risk management are cornerstones of how we operate our business. As I said, our 2012 earnings guidance is \$2.55 to \$2.85 a share, which does reflect the impact of the ICC rate order. We are, as I said, working to deliver this on the higher end of the range.

Our strategic policy alignment process is designed to protect the dividend and our investment grade. We're committed to the investment grade ratings across all of our registrants. We do keep an open dialog with the rating agencies; over the five-year plan our credit metrics exceed the 25% to 27% FFO to debt target range. Yeah, I can't speak for the rating agencies, but I believe they understand our business, our financial outlook and including the levers that are at our disposal.

Our financial processes allow us to maintain our current dividend at \$2.10 a share. We're committed to the dividend and we do understand the importance to you as shareholders during this market period and while we anticipate the recovery of the market to come in a few years out.

Our five-year planning model maintains the dividend at the current rate in stressed scenarios. We have a number of levers at our disposal that preserves cash and improves the balance sheet. The levers include incremental operating and CapEx savings in deferral of certain projects, including the power uprate projects. We do believe there is significant value that can be created by doing these power uprates.

We expect to move forward with the Limerick and the Peach Bottom power uprates, but our recent decision to differ the LaSalle power uprate by two years is to better time the market as NiHub market improves and it also

provided us some flexibility on the balance sheet. We're also looking at other discretionary CapEx and we'll continue to do that on a routine basis.

We have the ability to use project financing. As you know most of our growth projects or all of our growth projects in the last few years have been done on balance sheet. We've maintained a strong balance sheet to be able to do that. We do evaluate our projects when we model them, we use some portion of equity in the capital structure to ensure the returns are adequate no matter how we finance them.

For growth projects, we may choose to pursue and we will assess them no matter how the finance – if their finance was debt, equity or project finance. We – this is how we approach all the growth projects. Now equity for growth projects is not out of the question, if the returns are appropriate and we decide to fund them with equity, we would definitely have to demonstrate that they'll support that.

So, we've defined the new Exelon Brand and focused – which focuses on performance. We do remain grounded in the values of our legacy companies. Safety is job one, actively pursuing excellence in operations, rigorous financial discipline and risk management and integrity and accountability to our communities, our customers in the environment also with our shareholders.

In addition to the – with the addition of Constellation, we are gaining an entrepreneurial spirit that focuses on customer facing products and will focus on innovation to better serve our customers. I believe the new brand does clearly paint the picture of what Exelon is about.

As we have continued to state, we have a unique platform to capitalize unsustainable growth. We leverage our core strengths of operation and financial management to deliver value. Reliability and efficiency are key and we believe they're competitive advantages.

We remained one of the leading nuclear operators and we'll optimize the operations at our utilities through leveraging our best practices. And our clean portfolio provides us a competitive advantage that adds value. We're promoting a competitive market in wholesale generation and retail and we believe the competitive market does bring value to our customers as well as our shareholders.

Our sustainable growth strategy that you'll hear more about will continue to diversify and grow our business. The strategy guides where we take opportunities or pursue opportunities such as economic energy acquisitions, nuclear upgrades, renewable product offerings and I do believe they do have a very good upside.

So, in summary, we have the right assets, the right platform, the right leadership team to manage through the market downturn and delivered on unparalleled upside when the market recovers. The merger has been a success and will continue to integrate.

We're committed to the dividend of \$2.10 per share, I'm confident in our ability for – to achieve the 2012, earnings in a range of \$2.55 to \$2.85 per share. And as I said, I do believe this is the right time for you to all own Exelon stock.

With that, I'll turn it over to Jack, and he'll go through a lot more of the details on the financial side.

Jonathan W. Thayer

Chief Financial Officer & Executive Vice President, Exelon Corp.

Good morning, it's great to be here today. This morning, I'll review Exelon's 2012's earnings guidance and projected sources and uses of cash. In addition, I'll present further details on the merger synergies that Chris mentioned, and highlight some of the levers available to Exelon to preserve our strong investment grade balance sheet, and our dividends during this key investment phase.

We expect 2012 full year operating earnings in the range of \$2.55 to \$2.85 per share. Our earnings guidance incorporates gross margins from Exelon and Constellation's newly combined portfolio and Ken is going to give you further detail on that later in the presentation. It also includes lower capacity revenue due to the reset of PJM capacity prices for the first half of the 2012, 2013 planning year. As Chris mentioned, it includes the impact from the May 29, ICC order for distribution formula rate filing.

And finally, merger related O&M synergies of \$0.12 per share and revenue synergies of \$0.02 per share. Our operating earnings exclude purchase accounting adjustments. We will provide a final update in our second quarter disclosures to reflect the closing adjustments for purchase accounting.

We are on track to meet planned O&M merger synergies for 2012. Our phased approach to merger integration has enabled the combined entities to quickly operate as one company and to begin realizing the merger benefits shortly after closing.

The organization worked efficiently to finalize the 2012 budget, including confirmation of O&M synergy savings and identification of gross margin opportunities resulting from the combination of Exelon's and Constellation's legacy portfolios. All departments executed their respective integration plans successfully.

We anticipate run rate cost synergies of approximately \$500 million beginning in 2014, which reflects higher than originally expected labor and IT savings, primarily driven by additional process efficiencies and operating leverage.

We expect to achieve our long-term O&M synergy target, one year earlier than originally projected and we look to realize approximately two-thirds of the run rate synergies by the end of next year.

Our O&M savings will largely come from labor-related savings in the corporate and commercial areas and supply-related cost savings. In addition, we'll save approximately \$40 million annually in credit facility fees because of the more balanced Generation and Load Match in the combined company.

We've already started to unwind the legacy Constellation credit facilities and we expect the facilities will be completely eliminated by year end. We will be transparent in our progress in achieving O&M synergies through periodic updates.

The merger also created opportunities to increase gross margins in the wholesale and retail commercial units of the organization. Upon closing the merger, the Constellation team launched the bottoms-up analysis of the two portfolios and identified approximately \$100 million of annual gross margin opportunities. In line with our ratable hedging approach, we are more hedged in the front years and we expect to fully recognize these opportunities in 2014.

These gross margin synergies primarily fit in the following three categories. First, matching Load and Generation. We see incremental margins due to lower hedge costs from our mass portfolio. Within retail, cross-selling electric, gas and demand response to existing Exelon customers of locations, where we are previously unable to service and finally through portfolio optimization with various activities that lead to margin opportunities.



In addition to creating gross margin opportunities, matching Generation and Load also reduces risk across the regional portfolios by increasing the certainty of achieving targets by maintaining length in the generation portfolios. For example, we've kept considerable peak length in our ERCOT portfolio in 2012 and 2013 to position ourselves to capture upside from tightening reserve margins. Going forward, gross margin synergies will be included in our hedge disclosures.

In summation, we believe that Exelon's synergy goals are attainable. Our highly coordinated tracking process, governance and oversight accountability model and dedicated focus on financial controls will facilitate their delivery.

Exelon's 2012, O&M forecast is \$6.4 billion, including approximately 9.5 months of operations at Constellation and BGE. On a normalized basis, the O&M baseline for the combined company will be approximately \$6.8 billion. This estimate includes the synergies discussed in the previous slide. However, excludes merger cost to achieve which are considered non-operating. The O&M estimate also includes the cost of maintaining a larger retail platform and other non-power businesses at Exelon Generation.

Beyond merger-related impacts, the key drivers of our year-over-year change in O&M include higher pension/OPEB expense relative to last year, primarily due to lower discount rates and the decrease in expected returns.

Lower storm cost at PECO compared to 2011. As you'll recall PECO incurred \$0.03 per share in storm cost in 2011, primarily due to the Hurricane Irene. And finally, the initiation of projects at ComEd under the EIMA principally associated with distribution upgrades and finally higher ExGen costs primarily due to labor escalation and inflation.

This chart provides the breakout of capital expenditures by category at Generation and Utilities for 2012 through 2014. Exelon's expected investments include a diversified balance of low-risk utility projects recoverable through rates, renewable generation projects with contracted long-term PPAs and increased leverage to a commodity recovery through cost-effective nuclear uprates. Of the nearly \$19 billion in projected spending through 2014, more than \$5 billion will be dedicated to growth projects across the Generation business and the Utilities.

Importantly, certain at the Generation growth projects provide flexibility in terms of timing. With respect to all projects, we have a rigorous capital allocation process in place to ensure the proper balance between Exelon's balance sheet and sustained EPS growth.

Delving a little bit deeper, key components of Exelon's growth spend include smart grid and smart meter investments at ComEd, PECO and BGE each with recovery mechanisms in place. Solar projects; mainly comprised of Antelope Valley Solar Ranch One, which is partly funded by a DOE loan. Approximately 400 megawatts of wind development, where we plan to spend approximately \$1.2 billion over the next three years on projects with long-term PPAs that importantly provide cash flow certainty.

And finally, the nuclear uprates. We review them regularly, they remain economic and we continue to see value in all of them. From a timing perspective, these investments are slated to come online just as mass rule start to reorder the stack.

As Chris mentioned, we're deferring LaSalle EPU, for a couple of years to better time the market recovery and provide some flexibility on the balance sheet. The remaining uprate projects are moving forward as planned.

Here we have provided the latest projections of Exelon sources and uses of cash for 2012. The combined company is expected to generate approximately \$6 billion in operating cash flows this year. We've allocated more than \$2 billion of capital expenditures, that's out of \$6.4 billion total towards growth projects at Generation and Utilities, while adhering to our diligent capital allocation process.

We have a manageable financing schedule for 2012. And we remain fully committed to our dividend and are confident of sustaining it over the next number of years. As Chris mentioned, Exelon's strategic policy alignment process coordinates our hedging program with our liquidity commitments. This is even under stressed scenarios. We also have access to several financial levers to help manage our balance sheet, which I'll discuss shortly.

2012 credit metrics for all of our operating companies are at or above target investment grade guidance ranges. Please note that FFO-to-debt target range for Generation/HoldCo has moved to 25% to 27% based on S&P's integrated merchant utility investment grade guidance, importantly reflecting current market conditions. We expect to be at or above this range over our five-year planning window. We are committed to maintaining the investment grade rating and we will utilize a flexible approach to keep our balance sheet strong.

Given the current market price environment, Exelon has financial levers that we can use to maintain our balance sheet strength, sustain our dividend and maintain our investment grade rating.

Our management team will continue to search for cost saving opportunities. As mentioned earlier, we have identified higher than originally anticipated run rate synergies. And I am confident that our team will identify incremental savings as we continue to combine Exelon and Constellation's cost structures through the integration process.

Additionally, project financing is a tool we could use to fund current and future of solar and wind development at Generation, providing us with credit-neutral financing for funding positive and PV growth projects.

The timing of Generation's growth projects remained flexible, which will further enable us to maintain balance sheet strength in a challenging and ever changing economic environment. We defer the LaSalle EPU for two years, which creates incremental room in our credit metrics and we are evaluating discretionary CapEx spend for further opportunities to alleviate pressure on the balance sheet should prices deviate negatively from today's forwards.

While our current financial plan does not call for the issuance of equity, we...

Operator: [Operator Instructions]

Jonathan W. Thayer

Chief Financial Officer & Executive Vice President, Exelon Corp.

...would assess the issuance of equity to sustain our investment grade rating through a 2014 trough in credit metrics. In all instances, we strive to retain the proper balance between rating and shareholder return.

So, in closing, achieving the merger synergies is priority one for our finance organization and the entire management team. Exelon's well-earned reputation for effective cost management, process-driven optimization and an accountability mantra allow us confidence that we will achieve our synergy targets. This is what we do and we're good at it. Importantly, we will continue to search for additional cost savings and gross margin opportunities to drive even greater merger benefits.

As Chris mentioned, we are a metric-driven organization with the focus on value creation. In the coming years, we're committed to delivering shareholder value through a sustained dividend, a strong investment grade balance sheet, the realization of merger benefits and growth that leverages the combination of our rich portfolio of physical and intellectual assets.

This is an exciting time. We are early in the days of marrying two leading companies and we have a tremendous opportunity. We're excited and we see greater potential to build a national competitive energy champion today than when we first entered into the transaction. We have a lot to do. And with success our many stakeholders, many who are in this room will benefit. That is our goal and we aim to deliver.

Now, I'd like to turn the presentation over to Ken Cornew.

Kenneth W. Cornew

Senior Vice President, Exelon Corp.

Thanks, Jack. Not a lot of room for Jack up here. He is a big guy. Good morning, everyone. I'm proud to be standing up here in front of you today with this great management team, I'm especially proud to be standing in front of this great and mighty banner that rises above me from behind me.

I got four topics I want to talk to you about today and I'm going to give you some more detail on what Chris and Jack have laid out. I want to give you an overview of our Commercial business, which has transformed, as Chris said, with the merger. I'd like to discuss our portfolio management strategy, which I think you've heard the term SPA twice now, but that will be our hedging strategy aligned with SPA and how we match Load and Generation together. I'm going to get to show you some numbers that I'm very excited about and I really like, hopefully, you do as well.

We'll also discuss and provide more insight on our load serving business, what we expect from our retail business going forward and how we're going to get there. And finally, I know you – none of you have looked at this yet, but I will provide you with some background on our new Commercial disclosure, so that you can start studying it, because I know none of you have looked at it yet.

Let's move to the Commercial business overview. This merger as Chris said, gives us unmatched presence across the energy value chain. And I'd like you to focus on three words that are on this slide below the heading, they're scale, scope and flexibility. Think about our scale, the largest merchant power generation portfolio in the United States no one even close, 35 gigawatts of owned generating capacity; it's clean, it's low-cost, and it's diverse and well-located. And we have the industry's leading wholesale and retail sales and marketing platform, 170 terawatt hours of load, sales expected – made last year and expected to be made again in this year, 465 Bcf of gas delivered, a million residential customers, 100,000 business customers.

Our scope, we've added to the business from the Constellation perspective, upstream exploration and production, understanding the costs and drivers of the fuels that set price in our market. And beyond the meter, we have one of the largest and most experienced energy management providers in the industry, 2,000 megawatts of load response under contract and over a 4,000 energy saving projects already implemented across the United States.

As Chris indicated, our transformation has been significant. Our Commercial business from an Exelon perspective in the past was largely a PJM wholesale market focused business. Now we've become a national customer facing business.

In our Generation, our wholesale business and our retail business go together and that's why I really like the slide we're presenting here to you today. You don't take the largest merchant generation fleet simply to market and that fleet – in that fleet Constellation's Generation portfolio added 9,000 megawatts to what Exelon already had of nuclear gas and hydro capability – diversified that fleet. That fleet needs to get to market, so we've combined the two best – the two largest wholesalers in the United States together and believe me we've come together for the last 2.5 months and we found a lot of similar capabilities, tremendous talent and capability to go to market with our merchant fleet.

And finally, we can't do it alone in the wholesale market, we need to do it with the Load Serving business as well as Chris said, so we combine the number one and the number ten C&I businesses in the United States together to distance ourselves from the competition in the retail sector. All together \$8 billion in gross margin expected per year more than \$8 billion, couldn't be done if we didn't have these three things together and that's our strategy.

Let me move to portfolio management and for those of you who have listened to Exelon in the past and even Constellation's discussions in the past, you'll find that our strategy is consistent. We start with our strategic policy alignment program or SPA. We don't hedge for the sake of hedging we align our hedging strategy with our strategies for maintaining our credit rating, with our capital and operating expenditure plan, with our value return policy to our shareholders.

We ran our SPA process for the combined entity and also understood that both entities were essentially hedging on a three-year ratable basis and quickly decided that were going to continue to hedge on a three-year ratable basis, in a disciplined way. The tenor aligns with our customer preferences. The tenor aligns with market liquidity. But we don't just hedge in a programmatic fashion. We do it with a purpose also to create value.

And as you can see on the right side of this slide, our bull/bear program essentially which both companies have instituted for a long time, gives us the ability to time our hedges, pick our products – pick our products and locations and pick our customer base in which we want to drive our portfolio to market, gives us the ability to add substantial value to the portfolio versus just purely hedging on a ratable basis.

The large component of our hedging strategy is to sell load following products and it's essential that we have the capability to sell load following products to create value for a generation portfolio. And I want to focus you on the left side on the slide. The left side of the slide is a cost build-up, a simple example of a cost build-up for full requirements power, which starts at the bottom with block energy. So block energy is the biggest price component of a load following product. Exelon has the lowest cost, nuclear block fleet in the United States, and we can combine that with versatile combined cycle assets, which can run more or less at a time depending on market conditions.

If you move up the list, you see basis. As I said before, our generating assets are located in premium locations. Our New England assets are in premium locations, our PJM assets are in premium locations, our Texas assets are in premium locations. We want to sell our products in those locations and thus we have an advantage from a basis perspective. Load shaping, we have a gas, a hydro and a peaker fleet that allows us to shape the product and follow our customers demand very easily. We have a large renewable portfolio and ancillary capability and as you know, capacity and transmission cost tend to be fixed.

So we run this business in an integrated fashion. We are an integrated portfolio. We are not a pure play retailer. We are not a middleman. That gives us significant competitive advantage in the market. We don't easily monetize the value of dispatchable generation without selling load following products. The wholesale market doesn't necessarily give you the kinds of opportunities and liquidity to monetize dispatchable assets and assets in the

locations we have them without selling these products. This is something we've done for a long time and we'll continue to do.

So just how well does our generating footprint align with our load serving business. We told you, we thought it aligned well for the last year or so, as we work to consummate the merger and as we brought the portfolios together and this chart describes on the left, love what I see here. Starting with the chart on the left, I want to describe what we're saying here. We have all the regions, the major regions in which we participate, for each region, the top bar is our capacity, our generating capacity in that region. The second bar is our expected generation position. So what we expect to dispatch out of that capacity based on market conditions, baseload nuclear runs as much as it's available which is over 90% at the time and in other units' intermediate and peaking run when the market dictates. The third bar is our load serving position, combined wholesale and retail. So as you can see in the Midwest, we have a large generating position. As you know, we expect a lot of generation from our Midwest portfolio and about a quarter of it is sold in load serving means. We have the ability to sell much more than a quarter of it. We're going to be focused in growth in that region from our retail – from the retail perspective.

When you look at the Mid-Atlantic, the next region down, you see that we're relatively well-balanced. We have a tremendous portfolio of baseload, intermediate and peaking assets including gas, hydro, nuclear and peakers. We expect to generate more than enough to serve our load following obligations.

And as Chris mentioned in ERCOT, we have what I think is a great fleet for the ERCOT market design and ERCOT market conditions at this time. We have intermediate and peaking assets that can take advantage of the volatility that the ERCOT market provides. So we've set that position up well and expect to see good things from it in the coming years.

Let me move to our electric load serving business and our growth targets. As you can see in the chart on the left, in 2011, the combined entity sold about a 170 terawatt hours of commercial load. We expect similar sales profile in 2012, albeit more on the competitive retail side and a little less on the competitive wholesale side. Constellation did very well in its auctions in the past for 2011 loads and we expect to continue to do well, but maybe not as much volume as we see – we saw there in 2012.

Little tidbit here. Chris mentioned, we know how to serve load and have been doing it for a long time. In 2011 ComEd, PECO and BGE's control area loads added up to 178 terawatt hours. So we know how to serve a 178 terawatt hours and a lot of us in the room here upfront have been around long enough to have served ComEd's 23,000 megawatt peak, to have served PECO's 9,000 megawatt peak, to have served BGE's 7,000 megawatt peak. We know how to do it. Now, we don't have it all concentrated in those three territories, we've advanced, we don't have our generation concentrated in those three territories. So we know how to sell a 170 terawatt hours. We think we know how to sell 200 terawatt hours or more and our growth plan for 2014 is to push to 200 terawatt hours.

On the right side, you can see the loads split – our current loads split in 2011 by customer class, 46% wholesale, 24% large C&I, the remaining made up of medium C&I, small C&I and mass markets. There is room to grow and let me tell you how we're thinking about it.

Focusing on the chart on the left, the total U.S. power market in 2012 is expected to be 3,700 terawatt hours. Our 170 terawatt hours puts us at about a 5% market share in total U.S. energy consumption. Almost half of that consumption is ineligible for competition. Off that half it is eligible, 18% in the muni/co-op market, 19% has switched and 16% has yet to switch.

As we grow to 200 terawatt hours, our 5% market share grows to 5.4%. So how do we expect to do it? We do hope to see modest load growth in our industry; that will help. We do believe that more commercial and industrial customers and more residential customers will be switching in the competitive market over time. So we want to grab our share and serve those new customers. We want to improve our market share in existing markets. We have the opportunity to cross-sell the suite of products to existing customers. Exelon Energy sold energy capacity and natural gas to some customers, only energy and capacity to others. Constellation has a suite of products in our platform that we can now go to our Exelon Energy customers and cross-sell, again including gas, load response, energy efficiency, our solar business and so on.

We also will not forget under Chris Crane's leadership to leverage operating efficiency. He and I will make sure that we are doing things as efficiently as possible and expanding our margins as much as possible not only on the revenue line but on the cost line.

So the moment you've all probably been waiting for, Exelon ExGen disclosure overview. Our goal in this over – in this disclosure is to continue to provide transparency in our ExGen disclosures with a modified and expanded framework that incorporates new business lines and regions. So we're going to let – we're going to give you the information to value our generating fleet on an open and hedge basis. That means open gross margins, expected generation, percent hedge, reference prices and effective realized energy prices for all major regions. We also do the calculation for you on the mark-to-market, new and improved. We don't provide separate gross margins for our commercial load. And as I indicated before, this is a unified business in our mind and the business goes together and works together so well that we want to present it you that way and that's what we will make – that's what we'll continue to do. We will provide you with volume targets and track sales execution in our retail platform on an annual basis.

We're introducing new gross margin categories, in addition to open gross margin and mark-to-market. We've got to power new business category. So power new business, our gross margins from our future hedging activity via retail, wholesale, structural transactions, origination and mid-marketing, portfolio optimization, all the way down to the spot market. Once we have executed our power sales and our optimization platform, these flow into the market – mark-to-market and into our EREP, effective realized energy price.

The non-power new business category represents gross margins from plant sales, from our business activities that aren't really related to power sales and don't fit our hedge disclosure that well, like load response, energy efficiency, solar, retail and wholesale gas and proprietary trading. Non-power executed will remain in a separate category, so as we contract in those categories, we will move those margins to the non-power executed bucket.

And finally, we introduced new regions to you, New England, New York, and South, West and Canada to go along with the Midwest, Mid-Atlantic, and ERCOT. Now the South, West and Canada region is a diverse region as you think about South and Western Canada, again, does not relate very easily to a regional hedge disclosure when you think about reference prices and effective realized energy prices. It's a small part of our business, so we are going to include that in European gross margin category. The other five regions you will get the full breakout.

A little more follow-up on that overview, as you can see on this slide, there are three columns that include gross margin linked to our power production and sales, and there are two columns highlighted above in orange, which are gross margin from our other businesses. These define these categories for you. I won't read them all. I just want to reiterate that the power new business column represents what we have not executed yet on. So we haven't renewed or signed up a retail customer in 2014, it will be in that category. Once we do sign that customer up, that transaction will flow into the mark-to-market of hedges. Same goes for the non-power executed side.

One more thing I'll mention from a proprietary trading perspective, we are reflecting in our numbers a small proprietary trading book, which adds potentially \$0.03 to \$0.05 a share, which is in line with Exelon's historical performance in proprietary trading. Once again, as the non-power new business bucket gets contracted and executed, it flows in the non-power executed.

And finally, a summary table of the disclosure itself, and you can find the full disclosure with all the pages you've all come to know and love in the appendix, but top left gross margin category as you can see, we provide open gross margin for three years, mark-to-market of the hedges for three years which include the mark-to-market of the hedges and the margins associated with our retail and wholesale load business and the optimization of our portfolio structured origination and mid-marketing. Power new business to go, we're not done with 2012 yet and obviously have a lot of work in 2013 and 2014, we'll continue to sell retail products, we'll continue to sell wholesale products, we'll continue to optimize the portfolio. So we expect to add incremental value going forward for the rest of 2012 and you can see that in 2013 and 2014 as well.

Non-power margins executed, as I described and to go listed there for you, and so we add up the total gross margin for the business for all three years over \$8 billion. Top right of the chart, you'll see reference prices for all the regions in which you need them to be able to calculate regional mark-to-market on our activity. And down on the bottom a lot of data, first at the top expected generation for each region and as you can see when you look to the right, you see a decline in expected generation in – from 2012 to 2014. That decline is driven partly by our relationship with CENG in which volumes roll into our portfolio over time to be hedged and purchased and hedged by our commercial business, so you should see those volumes increase over time. Also, we have some – an expiring PPA in the Midwest that drives our Midwest volume down. And finally, you see some backwardation in ERCOT that's driving dispatch expectation down for ERCOT [indiscernible] (55:14).

Next section in that area is expected generation hedge, very consistent with what we provided you in the past. I will point to the Mid-Atlantic 2012 position of 105% to 108% hedged and let you know that this disclosure excludes our coal assets to be divested. So it excludes the volumes associated and produced from the coal assets. Obviously, we have included those volumes in our hedging strategy. We will have those assets for a large part of the year. So really our hedge percentage is likely to be 7% or 8% lower than that in that region.

Otherwise, you see that over the portfolio we're pretty close to ratable. We got ahead of ratable late last year, as we saw a reflection of higher heat rates in the market and as we thought about the ramifications of gas prices and a mild winter rolling down gas and so now we've maintained a ratable pace from there. We do have substantial put options, power and gas, in the portfolio in 2013 and 2014. And as you can see in ERCOT and New England in particular, we're keeping a more open position in the out years. With the backwardated spark spreads that we see out there, we think there is upside in those regions. And you have your effective realized energy prices at the bottom, which is again the mark-to-market of the hedges, including margin from executed power related businesses. I want to remind you this is a gross margin disclosure, Jack's slide for the Genco included all costs for our commercial business in it. So this again is a gross margin disclosure.

I want to close by touching on a couple of other comments before I turn it over to Bill. Obviously, you've all watched the RPM results, which were in line with the lower end of our expectations of price movement over the 2014, 2015 auction. We did see discipline in demand response bidding. Surprisingly as many of us were surprised, we did see a significant amount of new gas-fired generation that cleared. Bill is going to hit on this more in his discussion.

We continue to be the best positioned merchant generator for power market upside. And our group continues to believe there is \$3 to \$5 of upside in the power market in the 2015, 2016 timeframe that is not reflected currently in market prices. We saw it there in September, we saw gas roll down. There is a somewhat lack of liquidity and

transparency in our years, we do believe when we run our fundamental models that there is upside in the market from the coal retirements that will occur. We predict 18,000 megawatts of coal retirements, I think announced is very close to that at this point.

From a risk management perspective, and Chris likes to articulate to me that this is his – in his DNA, it's also in my DNA, it's also in Joe Glace's DNA. We will remain disciplined and have a rigorous framework for risk management. We've done so in the past, we'll continue to do so in the future. Finally, I'd just like to say I am honored to be leading one of the nation's number one energy marketer and I truly believe that we are poised and positioned for substantial value and substantial growth going forward as we see our power markets recover and as we execute our plan.

With that, I'm delighted to turn the presentation over to Bill Von Hoene, our Senior EVP and Chief Strategy Officer.

William A. von Hoene

Executive Vice President-Finance & Legal, Exelon Corp.

Good morning. I want to start by just joining with the entire Exelon team in welcoming you and telling you how thrilled we are to have you here and have the opportunity to tell you the story about our company, about our new combined company.

As we thought about this for a good deal of time, we actually put these slides together in more than the last 24 hours, but we gave a great deal of thought of what is new about the combination of these companies. And what I think in some ways we're most proud of is that, well, we have combined the companies and made a new and stronger platform with which to pursue those things that we've talked to you about for many years. We're pursuing the same things and the story that we have told you over time, the strategy, what we have done remains largely unchanged. And you see the product of that here today, you see the strong balance sheet, you see the commitment to the dividend, you see the operational discipline. And what you see is the pursuit of a fit that we have now accomplished by putting these two companies together that will allow us to realize even greater returns for you and to realize our potential in ways that we've aspired to and that we've consistently told you about over the years.

And all of us are very, very pleased to be a part of this endeavor, all of us are excited, all of us enjoy and welcome the dialogue with you, it makes us sharper, it makes us crisper and we welcome the opportunity to deliver to you as we believe we have in the past results that will be at the top of the industry. My focus today in the few minutes that I will talk to you is on our regulatory and policy themes and some of the things that we have been doing over the course of the last couple of years. And as you know, there have been myriad regulatory and policy challenges that we've dealt with in the company in the last year and particularly we've talked to you a great deal about the environmental policies. We've talked to you about nuclear policies and challenges and regulatory obstacles and opportunities. We've talked to you increasingly about tax. So those are all pieces of the regulatory puzzle that we deal with on a day-to-day basis. But none is more important than the one I will focus on with you today, and that's the regulatory and policy landscape for competitive markets.

Chris mentioned in his remarks that we have unparalleled upside in the competitive markets and all of us believe that. The competitive markets are essential to our vitality. But they are a live and changing playing field, and what we have to do as an institution in order to realize our full potential is to defend those markets to improve them and expand them and I'll talk to you a little bit today about what we are doing in that regard.

Exelon and Constellation's common commitment to competitive markets is a very important factor that makes the strategic fit that we've talked to you about over the course of the last few months. As a result of the merger, we've

strengthened our efforts to drive competition and choice. We are active in wholesale and retail markets to promote the implementation of rules that ensure efficiently functioning market and produce great results for our customers.

We believe in the competitive marketplace as the best possible way to deliver customer value in terms of services, the variety of services, products, the innovation and the price that will cause us and enable us to be successful.

I want to talk just for a minute, you will get a chance to meet some of the folks that are not going to speak today, but I do want to talk about the team that services this work for us, and the leadership and the team, Joe Dominguez will be up on the panel in a minute who leads the team but we also have Martin Proctor and Kathleen Barrón, who are in the central part of this and most of the stuff I'll talk about today that is good stuff, we've done a stuff that they have led and I urge you to meet them and have a sense of their vigor and their passion and their relentlessness in pursuing the competitive marketplace.

I'm going to talk basically about three things and then end with the discussion of the assets that we're divesting. One is the perfection of retail markets, what we're doing to enhance the retail markets that we're into, the defense of the wholesale markets. And in that regard, I will spend a good deal of focus on the recent RPM auction and the MOPR and the interplay of those two things. And then finally, I'll talk about the new frontiers, how do we make the playing field larger than it currently is.

Let's start with the perfection of the existing markets. As you see, we've put up on the slide 4 states here in which we really are the proverbial stomping grounds in which we normally occupy or we occupy to a great deal. And the point here is this. We have had great success in these marketplaces in terms of opening up retail competition. And if you look across the spectrum of retail competition, you can see what has emerged and what has evolved here. Since 2008, customer counts served under retail threads have grown by 53% across the country and load by 40%. These are bountiful playing fields for us to exercise and discharge and execute on the retail strategy that you've heard about. And in the jurisdictions where we operate most in Illinois, Pennsylvania, Texas and Maryland, you see the progression of this and you see it in a very positive way. Just as an illustration in ComEd territory, 13% of residential customers have switched to an alternate supplier, but we expect that switching to grow fairly dramatically largely due to the introduction of municipal aggregation.

In the PECO region, 20% increase in a single year and efforts are underway in Pennsylvania to move to a no-default provider model similar to the structure in Texas. The point here is that we have to be vigilant about this, but in these areas, competition is working and competition with our arms, with the things that we do in our business is something that is very, very positive and a way in which we can realize value for you as these issues emerge. And in those states where we occupy, there are nuances; there are things we have to do to help try to tinker and make these most efficient for us. We're committed to do that and we think in these states we are very much on the right path.

The second area that I wanted to talk about briefly is defending the competitive markets and we have a large group of folks who are devoted to this and I will focus in particular on what happened over the course of the last couple of weeks. We are very active at FERC, we are very active in PJM, we're very active in state commissions to protect wholesale and retail markets. We want them to function efficiently, we want to increase opportunities to provide customers with expanded choices, we want to level the playing field for all the resources that we can sell or market and we want transmission development to reflect and support and reaffirm those objectives. We also participate and collaborate with others to try to achieve these goals. We're active in the implementation of rules that we hope will ensure the market functioning efficiently and we collaborate with our peers in doing that.

Now, let me give an illustration point and one that's had a great deal of focus in the – among the folks who are in this room and that is the PJM 2015/2016 capacity auction. There have been a wide variety of opinions on this. As Ken said, we got to the lower end of our expected range and there is a lot to be said that's positive about the story of how competitive markets have worked, but everyone of you in this room that I am aware of and everyone of us in this room who works for Exelon was disappointed about the state subsidies and the impact that they had and the exemptions in the MOPR that resulted in expectations in the clearing of the CCGT's that we didn't expect.

It's very, very important from our standpoint to put this in the proper perspective. What does it mean, where is it significant and where is it not and what can we do to continue to perfect the marketplace in light of this? We do not subscribe to the notion that the markets are broken as a result of these CCGT's clearing, we certainly need to better understand the application of the minimum offer price rule and we're – I'm going to talk in a moment about how we're going to do that, but it's also important to focus on the landscape and I want to tell you for a few minutes how we're interfacing with it.

As you know, four states subsidized CCGT's have been proposed; three in New Jersey under the LCAPP legislation, and one in Maryland under the Utility Commission's new generation docket. The question is – one question that arises from this is, is this the beginning of a large-scale escalation or is it isolated? And we can't answer that with uncertainty, but what we can tell you about these states is that neither of them has exhibited an appetite to do that beyond, which has already made its way into the auction results.

New Jersey's 2011 Energy Master Plan does not recommend expanding with states subsidized generation beyond LCAPP and the BPU staff takes the same position. And in Maryland, well, we have some ambiguity and the results are not out clearly yet in terms of how extensive it will be. What the Commission has explicitly found is that we'll only charge the cost of new generation to customers that remain on default service and with the switching that is incurring in Maryland, that will bring enormous pressure to keep this discipline and to keep it in a size magnitude that has been reflected and will be reflected in this auction and in the coming auction.

My point in walking through this is that we think the universe of new subsidized units is limited and we haven't seen other states jump on the bandwagon successfully. We had an excellent result in that regard in Illinois recently where the Tenaska plant which would have been analogous to these was proposed and soundly defeated. The capacity market impact of these – three of these four units have been felt, the other one if it, in fact, materializes will be felt in the next auction and even if we see modest load growth, these efforts will have no long lasting effect.

So what are we doing in light of those things, what are we doing in light of those things to address and perfect and defend the marketplace that is so important to us. Let me start with the MOPR. We've had a number of meetings with PJM regarding the MOPR exemptions that were granted to the three subsidized units that cleared. Quite obviously, the story that these generators told PJM differs dramatically from the amount of the capacity revenues that these same companies secured from states. And you know the numbers I don't need to go over them but if you take out and extrapolate and look at what these 15-year contracts do for CPV and has the cost of the state approaches \$800 million or \$900 million by our calculations.

The work papers that PJM has that justify the exemptions are confidential, but yesterday, we asked PJM to disclose those – excuse me, under a confidentiality agreement, so we can analyze and help collaborate on refining the process, so it works consistently with what the objectives are in the auction. Once we secure the work papers and we're confident we will, we will consider additional steps including changes to the MOPR and we will advocate for those. On other fronts in this regard, we continue to pursue our federal court claims that the LCAPP legislation is unconstitutional summary judgment motions are pending. If those claims prevail, the contracts will be nullified and there will be a series of choices that we believe will continue to lead to additional enhancements of the

competitive marketplace. In Maryland, BGE and the other affected utilities have appealed the Commission's order regarding the subsidized unit, those are all things that are in process.

And finally, in terms of advocacy, it's very, very important. The underpinning of the competitive market is that it is good for customers. And we believe this has been proven time and time and time and time again. And as the cost of these begin to surface and you see it in industry dialogue and you see it among stakeholders with increasing relevance as we get past these initial pieces, the cost that I referenced before are going to become a real rallying point and we believe it is within our – it is within our domain and within our responsibility to deliver on these marketplaces to make sure that message is loudly and clearly heard.

I want to just touch for one second on a third piece and that is the expansion of the competitor retail energy markets. As we turn to that, we see increasing opportunities for growth and competition in retail energy markets. Several states have expressed interest in providing their customers with access to increase products and some have taken steps to advance that agenda. Martin, in particular, is knee-deep in these efforts on our behalf and is collaborating with a variety of folks in Arizona, California, Michigan and Ohio where those advocacy efforts are where under – well underway and where there are enormous opportunities for our retail business to realize value that is in the potential that we've talked about this morning. We believe as renewables and smart technologies continue to evolve, customer choice will continue to drive the push towards competitive markets and we look to cons – and will look to Constellation to be there preferred supplier.

So that's the landscape of the regulatory stuff that we are doing. The efforts that are underway, the marketplace is an evolving way but it is – while we have two steps forward and occasionally half a step back as we've had with the MOPR exemptions that so many of you have focused on, directionally, it's unmistakable what is happening in the competitive markets and the compelling story of the competitive markets is a big part of what you see in the potential of this company because there is no one, there is no company that is remotely positioned as well as we are to take advantage of what is out there as the evolution to customer service and to customer responsiveness that can only come through the competitive market is realized.

The last topic I just want to cover very briefly is the asset divestiture process that is going on and an update on the sale of Brandon Shores, Wagner and Crane, which as you know, we committed to divest under the terms of our merger approval with the Department of Justice, FERC and the Maryland PSC. We launched a two-staged sales process in March, immediately after the merger closed. We are now in phase II. We are undergoing a more detail – excuse me, due diligence process with the bidders selected in phase I. We believe these assets are attractive to potential buyers because of the environmental upgrades that are already in place and we expect to have an executed purchase agreement by August.

So in closing, just want to say a personal reflection on having worked so closely in the last year and putting this deal together and helping to put this deal together and in learning of our colleagues at Constellation and the collective strength of a leadership team. We have – in addition to the business potential, we have an enormous potential within the people you have heard from today and the people you will hear from today. We are so excited about this proposition and what we have – what we strive to deliver is very simply we'll give you great operating assets, we'll give you a solid balance sheet, we'll give you a dividend, and we will give you the best side anyone – upside anyone in this industry can possibly offer. And we're proud of that and we are excited about it and we are looking forward to coming back to you again and again and again with the developments in this terrific story that we're telling you today.

JaCee, I think now I turn this back over to you.

Christopher M. Crane

President & Chief Executive Officer, Exelon Corp.

So next, we're going to have a panel and we'll discuss around the commercial issues, the financial issues, some of the things that Bill has talked about, then we will take our break. The next panel, as JaCee mentioned, will focus on the operations of the utilities, the Genco, and then we will have a Q&A session there. We also have Mayo Shattuck, our Executive Chairman here today. I think he's doing a little observation on seeing how we are performing, but he is going to come up and say a few words before we do the closing.

So, now I'd ask your first panel to come up, and we'll go into the Q&A session.

Jacee M. Burnes

VP-Treasury Operations & Assistant Treasurer, Exelon Corp.

One thing I will say is that for the – and this will be hard for some of you....

Christopher M. Crane

President & Chief Executive Officer, Exelon Corp.

Wait for the mic.

Jacee M. Burnes

VP-Treasury Operations & Assistant Treasurer, Exelon Corp.

...one question, one follow-up question [indiscernible] (77:05).

Christopher M. Crane

President & Chief Executive Officer, Exelon Corp.

The other thing we'd ask you is if you wait until the mic gets to you so everybody can hear your question that will be good.

QUESTION AND ANSWER SECTION

Q

Could you just talk about the ICC order and the implications and your recourse that you can do and your expectations...?

Christopher M. Crane

President & Chief Executive Officer, Exelon Corp.

A

As I asked, if we can keep this session out of the utilities, and we're going to cover the utility issues when we talk about those next. And, Anne will be up here and she can talk in detail about what's going on.

Q

Could you talk about the retention rates at retail and the gross margin trajectory on that retention?

Christopher M. Crane

President & Chief Executive Officer, Exelon Corp.

A

That we can do.

Kenneth W. Cornew

Senior Vice President, Exelon Corp.

A

Retention rates in retail typically are between 70% and 95%. On the residential side, you would be on the lower end of that range. In the C&I space, you're probably in the middle of that range. And, in gas you are in the upper end of that range.

Christopher M. Crane

President & Chief Executive Officer, Exelon Corp.

A

And the...?

Q

Gross margin trajectory?

Christopher M. Crane

President & Chief Executive Officer, Exelon Corp.

A

Was the question gross margins?

Q

Gross margin [indiscernible] (78:23)?

Kenneth W. Cornew*Senior Vice President, Exelon Corp.*

A

All right. So, as you saw in my slide, there is a perspective of growing the retail and wholesale load business about 30 terawatt hours from 2012 to 2014. Relatively stable margins expected in that timeframe so commensurately you could understand the projection of gross margin increase over time. The hedge disclosure, with the to go piece and the executed piece, again if we've executed margin from retail and wholesale sales, they are in the mark-to-market. If we have not executed them, like largely in 2014 we haven't, we expect to continue the business and it's a relatively stable growth platform.

Christopher M. Crane*President & Chief Executive Officer, Exelon Corp.*

A

It's going to be easier for me to stand; I can't see whoever is talking. But, the – just to talk about the margins between retail and wholesale, it's been a question that has come up. It's not going to be the something that we disclose. We think it is competitively sensitive information and really does start to zero in on Mark's and Ed's bidding behavior. So that will be rolled in. I think it'd be good this time for Ken, as he has got into the business, just to talk a little bit about what he's seeing right now but it's not going to be something that we put on the disclosure on a continuous basis.

Kenneth W. Cornew*Senior Vice President, Exelon Corp.*

A

So, margins clearly cycle over time, and I think you all would expect we're in a relatively – a down cycle on margins. Wholesale side, we see them as \$1.50 to \$3 right now. On the retail side and C&I space, we're looking at \$2 to \$4 on the margin side right now.

Q

As you look at the – this power new business/to go, non-power new business/to go, and we – I think about it in terms of almost one of the earlier questions, how much of that is dependent on just rolling existing business which tends to be very sticky and how much of that is dependent on gaining market share, so we can get a sense of – if we want to sensitivity analysis our own expectations for how much of this is dependent on new business wins versus rolling existing customers, where the wiggle room is there.

Kenneth W. Cornew*Senior Vice President, Exelon Corp.*

A

Sure, Greg. So, the existing customer base again is about 170 terawatt hours. Retention rates are high. They are in the 80% to 90% so a good amount of it is rolling new business. We just talked about a margin assumption: if you take 200 terawatt hours and multiply it by the midpoint of the range I just gave you of \$3, you get \$600 million; we're adding revenue synergies in that category of \$100 million. We know we can optimize the portfolio and continue to add substantial value so we think these numbers are definitely achievable and in line with what we expect from the continuation of our retail business.

Christopher M. Crane*President & Chief Executive Officer, Exelon Corp.*

A

Steve?

Q

Yeah. Chris, a question for you; if you read the rating agency stuff, they seem to focus on the – how much the dividend is being covered by the regulated earnings of the company versus having to pay some of the dividend out of the unregulated. Is that important for you guys, i.e., do you want to get to a point where the regulated business covers the dividend which basically, since you're keeping the dividend, means do you want to grow the regulated business to get to that point? How important is that at all?

Christopher M. Crane*President & Chief Executive Officer, Exelon Corp.*

A

Yeah, it's a very important aspect of what we're doing right now with growth capital. As we invest in ComEd and BGE, we believe we should and desire a significant upside to the contribution of the dividend going forward. We see that strengthening in the 2015 and out timeframe. We are comfortable with the GenCo at this point covering the portion of the dividend that it is and, as we said, it's from cash from operations during the trough period; we're still working on 2014. But, spending in the utilities is positive and we do want to get that stronger support of the dividend out of both BGE and ComEd based on the investment. Gary.

Q

I wanted to ask you, on slide 20, the cash flow from operations, it appears that it includes the sale of the Maryland assets and investments other than CapEx and the other items that are listed there. What would those investments be is one question. Just in general, how should we think of the cash flow from operations absent the sale of the clean coal plant?

Christopher M. Crane*President & Chief Executive Officer, Exelon Corp.*

A

Well, we can't give you the number or we'd be giving away our negotiating strategy. So, we did combine that in there and it has other expense aspects. Jack, I don't know if you want to cover those.

Jonathan W. Thayer*Chief Financial Officer & Executive Vice President, Exelon Corp.*

A

Absolutely. So, as you think about the cash flow from the business, think about it in terms of base operations, think about it – nuclear fuel. The free cash flow from those base elements of the company is positive. There is incremental growth CapEx on top of that and obviously we are using that free cash flow, plus incremental leverage to finance those investments. But, over time as those investments return and generate more free cash flow, I believe it enhances the balance sheet and reduces the risk of the company on a go-forward basis.

Q

Great. So, just – can you just elaborate in terms of what the base operating cash flow without obviously the sale and maintenance CapEx is so to speak? Where – how positive is that you think?

Jonathan W. Thayer*Chief Financial Officer & Executive Vice President, Exelon Corp.*

A

Well, I think to Chris's earlier comment – and we can delve into this offline – but to divulge that would allow you to back into our expectations from the plant sale.

Q

Okay.

Christopher M. Crane

President & Chief Executive Officer, Exelon Corp.

A

We may not be understanding your question, Paul. So, you might want to talk to Jack after. I can tell you, with exception of 2014 now, cash from operations in the out years covers O&M, CapEx, nuclear fuel, and the dividend. So, if you stack those up and then you put a stack on top of it and you think about growth capital, cash from operations is up in the growth capital line besides 2014, if that answers your question. If not, just get with Jack after; we'll make sure we cover it.

Q

Fine. And, then just on the mark-to-market, if I'm understanding – and perhaps I'm not – it appears that you guys are adopting more of a consolation approach. So, if you – if I'm right to understand that if you guys book a new power – a five-year deal that's going to show up immediately when that deal is executed? Is that correct or how should we think about it...?

Jonathan W. Thayer

Chief Financial Officer & Executive Vice President, Exelon Corp.

A

No that's....

Q

...how that's actually going to be – how the mark-to-market – how the gain on sale approach, is that – how do we think about that?

Jonathan W. Thayer

Chief Financial Officer & Executive Vice President, Exelon Corp.

A

So, Paul, actually we've really adopted the Exelon model which is to exclude the mark-to-market timing element, were you to think about hedge mismatch, or if we have a mark-to-market hedge accrual, it's actually a better, more transparent model. The majority of products that you're discussing that we would be selling are generally received an accrual type treatment and so we would realize those earnings as those contracts delivered and cash was realized.

Q

Great. Thank you.

Christopher M. Crane

President & Chief Executive Officer, Exelon Corp.

A



Karen?

Q

I think in the Appendix you show about \$500 million of annual pension contributions and I'm just curious where that is on the cash flow slide or is it not included?

Christopher M. Crane

President & Chief Executive Officer, Exelon Corp.

A

Pension and cash.

Jonathan W. Thayer

Chief Financial Officer & Executive Vice President, Exelon Corp.

A

With respect to cash flow – pension contributions, because of the prior investments that we've made and the significant contributions the both companies have made to their pensions, while we're realizing the expense in 2012, there's a not a meaningful contribution to the pension.

Q

I think in slide 30 shows contributions of \$480 million in 2012 and \$455 million in 2013, I'm just – what are the...?

Jonathan W. Thayer

Chief Financial Officer & Executive Vice President, Exelon Corp.

A

Sorry, I misspoke \$160 million in 2012 and \$150 million....

Q

Okay.

Jonathan W. Thayer

Chief Financial Officer & Executive Vice President, Exelon Corp.

A

...based on our contribution.

Q

Is that in the OCF?

Jonathan W. Thayer

Chief Financial Officer & Executive Vice President, Exelon Corp.

A

Yes.

Q

Okay. And, then my follow-up would be that it looks like you're borrowing roughly \$800 million at the GenCo; the expectation for 2012, just based on the numbers looking at 2013 and 2014, it would seem that you would also be adding additional leverage in both of those years at the generation sub. So, could you just comment on through the three-year period what amount of leverage will be added to Exelon Gen, is it roughly \$1 billion a year?

Jonathan W. Thayer

Chief Financial Officer & Executive Vice President, Exelon Corp.

I think, as we mentioned, we have a good deal of flexibility around some of the timing of the investments, so your comments around 2012 is right. If you look at the profile of maturities that is included in the appendix, you will see that we have a significant – that's on 32 – you'll see we have a significant number of maturities that we'll be refinancing as well as we will be adding incremental debt to fund growth at both the utility as well as at the merchant.

So, do you have a forecast of how much that – because I'm assuming you have – you've reiterated a FFO to debt number, so I'm assuming you have a view on what the denominator is at Gen, so how much new debt will be added at Gen?

Christopher M. Crane

President & Chief Executive Officer, Exelon Corp.

There is variables in that. We have a plan but they're plugs. So, if we get – if production tax credits are extended, which we're asking for them not to be extended; if they are extended, we're going to continue to – as tax capacity allows, we're going to continue to work in that market; the same with solar. So, we have plugs that are there; they are not set – it's not a set plan. But, we've taken the worst case where we've taken a plug for wind, a plug for solar, other growth opportunities. We've run those through the model as if they were guaranteed and stressed the balance sheet to make sure that we can stay north of that 27% FFO to debt. But, there is not a hard plan because there are so many variables out there, either in regulatory space or economic space that would – that will really drive how much we actually do.

Yeah, you guys want to pick who is going next here. It's – we need a pit boss from one of you guys....

[indiscernible] (89:46).

Christopher M. Crane

President & Chief Executive Officer, Exelon Corp.

Yes, I see it there but I want these guys to start picking the next one, move this along. Go ahead, gentlemen.

Chris, if I could ask on the O&M progression, you have this 1% CAGR – this is probably for Jack – for the consolidated company. Most of the synergies are showing up in the GenCo. Can you give us any insight into what the CAGR is likely to be? I'm guessing that GenCo could have O&M going down and the utilities are going to be going up. But, any extra clarity you can give us on those numbers?

Christopher M. Crane*President & Chief Executive Officer, Exelon Corp.*

A

The two biggest – one of the biggest reduction areas is in the BSC. So that's the corporate center. There is also reductions at the GenCo. You have the CAGRs, I believe, for the other companies there.

Jonathan W. Thayer*Chief Financial Officer & Executive Vice President, Exelon Corp.*

A

That's right. So, Jonathan, to your comments, we would expect more growth in O&M at the utilities given the investment profile there. We do believe that the bulk of the synergies that are attributable to both the service corporation as well as within Exelon Generation will work to hold O&M roughly flat to up 1% throughout the plan.

Q

Overall or – yeah, does that apply to GenCo as well or should we be looking...?

Jonathan W. Thayer*Chief Financial Officer & Executive Vice President, Exelon Corp.*

A

I'm sorry; my specific comments were to – the 1% were specific to GenCo and then we see further growth in the utilities being offset by savings at the BSC and the allocation model.

Q

Got it. Can I ask one other topic, Chris?

Christopher M. Crane*President & Chief Executive Officer, Exelon Corp.*

A

Sure.

Q

Ken, on Texas and your level of hedging going into this summer, this number that's up in the 90% range...?

Kenneth W. Cornew*Senior Vice President, Exelon Corp.*

A

Right.

Q

...is that the kind of number you would anticipate having had you not just merged the portfolios or you were a little above, what would have been – do you have a plan if you'd known what each book looked like going in? Because it feels like that's quite a big number given the heat rate we're looking at.

Kenneth W. Cornew*Senior Vice President, Exelon Corp.*

A

Well, Jonathan, as you know a year ago we kept a more open position in Texas on the Exelon side because quite frankly the forward price just didn't provide us the kind of value and opportunity for our peaking fleet that we thought was worth hedging. This year we've seen a run-up in heat rate in July and August in Texas, at times over 30; now they're backed off, down to low 20s. So, we saw that as an opportunity to lock in margins on our generation fleet. So, this is a strategy we would deploy, whether we are merged or separate. We like the position and we have ourselves in a good place from our perspective.

Q

Thank you.

Q

Yeah, two questions, one for Jack, one of Chris. Jack, do you expect to upstreaming cash from the regulated subsidiaries to the holding company and does that involve incremental adjusting the leverage and equity ratios at the regulated subs at all from a GAAP perspective? And then, Chris, my question to you is more long term; if we're in this multi-year trough that you talked about, how do you think the industry structure changes, not just your company, but broader industry structure?

Jonathan W. Thayer

Chief Financial Officer & Executive Vice President, Exelon Corp.

A

You want to go – why don't you go first and I'll just give the answer next?

Christopher M. Crane

President & Chief Executive Officer, Exelon Corp.

A

Yeah. We know what we're going through and we believe that we've maintained a strong balance sheet to be able to support a downturn like this and keep the balance, as Jack said, between the balance sheet, the ratings and the return to the shareholders. Having the strongest, we can see others may have issues. We think that the big players, the competitive integrators are positioned well to do it. We'll just have to watch how the smaller merchant generators are able to compete. We – I don't think we have an answer. But, in this period it goes back to what Von Hoene says, we really have to protect our flanks in a competitive market. If you have a player that is looking for the last resort to try to stabilize themselves, it's bilateral contracts, there is a subsidizing non-competitive generation. There is room in the stack for some to fall out. So, it's not going to be a reliability issue. There is enough strong players. I think we can survive in the competitive market. But, there will be nibbling around the edges for things like subsidized new or subsidized – potentially subsidized existing as people start to talk about jobs. So, it's going to be more of a regulatory watch and intervention than I think a market collapse. On the – the next item, we'll let Jack cover that.

Jonathan W. Thayer

Chief Financial Officer & Executive Vice President, Exelon Corp.

A

Sure. So, as you recall with respect to the merger, there were certain restrictions on dividend from BGE. On top of that, we already have an agreement in place as part of the ring fencing that BGE will not dividend capital if it's below a 48% equity threshold. Given where we are in the investment cycle at BGE, we would expect to be an investor in BGE over the period of years that we show you in this presentation. If you think about ComEd, we are in a roughly similar situation without necessarily those restrictions, but given the EIMA spend and the focus there on Smart Grid as well as distribution upgrades, we would expect to be an investor from HoldCo into ComEd through modulating the dividends from ComEd up to HoldCo over the period shown here. And, then with respect

to PECO, PECO obviously in a different place in its rate cycle; that is a cash contributor that helps fund the dividend as well as GenCo's cash contributor before growth CapEx that helps fund the dividend.

Christopher M. Crane

President & Chief Executive Officer, Exelon Corp.

The only qualifier caveat I'd put on that – Anne is going to discuss when she comes up what the actions are around our latest rulings that came out of the ICC. We will not be increasing the GenCo's commitment to the dividend by anything that happens at ComEd and if there is some structuring in the balance sheet that ComEd has to do, they are committed to the dividend and they have to make that work. So, we'll work through those details but that's a slight caveat to what Jack said. It's breaking news and we have to see what our plans are to go forward. Brian?

On the guidance for 2012, you guys excluded Constellation up until March I think. Could you tell us what the guidance would have been if you had included Constellation for the full year, just so that we have a good baseline year to start with [indiscernible] (96:52)?

Christopher M. Crane

President & Chief Executive Officer, Exelon Corp.

I think it's fair to – you say with – put the stub back in?

Right, just to give us a good baseline year to think about things year-over-year for future years?

Christopher M. Crane

President & Chief Executive Officer, Exelon Corp.

Can you get that off the top of your head? I don't know if we're doing that but....

Jonathan W. Thayer

Chief Financial Officer & Executive Vice President, Exelon Corp.

We're not providing that level of detail. Obviously, you think about the timing of the earnings of the first quarter at PGE as one of the stronger earnings quarters. We had a very highly hedged profile from a generation standpoint. But, you would have had – if you think about the weighted average shares calculation that would have shown up earlier in the calculation. I think we would have ended up roughly in the same place, maybe a little bit higher than the \$2.55 to \$2.85.

Christopher M. Crane

President & Chief Executive Officer, Exelon Corp.

Get back – in the back; I'm sorry.

Thank you. I have a question for Ken. I just wanted to go back to those margins for the retail business. So, you're basically guiding us to about \$3 per megawatt hour, which is obviously lower than what Constellation used to

suggest. And, I understand there is competition. But, could you explain to me, okay, so we're assuming flattish margins, yet we have a contango and forward power prices. And, then we have this additional \$100 million in gross margin synergies for the retail business. For instance, if I look beyond 2012 or 2014, do I still assume \$3 margin and add the \$100 million or is it basically that the \$100 million is already embedded in this sustainable \$3 margin for the next three years.

Kenneth W. Cornew

Senior Vice President, Exelon Corp.

A

No, the \$100 million primarily is a wholesale number for us. We do see substantial synergies – or revenue synergies from the cost in the wholesale arena of serving load. We do see some retail benefit of cross-selling products on the Exelon Energy platform with the Constellation product platform but that's smaller. So, the \$100 million is already in the power new business/to go number. As far as retail margins are concerned, obviously, there has been a cycle of margins over the years. We've seen higher margins. Constellation told you about some of the higher margins in the past. We have very little volatility in the market right now. Competition is relatively aggressive rate now, so we're seeing more like a \$2 to \$4 margin. I presume those margins will pick up over time as we see more volatility in the market, as the marketplace shakes out on the supply side with the coal retirement. So, there is opportunity I think for improved margins over time.

Christopher M. Crane

President & Chief Executive Officer, Exelon Corp.

A

And, just to clarify, we're not giving guidance on the margins and we don't anticipate doing that in the future, but I wanted Ken to say upfront today directionally what they're looking like just so you could get the flavor. But, it's not a guidance type precision.

I think we have one....

Q

One short last question.

Christopher M. Crane

President & Chief Executive Officer, Exelon Corp.

A

Yeah, sure.

Q

Okay, should we assume then for instance that given that you have aggressive plans as far as volumes are concerned that you're actually basically offering lower margins at this point, hoping that you have a high retention rate and those margins can expand in the future.

Christopher M. Crane

President & Chief Executive Officer, Exelon Corp.

A

There are strategies around getting the new customer and Mark and his team look at the margins, they look at the pricing, but they also work with the portfolio management. Do you want to talk about the indifferent pricing concept?

A

Yes, our concept is relatively simple. We have multiple channels to market for our portfolio and we will assess all of those channels and see where the most value is at any given time. We have an independent pricing function that was established similar to what Exelon had in the past. So, our independent analytics team and pricing function that essentially finds the market base cost to serve for all the products that we might sell in the market. We then push those – that kind of pricing to all products and we'll pick and choose the best channels at any given time to sell our portfolio.

Q

And, just lastly, are you trying to pull forward higher capacity prices through offering longer – basically longer durations of retail contracts?

A

It's very – there is some of that opportunity but it's not much. It's very little – there is very little opportunity for extending contracts and lending price in the market as we see it right now.

Christopher M. Crane*President & Chief Executive Officer, Exelon Corp.*

A

I think we had some [indiscernible] (101:24) – I'm sorry, Mike?

Q

Thank you. A question on the generation and load match chart; in many of the regions, your expected sales are greater than your expected generation. Just wondering how you're going to expand going forward, what the strategy is in those regions.

Christopher M. Crane*President & Chief Executive Officer, Exelon Corp.*

A

Yeah, I think we're reading that differently. Ken, do you want to...?

Kenneth W. Cornew*Senior Vice President, Exelon Corp.*

A

So, let's just go through it; in the Midwest, our expected load sales are much lower, in the Mid-Atlantic lower, ERCOT slightly higher than expected generation. We easily have the ability and have executed on reconfiguring the portfolio with block power purchases. We are only showing you our generation position here, not our total position. So, again, like I said, we like our position in ERCOT and we can still take advantage of some upside and volatile dispatch of our peaking fleet. New England is essentially a similar situation, albeit the volatility isn't expected and we haven't seen it in New England nearly as much, but we definitely have enough power in New England to cover if – to cover the load sales. This model just shows you that it's better to buy some power in the market to cover those sales than it is to generate the power through our own plants; that's optimization.

Christopher M. Crane*President & Chief Executive Officer, Exelon Corp.*

A

And, Ken, just specifically in ERCOT, if we see higher prices despite what we expect or like we saw last summer that yellow bar that currently has 18 that would be more in the money of the green bar up top so that would show increased generation to cover that short position, correct?

Kenneth W. Cornew*Senior Vice President, Exelon Corp.*

A

That's correct.

Q

Yeah. A question for Bill; you mentioned requesting work papers on the PJM, MOPR exemption progress. Could you discuss the range of options, if you're given the work papers, range of potential next steps after having reviewed those work papers?

William A. von Hoene*Executive Vice President-Finance & Legal, Exelon Corp.*

A

Well, I'll introduce it and turn it over to Joe, but the range depends on what the work papers disclose obviously. So, we have a basic, I think educated speculation as to what the factors were that entered into the exemptions and what was done in terms of cost, interest rates, projections for revenue and the like that we don't think coincide well with what the intention was, but the range of what we would do, we have worked very collaboratively with PJM over time in terms of – and with FERC over the development of the MOPR and it's a dialogue that remains a positive dialogue. They have been very open to our discussing it. And, what I would expect us to do is, armed with an information to the extent that there are adjustments available, be able to continue that dialogue. Joe, do you...?

Joseph Dominguez*SVP-Federal Regulatory Affairs & Public Policy, Exelon Corp.*

A

Yeah, I would say exactly what Bill said with regard to the – to getting the numbers. If we see that PJM made a mistake or we perceive that PJM made a mistake in the MOPR exemption process, we'll educate PJM. Hopefully that refinement will be included the next time they have to do an exemption. But, there are things that we're thinking of beyond the exemption process and that is tightening up the MOPR rule. The range of options there include things like requiring a subsidized generator to actually fit the subsidy that they get from the state. So, when you think about the MOPR, it's an administrative attempt to figure out what the cost of new entry calculation should be for a new unit. But, the best evidence of the cost of new entry is the state subsidy itself. I say that because the state presumably has conducted a competitive process to get to that subsidy. All participants were allowed to offer into that subsidy program. So, whatever the number is that comes out should be the number that the subsidized unit bids into the capacity option. That's the position we've taken historically. We're going to revisit that position with PJM. I see that logic gaining some traction. The other thing that we're going to take a look at with the MOPR is clearly we have to apply the MOPR throughout PJM. Presently, it's only applied in constrained zones and we see a couple of avenues to get there. So, those are the ideas we're working on. Obviously, as Bill said, we'll learn more once we get the papers and we'll understand our options a little bit better.

Christopher M. Crane*President & Chief Executive Officer, Exelon Corp.*

A

We've got a couple up here and then we'll get – go back to the back.

Q

Yeah, hi. This is probably goes to Ken. On the – good morning. On the non-power side of the equation, \$400 million disclosed there.

Kenneth W. Cornew

Senior Vice President, Exelon Corp.

A

Yes.

Q

Could you give us a sense as to what – what comprises that? And, then the follow-up from there is the \$200 million step-up to about \$600 million. What is that in terms of year-on-year growth for 2013?

Kenneth W. Cornew

Senior Vice President, Exelon Corp.

A

Yeah. So, it's a – just to clarify it's \$400 million, right, because we have the executed category and the non – and the to go. So, combination \$400 million, going to \$600 million. The stub period is involved in its hedge disclosure as well so it's not really a step-up like you're thinking. A good amount of that non-power is gas retail – retail and wholesale, I should say. Then, we have our BGE home services business that creates substantial gross margin, our load response business and our energy efficiency business, finally our solar business. Also our prop trading is in that to go number and will remain in that to go number until we close out the year.

Q

What would you think is that year-on-year growth netting out the stub impact?

Kenneth W. Cornew

Senior Vice President, Exelon Corp.

A

I'm sorry.

Q

What would you expect the year-on-year growth to be once you net out that stub?

Kenneth W. Cornew

Senior Vice President, Exelon Corp.

A

Very little.

Q

Okay.

Kenneth W. Cornew

Senior Vice President, Exelon Corp.

Yes, very little growth in those platforms right now.

A

Q

Great. Thank you.

Christopher M. Crane

President & Chief Executive Officer, Exelon Corp.

Right here, P.J.

A

Q

Thanks. Just following up on that first question; Ken, you mentioned gas growth is in that non-power business. Do you have similar to power – where you have the terawatt hour growth targets, do you have similar targets, how much volume of gas?

Kenneth W. Cornew

Senior Vice President, Exelon Corp.

There is a slide in the Appendix; I'll have to flip to find it. It is slide 54. You can see that we are estimating 465 Bcf of total gas delivered and we have that growing to 530 Bcf. We think that's part of the revenue synergies concept of cross-selling gas to Exelon Energy customers and also getting more involved in gas retail as we grow our market share.

A

Q

And, on gas similar to – one-time at least since we are at this meeting, are there margins we should be thinking about today similar to the margins you've mentioned on the power side?

Kenneth W. Cornew

Senior Vice President, Exelon Corp.

Yeah, about \$0.20 on the bigger customer side and larger on the smaller customer side.

A

Q

And, one follow-up question; you mentioned that your EBITDA or cash flow profile next three years is roughly even, 50-50, but we're in a trough power market as you mentioned. So, when the cycle turns, presumably the power side of it will be significantly greater – or the merchant side I should say. Are you still comfortable with that footprint longer term or do you have aspirations to expand your regulated footprint beyond the three utilities you currently own?

Christopher M. Crane

President & Chief Executive Officer, Exelon Corp.

A

We're comfortable with it. At one point, we were 75%, 25% when gas and power prices were at the peak. It would be nice to get back there. That will be a good problem to have. But, we don't anticipate it. So, I don't think we have the actual modeled out in the out years to say 65% or 63%. But, we are comfortable with that and what we are comfortable also is what we would do with that free cash flow, looking for investments. You wouldn't commit to more regulated or more merchant unless you are at the right point in the cycle. Today, we are trading at a discount for our regulated, so if you believe you have upside, you're not going to put your equity into a regulated that's trading at a premium. And, conversely if the market is high, you're not going to be looking for those merchant assets that are trading at a premium. So, as opportunities come, we would look at them but you have to weigh where you are at in the market cycle and have some belief on your fundamentals. Our primary focus right now for the next couple of years is getting this integration complete. We think the upside of doing this right is more important. But that's just how we think and how we look at stuff in the future.

Kenneth W. Cornew*Senior Vice President, Exelon Corp.*

A

And, Ali, just on that point, if you look just even at our – through organic growth at our three utilities, significant quantity of spend going into ComEd through EIMA, into BGE. So, absent acquisition, we see still meaningful growth in that utility rate base over the next three to five years that's going to help sustain that balance between the two, retail – or sorry, regulated side and the competitive side.

Christopher M. Crane*President & Chief Executive Officer, Exelon Corp.*

A

We'll come back to you again; we've got one back here. Yeah.

Q

Just quickly on the debt issuance plan at BG&E [BGE] this year; I know before the merger there was ability that BG&E [BGE] could issue mortgage debt. Previously, they've been issued unsecured debt. Just curious if this new debt issuance would be unsecured and would it be using that mortgage.

Jonathan W. Thayer*Chief Financial Officer & Executive Vice President, Exelon Corp.*

A

I think our intent would be to – actually, Stacie, do you want to – there is a microphone over there. I'll introduce Stacie Frank, our Treasurer, and let her speak to that.

Stacie Frank*Vice President-Investor Relations, Exelon Corp.*

A

Natalie, we're looking at unsecured debt for that BGE issuance. We do have the opportunity to issue secured debt out of BGE, and we'll look at the spreads, unsecured to secured, but at this point the plan is just to continue with unsecured at BGE. We'll continue to do first mortgage bonds when we issue debt out of ComEd and PECO.

Christopher M. Crane*President & Chief Executive Officer, Exelon Corp.*

A

Go ahead James.

Q

Ken, I wonder if you could just share a little thought on the Midwest regional business and the ability to take market share up with the volume gains. You are talking about – you have 50% to 60% of load already shopped in Ohio, Pennsylvania – or at Illinois, Pennsylvania presumably at least at [indiscernible] (112:01) Ohio at this point. How do you guys see taking the rest of the share and filling more than 30 terawatt hours of retail load you guys expect to get over the next couple of years?

Kenneth W. Cornew

Senior Vice President, Exelon Corp.

A

Yes and it's very challenging with this market structure you have in the Midwest. But, both companies were focused on moving into Ohio as Ohio customers start to open up to competition. We expect to get our fair share of those C&I customers. Obviously, in Illinois as you know, government aggregation is in full force, and residential customers are switching. We have participated. We have won some share of government aggregation, but quite frankly, we're seeing some very aggressive prices, a lot of time prices below what we see the market based fair cost to serve. So, we're not – like I said, we're an indifferent price strategist; we have multiple channels. We're not going to give value away through that kind of exercise so we'll be there and ready to get those customers as they switch over time.

Q

So, with you guys bidding on economic levels, either you're going to get volume or you're going to give away margin. What's the balance? Is it a success if you don't give – if you don't get the volume targets but you don't give away the margin? How should we think about the indifference of actually hitting that number if other people are being irrational there?

Kenneth W. Cornew

Senior Vice President, Exelon Corp.

A

And so, you think about in retail space of a lifetime value of a customer, right? When I see this government aggregation process going on, it isn't a customer making a decision to switch; it's a municipality negotiating on behalf and the customer have to opt out if they're aware of their requirement to opt out. I don't know that that's the same lifetime value proposition as really going and acquiring customer, providing a differentiation in service, and maintaining that customer on a long-term basis. So, I'm skeptical right now about the lifetime value proposition of a customer, getting the market share, and then being able to retain in a government aggregation sense. Who is to say in two years the same municipality doesn't come out and do the same thing and Constellation wins?

William A. von Hoene

Executive Vice President-Finance & Legal, Exelon Corp.

A

And, Ken, on the wholesale side through things like BGS and others, we've seen these periods of time where you have aggressive bidders come in. They offer to sell at a price, thinking that they're defending their generation territory and then as they realize that true cost to serve and they lose money, they lose appetite and retain discipline in how they approach things. So, this market is going to evolve over time. Importantly, we're best positioned to be the winner over the long term.

Christopher M. Crane

President & Chief Executive Officer, Exelon Corp.

A

You've got one more question for this session.

Q

You talked about a possibility of deferring some of the nuclear uprates. What – given the long lead times, what timeframe should we be thinking about in terms of when you make that final go decision or proceed or defer?

Christopher M. Crane

President & Chief Executive Officer, Exelon Corp.

A

Right, we've only deferred one uprate and that's the LaSalle uprate. We're continuing on with the spend – well – and let me clarify what we did at LaSalle. We have not ordered the large components, the big material spend. We're not going to be getting into the labor spend by moving it out two years. What will continue to happen at LaSalle is the design work, the regulatory filings – actually filing for the request to uprate the unit and obtaining that approval. That spend will still go on but a significant portion, which as I mentioned, will be moved out. So that is primarily driven by the NiHub market. Right now, we want to see what happens in the NiHub market. We need to understand what production tax credits are going to do with more wind. We need to see what shuts off, what load comes back. So, the market is not where we want it to be. Rushing to put a couple of hundred megawatts in there right now is not in our advantage. And, the benefit is we get – in this trough period we get a little bit of balance sheet space back and it's on one of the slides, basically it's like 0.7% or something in that period. So, it gives us some margin in a period that we just want to make sure we understand the market. On the other hand, Limerick and Peach Bottom being on the eastern part of the interconnect, much stronger market, and we feel confident we can continue on with the spend, the design, the permitting, and we'll get to eventually the modifications. So, those two are not affected by this decision. That said, as Jack mentioned, markets continue to be depressed or go in the wrong direction, at any point we could pull the lever on those but we don't foresee that right now.

Q

Okay. And, then....

Jonathan W. Thayer

Chief Financial Officer & Executive Vice President, Exelon Corp.

A

Chris, just in terms of rank order, I think the – there's greater flexibility in the solar and wind capital expenditures. We would probably pull those levers first....

Christopher M. Crane

President & Chief Executive Officer, Exelon Corp.

A

Right.

Jonathan W. Thayer

Chief Financial Officer & Executive Vice President, Exelon Corp.

A

...before we pull the two EPU uprates just because we do see with the MATS retirement. It's a strong return, roughly perfectly timed for when the uprates come on line.

Christopher M. Crane

President & Chief Executive Officer, Exelon Corp.

A

Right.

Q

All right. And, then just one other another question with respect to the project financing; I think you have in the budget about \$350 million of capital in 2012. And, you talked about that being a lever to potentially improve the balance sheet. I think you have it not only for growth projects, but on existing assets. I don't know if you could provide some rough parameters in terms of how much incremental capital that could bring to the company over the course of the year, 2012 to 2014 horizon.

Christopher M. Crane*President & Chief Executive Officer, Exelon Corp.*

A

We don't have a specific number on project financing. We're evaluating some of the projects that we have already put in the ground, should we switch them over, or we keep them where there at. There's not a number right now on that. When we talk about using or leaning on project financing more, it's going to be for those future projects, 2013 and beyond. Not stepping away from – of course, we are looking at that today and should we fold some of the already existing things into project financing.

Jonathan W. Thayer*Chief Financial Officer & Executive Vice President, Exelon Corp.*

A

The reality is, if you look at – obviously, the three agencies view project financing as very differently. So, we – it's not just in the capacity of looking at it from a rating standpoint, but a cost of capital standpoint and matching up those highly contracted cash flows given the current yield environment, given the appetite for those types of cash flows. We may see a more efficient opportunity in using the balance sheet through that project finance methodology.

Christopher M. Crane*President & Chief Executive Officer, Exelon Corp.*

Okay, with that, we're going to take our break. I think it's 30 minutes – how many, 20 minutes? And, then we'll come back in and we'll start with the next panel. Thanks.

MANAGEMENT DISCUSSION SECTION

Jacee M. Burnes

VP-Treasury Operations & Assistant Treasurer, Exelon Corp.

Hi, everyone. We're going to get started. Please take your seat. All right, we're going to – if everybody can take your seats. All right. So, up next we have the second part of our program. We have Denis O'Brien, who's Senior Executive Vice President of Exelon Utilities – of Exelon and CEO of Exelon Utilities. So, Denis?

Denis P. O'Brien

Senior Executive Vice President, Exelon Corp.

Thank you, JaCee. It's always fun to be the fifth speaker at one of these things. That's a joke, folks. I'm Denis O'Brien, the CEO of Exelon Utilities. I've worked for PECO and Exelon for 30 years now, actually my 30th anniversary is June 28th, if anyone sending cards along the way here. I've run PECO Energy for the last 10 years and I've worked in the delivery business my whole career. It's a business that I love, I grew up in. Actually my father worked in the utility business before me. And I can't tell you how excited I am to be here today to talk about Exelon Utilities and leading Exelon Utilities into the future.

I'm going to spend a few minutes and talk a little bit about Exelon Utilities, have you understand what it is in terms of size and shape and what we're focused on for the next couple of years. Exelon Utilities is made up of ComEd and PECO of which we've talked about many times here through the years. And our newest Exelon utility company, which is the oldest utility in the nation and the newest Exelon is Baltimore Gas and Electric.

Between the three companies, it is \$12.8 billion in revenue. It's just under 13,000 employees. We serve 6.6 million electric customers that is the largest set of utility serving electric customers in the country. We serve over 1.1 million gas customers, that puts us at number 12 or 13, I haven't exactly figured that out. And between gas and electric we are the third largest utility in the United States, anyway about it, we are a large utility and a big presence. Each of the companies is a little bit different in size and shape. But one thing that I think they all have in common is that they serve large vibrant metropolitan areas. We're in three different states, giving ourselves a little bit of regulatory diversity.

Our focus for the next few years is really about driving to best-in-class performance. I've learned a tremendous amount through the years working for and with Chris Crane and Chip Pardee about how they run a world-class nuclear fleet and we're going to be focused in the utility business of driving to best-in-class performance also. We're going to do that by establishing high standards and goals. We will be one of the best in safety. We will make sure each of the companies performs as a top decile company in the area of safety as we benchmark against our 28 comparative companies. And we will drive all of our other metrics, reliability, customer service, customer satisfaction to be in the top quartile.

How we're going to do, that's probably a little bit of the trick. It's great to stand up here and say it and we've had great passion and energy in Exelon in getting there and we will have that moving forward. For the next couple of years, we're really going to be focused on standardization, common platform and best practice exchange.

And let me just highlight how I see a little bit of the difference between them. Standardization is really driving to the same standards of performance in everything we do, the way we drive value through standardization that was really in driving to common commodities that we use in our infrastructure. Just give you a little example of that.

By standardizing one set of cables here as we've just gotten started, we will see \$1.2 million a year, so one set of cables is already saving us \$1.2 million a year. We see tremendous opportunity as we drive our engineering standards, the common commodity and leverage our size and scale. Smart meters, all three companies are doing smart meters. We've been able to leverage that by just in the first three years here and we're saving about \$3 million a year by the scale of that buy.

In terms of common platform when you think of a merger in our business you save the money – one, through common commodities; two, through the common platform. And common platform to me is your IT platform, your telephony and driving all of those to common standards. We've already seen – we have three companies right now that are building a smart meter system including the IT system that supports it. Right now, we are developing, building and planning to operate those systems as three separate systems. We're now pulling that together to develop common standards for specification for that system and we're going to put a common standard and specification together. We're going to build the system once and we're going to operate it once and we believe there are some significant savings in doing that.

And last but not least is best practice sharing. Each of the companies had a major, major storm last year. You saw between the hurricane and some other things, so significant storms throughout the country. All of the commissions are interested in utilities improving their operating performance in the storm. We're going to pull the three companies together. We're going to get the best practices between the three and from the industry and standardize our protocol and the quick approach to responding to storms. And we have somewhere around 2,000 line mechanics that we can move from company to company in a pinch to quickly respond. That's a distinctive competency that really nobody else will have at least in the northeast here.

Let me spend a few minutes and just talk a little bit about what each of the companies is up to. It is my great fortune to have Anne Pramaggiore as the CEO of ComEd. Many of you know Anne. Anne has fully taken over the reins from Frank Clark without moving the slightest hitch here. And so I'm very excited to have Anne as part of the team with us. Anne and her team were focused on grid modernization. We've talked a lot about Energy Infrastructure Modernization Act. We're focused on investing in our infrastructure. There is probably three key areas of where we are going to make those investments; one is smart meters; two is distribution automation; and three is storm hardening. And it was Anne's wisdom when she came up through the regulatory role and through the role of President to figure out a way to have a more efficient and effective ratemaking process. So we're in the process there. The formula-based rates, Anne will be up here in a few minutes to answer some questions about that. From my perspective, that's at least two or three steps forward for us in Illinois. As you know ratemaking in Illinois is a full contact sport. They make it in an interesting way and we have had a little minor setback here, but we think in the long run this is the right approach to rates and we're going to figure our way through that and Anne will provide you with some of those thoughts and insights on the panel here today.

Also in a regulated business, it's kind of an interesting business; you talk about all of the different growth opportunities. The only way you grow in a regulated business is if the region that you serve grows and prospers. So we're going to be very involved in the regions that we serve whether that's the Baltimore area, the Chicago area, the Philadelphia area. Anne and her team have gotten very involved in economic development efforts in Illinois working with the city and the state to attract businesses to the Chicago area to help grow both our throughput and grow jobs and the economy out there.

Last, but not least, relative to some of the things that ComEd is working on, is investment in the transmission infrastructure, that is a FERC formula-based rate with 11.5% ROE and we will be making some significant investments in the transmission infrastructure in Illinois over the next few years.

The next one, Craig Adams is replacing me as CEO of PECO Energy. Craig and I worked together for 15 years. I can't think of anybody that knows PECO Energy better than Craig and I'm just very pleased to hand the reigns over to him. And that transition has taken place. So, as you have context – or questions or thoughts on PECO, Craig's all ready and he has got 15 years under his belt at PECO to get off and running.

Pennsylvania has been a great place to do business relative to – from a utility perspective. The most recent indication of that is what we call Act 11 or House Bill 1294. It's an alt reg bill that passed this year. It had the support of the gas and electric industry as well as had the full support of the Commission in Pennsylvania including the Chairman, Rob Powelson. That provides us with some good opportunities moving forward. It has a fully projected future test year that we can use in future rate cases. It also has a DSIC mechanism so that between rate cases we can recover capital investments in both our gas and electric business and Craig and his team are working through what that opportunity is and how to best leverage that.

PECO's last rate case was decided at January of 2011. The rate case was a pretty good rate case from a PECO perspective. At this point given the ROEs, there are no immediate plans to file a rate case in Pennsylvania over the planning horizon that we're talking about here.

Couple of other things going on in Pennsylvania; we, at PECO, are involved in filing the DSP II. It's the second version of how you provide the default service and we are working through that process and that process is really going to be about how will default work, and how will the energy be procured for 2013 to 2015?

The shopping is extremely robust in Pennsylvania, I think it's far in excess of anything that we thought, 28% of all retail customers are shopping, 88% of the industrial customers are shopping, close to 50% of small C&I and somewhere around 27% to 28% of the residential market are shopping. So the shopping is really robust. We've actually seen no stopping, it just keeps going up and up and that's a positive thing.

The last thing relative to the Commission, the Commission has what it calls RMI which is the retail market investigation. From an Exelon perspective, we think this is good because the Commission is talking about how do we advance competitive markets in Pennsylvania, that's a good thing for Exelon, that's a good thing for PECO, and that's a good thing for the customers in Pennsylvania and that process is ongoing with the Commission.

Last, but not least, the growth initiatives for PECO, PECO is investing \$650 million in a smart grid, smart meter initiative and I'll talk about that a little more in a minute. It's working to figure out how to – with the state how to redeploy and make the oil refineries viable, there is three oil refineries that closed, two at Sonoco, one at ConocoPhillips. One has been sold, the other two are in process right now and we are hopeful they will go back into service shortly.

Last, but not least, natural gas. PECO does have a natural gas business of about 500,000 customers and with these oil prices we believe that's a great opportunity to sell natural gas fleet services, also to do conversion of oil and propane customers to natural gas and Craig and his team are working on some of those strategies.

BGE, as I've mentioned, the – I now know this, the oldest utility in the United States. How many people in the room knew that, anybody in the room? Okay. So folks from Constellation are all raising their hands right now, if you want to figure out who is from Constellation, who is from Exelon, otherwise you can't tell who is from where. I'm very fortunate that I have a good old friend Ken DeFontes, who is the CEO of BGE for us. And while I think one of the senior people on the Exelon team with 30 years, Ken has got 40 years of experience. So I sit there and I have a great opportunity to learn many things from Ken. And Ken has held just about every position at BGE there is. So we're very fortunate to have Ken as part of the team and Ken and I actually go back 10 or 12 years in terms of working together through AGA, the Gas Association, and just through mutual assistance and other things.

We've gotten the merger approved in Maryland. So that was an exciting process for all of us, a little bit of give and take through the whole process. And now we're really about living to our commitments. In this business you are not successful unless you can make the commitment and you live to your commitments moving forward, that's really what a utility is all about. We are living to our commitments relative to some commitments for employment as well as capital and O&M spending. We are in the process of just finalizing the last bit of the credits to the customers. We had a \$100 credit to each customer in Pennsylvania as a merger condition and we're working through the pieces of supporting the customer investment fund and the funding of that.

From a rate standpoint, the last rate case BGE had was in May of 2010. Through the merger proceeding we held off on filing a rate case for all of the apparent reasons. And we will be filing our next rate case in the second half of 2012. So we're busy pulling all off those pieces together to get that filing ready. Maryland also passed a service quality and reliability regulation and we're working on all of the pieces that are required to be in compliance with that. Very much like a ComEd with the FERC formula-based rates for transmission, there is a significant investment in transmission at BGE and we will have somewhere just shy of \$700 million of capital spend in transmission through 2016.

We are spending between the three companies \$2.5 billion in smart meter, smart grid – a very significant investment, probably a larger investment than any other utility in the United States. It is a great opportunity for us. Each of the companies has been advancing their plans relative to smart meter, smart grid and each company has done something a little bit different and is in a little bit different place. That's the great opportunity for us as we can learn from the three and put together this investment and leverage our scale and our size.

ComEd has probably done the most in terms of having a pilot and looking at all of the different technologies, looking at home area networks and probably understands as much about the customer through its pilot processes, any of the three businesses. ComEd will be investing \$1.3 billion over the next 10 years and we'll be recovering that cost in the formula-based rate mechanism.

PECO has had an AMR system, so it's had an automatic meter reading system. It's now moving from what is called AMR to AMI, I would say that's basically moving from smart meter version early – smart meter version one to smart meter version two and we'll be investing \$650 million to implement electric smart meters through 2014. So a much quicker deploy. It's being deployed quicker because there is a contract that PECO has with a vendor right now that provides the meter reading services that expires in 2014. So in order to displace that contract, PECO is going to move fairly quickly and PECO has a \$200 million stimulus grant for the smart meter and it has an annual surcharge mechanism with a 10% ROE. So it's got a very good recovery mechanism for the investment.

And BGE will be deploying a gas and electric smart meter system about \$500 million. BGE also has a \$200 million stimulus grant and the cost recovery is been approved by the Commission, but we have to go in and show that it's cost effective and cost beneficial to the customer. So we are working through some of those strategies to go back into the commission after we deploy the meters to get the recovery.

In terms of rate base and ROE, you can get a sense from – of the three companies relative to the size of their rate base. We've listed under each company the 2012 estimates in terms of the equity ratios and the earned ROEs. The ComEd numbers are adjusted for – to the best of our ability for the decision from last week.

We've also put on the page what our long-term targets are. As we look around the industry and we benchmark everything in Exelon, but if you think there is a benchmark, we believe first quartile performance would be equity ratios that are somewhere in the 51% to 53% and we believe first quartile performance in terms of ROEs would be somewhere around 10%. Rome wasn't built in a day; these are companies that are 100 or 200 years old. We will be

looking in the long-term which is probably three years plus to figure out how we get to these equity ratios, how we get to these ROEs and how we drive operational and financial performance in these businesses.

I've talked a little bit about operational performance. Again, we're going to be a top performer. If you think about this business, your rates are set by the regulator and if you kind of back it down a little bit, I think in the long run how you make money is by serving your customers and having your customers really happy. If your customers are really happy, your elected officials are really happy. If your elected officials are happy, your regulators are happy and it's a good process. We're going to really focus on the customer and look to drive top performance. We think the smart meters is a great opportunity as part of that to transform the customer experience. We will know whether the customer is off or on. We will know what the voltage is on each of the legs that feed their customer's house. We will be able to shut customers off and turn them on remotely and we will have increment data on our customers' usage depending on where you are, could be anywhere from 15 minute to hourly data on all of our customers. We think this is a great opportunity to transform the customer experience and to better serve our customers.

We are working in each of the three states to make sure that we advance the competitive model. But more than advancing the competitive model is to make sure we're advancing a sustainable competitive model. It's more important I think from an Exelon and utility standpoint that the model is sustainable through the full market cycle than that it's perfectly competitive and so we're working on sustainable competitive models through each of the utilities. And we want to secure constructive ways to have our rates set in an efficient and effective fashion and to have an appropriate ROE and a consistent ROE moving forward.

Exelon Utilities has the size, it has the focus. I think it has the fortitude to drive high levels of customer satisfaction and high levels of shareholder value. We have a very talented and experienced team that can do that. Thank you.

It is now my pleasure to introduce a friend and somebody I've learned a lot from, who runs our Generation fleet. He's taught me an awful lot about operational excellence. It's kind of strange for me, we've done all the introductions before, but nobody ever gets an applause. So, can we have an applause for the next one? We have Chip Pardee coming up.

Charles G. Pardee

Senior Vice President, Exelon Corp.

Thank you, Denis. Thank you very much. Apparently my job here this morning is done. Okay. Good morning. There are many of you in the room that I had met previously, but for those who I have not, I'm Chip Pardee. I joined Exelon right about at the formation of the Exelon Corporation in the year 2000 and I've come up with the nuclear organization under Chris' tutelage for the last dozen years or so. And I've been responsible for the legacy Exelon Generating Company for about two years prior to this merger and now responsible for the combined Exelon Generating Company, which is just a lovely and remarkable opportunity and I very much appreciate the opportunity to spend a few minutes with you here today.

Much of the surprising and delighting that I would already – or I would otherwise have been able to do has been touched on already by previous speakers, so I'm going to be presumptuous and start with what I hope are the GenCo related takeaways from the materials thus far this morning and I'll spend just a few minutes convincing you if you haven't seen enough information yet. But I'll go right to the point because if I had the green, yellow and red lights in front of me, the red light would be on already.

So, first of all, our generating company is big, it's diverse, it's clean and it's low cost. Secondly, we'll continue our focus on operational excellence and continuous improvement to continue to improve our safety and our cost competitiveness as we go forward and the old Exelon certainly demonstrated a skill set along those lines.

Thirdly, and I'll spend time on this because this may be the one topic that we have not discussed this morning, while we don't know all of the details surrounding the activities that the nuclear industry will undertake as a consequence of the Fukushima Daiichi accident in Japan, we know enough about it. We understand the course that we're on sufficiently well that we know that the costs will be manageable and that Exelon will be able to conduct our activities within the regulated timeframes that the Nuclear Regulatory Commission is providing.

Fourth, that we're uniquely well positioned to take advantage of the impact of Clean Air regulations and of tightening commodity markets. And lastly, we have a great package of growth projects that provide real value to the company going forward, while also providing flexibility for the balance sheet. So we can maintain the various metrics that Chris and Jack spoke of earlier this morning. So those five points, if you haven't gotten already, hopefully, I can spend just a few minutes reinforcing as I go through my materials. And then we'll start the final panel discussion.

So I'll move on to the constituency of the fleet. As has been previously mentioned, we're the largest merchant generators in the United States at 35,000 megawatts. We're diverse regionally. We're diverse technology. We're clean and I'll speak to that cleanliness aspect a little bit further on in my presentation. And we are well along in the process of putting the pieces of our GenCo together now, combining the legacy Constellation or legacy Exelon generating companies.

For that 35,000 megawatts of generation, over 19,000 megawatts of that is nuclear, that includes our ownership share in the Constellation Energy Nuclear Group operations. So that now represents ownership interest in 24 nuclear units here in the United States at 14 different generating stations. That's approaching 20% of their nuclear generating capacity here in the U.S. So we remain the largest nuclear generators in America.

With the addition of about 6,000 megawatts of naturally gas-fired generation from Constellation Power Group we now have 10,000 megawatts of gas-fired generation, 2,000 megawatts of hydro, 2,000 megawatts of largely peaking oil-fired capacity, about a gigawatt or 1,000 megawatts of coal and 1,000 megawatts and growing of wind and solar or other renewables and I'll spend just a moment talking to that at the end of my presentation.

Now in the course of holding this fleet together, as Chris mentioned, we have our management model that lends structure to how we go about doing this. And that management model provides a differentiator for us, in that it drives consistency in excellence in operations and continuous improvement. It provides a platform unique here in the United States for our ability to continue to grow safely and efficiently in the future and also unparalleled economies of scale as we grow with the management model, we're able to take advantage of that leverage with our supply chain. So we're big now and we're well positioned to get bigger.

Chris also said that we're a metrics-driven organization and that's – coincidentally that makes me a metrics-driven person, so I thought I would provide just a few examples to illustrate that.

First example on the upper left-hand corner, this is the range of the nuclear fleet capacity factors compared to other fleet operators in the United States. And as you can see in the far left that our capacity factor is tight. We've been in excess of 93% for the last nine years; this year should make it ten and no reason why we can't sustain that in the future. And it's also predictable, it's consistent, which is a real advantage to Ken Cornew's organization because he knows how many megawatt hours he's going to have to sell year-over-year.

You can see that there are other fleet operators that can put up good numbers. I will say as time goes along, we remain in the number one position and the companies that are strung out to the right tend to vary. That degree of consistency that we can provide to the management model and our size is a big advantage for us.

To the right, some measure of our non-nuclear capabilities. The blue bars are the hydro plant availabilities. You can see they're consistently in the upper 90% availability. The orange bars are the fossil fuel plant unavailability and you can see they are in the low-single-digits. And again that is a reflection of how well we're able to take advantage of our installed capacity and it lends a predictability for Ken's organization, again, that has real value to the organization.

On the lower left-hand corner, our nuclear fuel costs. You can see we have about – excuse me, my nuclear production costs. You can see how we have about \$3 a megawatt hour advantage over the rest of the nuclear fleet in the country and we've been able to maintain that and in fact we're slowly growing that advantage as time goes along. And lastly, our refueling outage duration which may be a difficult thing to put your hands around but we average again something on the order of about 14 days shorter refueling outages than the rest of the industry without us. And if you just want to put that in context, we do on average about ten refueling outages a year, so that's about 140 days of equivalent availability of a big baseload nuclear generating plant that serves again as a competitive differentiator, we're able to take more full advantage of our assets based on the management model.

The next slide the Fukushima related orders and I'm not going to spend any time on the technical content. I just want to spend a little bit of time framing where we think we are with Fukushima and I'll start by qualifying that comment. I have, since the Fukushima accident, been leading the industry's response committee to the accident in Fukushima formulating the lessons learned and what kind of corrective actions we think would be most beneficial here in the United States. And I'm joined by a number of others in Exelon that are deeply involved in the industry. So we have as good an insight as any here in the U.S. as to where we are going with Fukushima lessons learned.

And though I'm not able to put precise numbers yet around what we think our expenditures will be, I can frame it. I'm confident that these expenditures will be within the normal variations of our CapEx on a year-over-year basis. You're not going to see huge spikes one way or up over the next couple of years as a consequence of our activities related to Fukushima.

We are, thus far, confident that the activities will in fact largely be CapEx. We see very little operations and maintenance costs coming in. These are physical additions to our power plants in order to raise our safety profiles based on those lessons learned from Fukushima. So I don't see any changes to the running costs of our nuclear plants. These will be capital expenditures once and done.

And lastly and perhaps not spoken of as often, but I think just as important, the industry outreach to our various stakeholders, elected officials and the like have resulted in a level of confidence with the nuclear generating industry here in the United States that allows us to preserve the license renewal option and if you go look at the numbers, the value proposition associated with license renewal for our nuclear units, it's huge. And we do not and will not take advantage or take for granted the fact that we have to earn the confidence of our stakeholders in order to continue to operate our power plants.

I'll move on. I think we've covered this in a great deal of detail, so I'll just pause briefly to elaborate. We have – any number of us have spoken to the clean aspects of our generating fleet. Over 90% of the megawatt hours that we generate on an annual basis come from low or non-emissions – emitting sources. So our exposure to Clean Air regulations is very modest. The most prevalent example we can give you is about a \$200 million capital upgrade that would be required for flue gas treatment at one of our coal stations, our Conemaugh station. So in the spectrum of things, our exposure to capital expenditures as a result of Clean Air regulations is very modest. And

the nature of our clean and low-cost generation does leave us uniquely well-positioned to take advantage of future market prices driven by further regulation or tightening of the commodities market.

The last slide I'll touch on before we move into the panel Q&A is our growth projects and we've talked about much of this already. Our growth projects in the generating company fall into three general categories.

Our wind renewables, and has been previously discussed, we have 400 megawatts worth of wind projects programmed for commercial operation this year and the opportunity, should the marketplace and legislation continue to support to do more of that in the future. Our Antelope Valley Solar Ranch One solar facility out in California is well along in development. We think we'll have about 80 megawatts of that commercial this year and expect the remaining 150 megawatts next year. And our uprates, which we spent a lot of the time this morning and in the past talking about, but our program is well underway. We have about 250 megawatts of that program we introduced four years ago, now in place without issue. Another 85 or so megawatts slated for this year and about another 850 megawatts in the out years. So we're well into our program, we've been successful thus far in our execution. And again we do have the ability to meter the pace of our uprate programs to support larger company needs.

So with that I'll stop and ask the rest of my panel members, Denis, Ken, Anne and Craig, to come up and join me and we will entertain your questions. Thank you.

QUESTION AND ANSWER SECTION

Jacee M. Burnes

VP-Treasury Operations & Assistant Treasurer, Exelon Corp.

A

Okay. When people ask a question, please stand up so that we can see who is asking the question.

Christopher M. Crane

President & Chief Executive Officer, Exelon Corp.

A

I know we can't have favorites. We have such a solid team here, but don't you love [ph] a nuke (157:36)?

A

That means a lot of things. Depending on the audience that can go either way.

Q

I want to ask about energy efficiency and the growth rate that you guys have projected for both PECO and ComEd weather adjusted, not leap year adjusted is negative, BGE is a little bit better, but there are energy efficiency efforts that are I think pretty aggressive in Maryland, and I guess the question is at the utility level, what do you guys see going forward after this year? I mean what's causing it, first of all, to go down?

And secondly, it's going down, that's not good for the generation business, right. And so I'm sort of thinking about how – and you're not the only utility seeing this, how should we think about in terms of the industry the long-term growth rate for electric consumption and the financial issue that you guys are looking at to sort of mitigate this?

Christopher M. Crane*President & Chief Executive Officer, Exelon Corp.*

A

There is a lot into that question. You've got the economics on the growth rates, there is – each area has their issues that they're going through as the economy rebounds, but I think we'll focus on the energy efficiency and what we see now in the out years and Denis, just get each company to go through it, or you want to cover it?

Denis P. O'Brien*Senior Executive Vice President, Exelon Corp.*

A

Yeah, just one comment just about load, if you look at the load estimate for the three companies this year, I think PECO is about a negative 3%, and ComEd is flat at 0% and I think BGE is about 1% growth. If you take out PECO, the refineries, it's a negative 1% growth. I think for the foreseeable future, we see pretty flat load growth very similar to this year for the next few years. So that's I think the overall projection. I think regulatory requirements aside with the price of natural gas and the price of energy right now, you can't justify a whole bunch of investment in energy efficiency efforts, although we may have some regulatory requirements. And now I'll turn it to each of the companies.

Anne R. Pramaggiore*President, Chief Executive & Operating Officer, Commonwealth Edison Co.*

A

So, at ComEd, obviously our energy efficiency efforts are driven by legislation that was passed in 2007. The way the legislation works is there is a target of hitting 2% reduction, but it's also – there is a budgetary cash that essentially comes into play and what it does is it holds it at about 1%. So what we expect to see is about a 1% energy efficiency impact over the lifetime of these programs. That's where it sits right now.

Craig L. Adams*President, Chief Executive Officer & Director, PECO Energy Co.*

A

At PECO, we have a regulatory requirement to do 1% a year over a three-year period ending May 2013 and that's a deemed value not an actual value. The component for 2012 that we see looks to be about 1% load deterioration from energy efficiency and I think that'll hold consistent through the period.

Kenneth William DeFontes*President, Chief Executive Officer & Director, Baltimore Gas & Electric Co.*

A

In Maryland the driver has been the EmPOWER Act from 2008 that was passed that set targets for a 15% per capita reduction in state of Maryland. About 10% of that would be achieved by the utilities and then 5% would be achieved by other means -state programs and the like. I think we're on track to achieve most of that for Baltimore Gas and Electric and majority of that is through the traditional programs that you've seen.

We recently have added some combined heat and power applications and considering ramping up some of the incentives to get closer to that target. The good news for BG&E is that we are decoupled and so far that's been a very beneficial and also all the investments that we're making recovered in a formula rate design where there's a tracker on the bill. So there is really no adverse impact to the utility at least in the short run.

I think longer term, we are still seeing some growth in new construction and for Baltimore region in particular the Base Realignment and Closure Act brought more business from the government's standpoint.

I also think there is some question about the future of electric vehicles and that could be a game-changer and at this point I don't know that we have a real strong belief about that, but I think there is going to be some increased utilization of electricity for the transportation.

Christopher M. Crane*President & Chief Executive Officer, Exelon Corp.*

Paul? Go ahead.

A

Q

You all pointed out that the regulated business is now contributing half of EBITDA and it's absorbing about half of – slightly less than half of the CapEx. Yet the information you provided on slide 80 indicates that about three-quarters of the rate base on the regulated side of the business is contributing returns on equity of about 6%. So, well below your cost of equity. And the implication then seems to be that about a third of CapEx is going into assets or businesses that are not recovering their cost of capital which would imply erosion of shareholder value. What's the plan to rectify that, it doesn't sound like the volume growth is going to bail you out, there is going to be some regulatory program obviously?

Christopher M. Crane*President & Chief Executive Officer, Exelon Corp.*

So, as Denis discussed earlier, we have a regulatory strategy in each area, Pennsylvania is strong. We have the bill in – the law in Illinois that gives us 580 basis points above the combined Treasury index, and we're going to just jump to that and have Anne give you an update on how we're going to go forward with ComEd, but at BGE because we were going through the merger proceeding, we worked with Mayo and Ken to hold out from filing what they should have filed last year in a rate case.

We didn't want to be going through the merger proceeding at the same time they file the rate case. Ken will be filing his rate case and we hope to improve those returns during that proceeding. So we're focused on it. We understand that we are at those two utilities behind the curve. And I do think that the next proceedings in BGE will help close that gap. There's still more work that will have to be done. I don't think we'll get them to the aspirational goals within this first rate case, but I think it will be greatly improved. But Anne why don't cover what's going on now with Illinois and what we are doing to get back on track there?

Anne R. Pramaggiore*President, Chief Executive & Operating Officer, Commonwealth Edison Co.*

Okay. So I'll start sort of back a couple of steps, we got the first rate order from the ICC last week. This is the first rate order under the new formula rate construct and we have filed in November for a \$59 million reduction and that represented largely the difference between the ROE that we had in the last traditional rate case and the ROE that the formula produced. So we understood that there was going to be a \$59 million reduction right off the top.

What the Commission came out with was a \$168 million revenue requirement reduction. So, we've got \$59 million that we knew about, you've got another \$50 million that we either collect through – they want to send it through a different mechanism, a rider for instance, bad debt. Today we have a part of our bad debt in our rates and a part of it that's collected through a rider. So they wanted to go all through the rider, so that's part of that.

And then some of it's accumulated deferred income taxes that will be picked up in the next rate case. So that gets you \$59 million and \$50 million, you've got about \$57 million left, that we have to deal with. And of that about \$15 million of it is what I would call regulatory skirmishes, billing deterrent issues, some compensation issues.

The big chunk of it are two really – one issue that is the Pension Act which many of you are aware of, and this is an issue interestingly that has been decided three times by the Commission in its 2005 case, the 2007 case and the

2010 case. And each time the Commission decided that we were entitled to a debt return on our pension asset, which is the difference between our contributions and our expense.

We codified that in the legislation. The legislation actually adopts the Commission orders on this issue. So in this order last week the Commission determined that there was no pension asset, no pension asset existed. So we believe that the law is very solid on this point, that it recognizes the pension asset that the Commission recognized in three previous cases, and that we are entitled to a debt return, and that's about a \$35 million disallowance this year, and it also carries out in future years, and that's why when we issued the 8-K you saw there was a \$0.16 impact in the first year and then \$0.08 to \$0.10 in the upcoming two years.

That's really the biggest issue. There is one other issue that doesn't have a revenue impact this year, and that is a decision on whether to use the average rate base for a year or the yearend rate base when determining what's the number that you generate the return from, and that also is an issue the legislation points to, every number that you are to use in the formula rate is populated off of the the FERC Form 1. FERC Form 1 uses the yearend rate base. So we feel that is also very solid in the legislation.

So what are we doing going forward? We filed our motion for rehearing on Tuesday. They – the Commission has until the 19th of June to determine whether they will hear these issues. If they reject the petition for rehearing, we go directly to the courts of appeal. If they decide to hear it they have 150 days in which to conduct that process, that takes us through the end of the year.

So that's basically where we are, that's the path that we're moving down. And I would just – I'm going to make an editorial comment just picking off of – picking up off of Denis and Chris' earlier comments, this is a long-term strategic approach. We passed it not once but twice in the general assembly last year with an overwhelming majority vote the second time. We have labor behind this and we also have a number of vendors and businesses in the Illinois – in the state of Illinois and in our region that have benefited from this. There is a lot of support for this. And we feel like the law is very supportive of a structure that will get us our cost in long-term and we're going to move forward on it.

Q

Hi. This is probably for Chip I think. Chip, on the Fukushima costs, you talked about feeling you've got a good handle around what the staff has proposed and where we're headed. One of the NRC Commissioners was in New York a couple of weeks ago, and many of us were out at that meeting and he talked about a potential rule making in the summer to consider filtering on vents, so that you wouldn't have kind of contamination of surrounding area as opposed to just kind of preventing loss of life in a venting type situation. And his comment was that he feel that would be pretty costly but didn't really throw any numbers around it. Can you talk to that topic? Is that something you think might happen, might it be costly in terms that we would notice as such?

Charles G. Pardee

Senior Vice President, Exelon Corp.

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Yeah. This is actually a good example of the give and take that's been going on for the last year between the industry and the regulator, and I think reinforces really the health of the industry here in this country. So to your example there has been discussion, debate about whether or not we could filter containment exhausts so there – so as to lessen the potential for some kind of an impact like we have seen in Japan, where there was deposition of radioactive material around the countryside.



Shallow with – in comparison to the effects of the tsunami, but something nevertheless worthy of consideration. So we have entertained that dialog, obviously with the Nuclear Regulatory Commission and we think there are other ways that we can go about essentially scrubbing the exhausts from our containment vessels without installing those filters and without suffering from the unintended consequences of filters.

One of the things we've learned from Fukushima is these filters become highly radioactive, little point sources, big point sources and that impedes the operator's ability to move around the plant sit. So to illustrate, we're back talking to the NRC and we think we can have the same beneficial effect without the capital expenditure and without some of the downsides associated with those filters and this is just kind of a simple example of the give and take that's been going on looking for cost effective practical solutions to these challenges that are kind of way beyond what we continue to believe could happen in this country, that set of circumstances in Japan was unique for the Japanese.

Q

Do you push you for filtering, any sense of what that would entail cost-wise?

Charles G. Pardee

Senior Vice President, Exelon Corp.

A

No. We know what some of the vendors have been out, those that can provide filters – we know some of the numbers that they have been discussing on the order of \$15 million or so per unit, but I just simply don't believe we're going down that pathway.

Christopher M. Crane

President & Chief Executive Officer, Exelon Corp.

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We can tell you that he will do it under his current base.

Charles G. Pardee

Senior Vice President, Exelon Corp.

A

I think we established that already.

Christopher M. Crane

President & Chief Executive Officer, Exelon Corp.

A

There will not be an increase in base CapEx to fulfill these modifications.

Charles G. Pardee

Senior Vice President, Exelon Corp.

A

We'd laugh but our base CapEx is in the hundreds of millions of dollars every year for a power plant refurbishment work and such, and that's where my confidence lies with regard to that statement. Our variations year-over-year based on what we're doing in the power plants certainly has that kind of a bandwidth associated with it. So it's going to be in the normal variations.

Christopher M. Crane

President & Chief Executive Officer, Exelon Corp.

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Let's take another question, anybody else? [indiscernible] (172:45).

Q

Anne, I wanted to come back to you to just understand the steps on this latest case decision in Illinois. So when we walk through the numbers, as you walked through in your 8-K as well, the revenue reduction doesn't correspond to the EPS hit that you guys laid out for us, \$0.16 one year, \$0.08 to \$0.10 going forward. Can you bridge the gap of what else happened for such a big hit in the numbers?

Anne R. Pramaggiore*President, Chief Executive & Operating Officer, Commonwealth Edison Co.*

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Yeah. So part of what you see in this year and Joe can explain it in more detail if you need it, but basically we had 2011 and 2012 in the same bucket and that's what we were dealing with this year. So when you go forward you get back to an annualized basis, but in this first number, you've got 2011 and 2012, you've got a little bit of a catch-up. You want to...

Joseph Dominguez*SVP-Federal Regulatory Affairs & Public Policy, Exelon Corp.*

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All right, and just to add to that. In this filing in the formula, the order that they gave is really taken as the guidelines. So all of the items, like for example, they disallowed \$35 million in pension return, you have to convert them to the years that we are – that covered the formula 2011, 2012 and later. So even that \$35 million, that isn't the financial impact. The financial impact is the return that we recognized for 2011 that we true up in the formula plus for 2012 and we contribute more to the pension plan.

So that the biggest hit in addition to Anne's comment that we are cleaning up two years of the formula because where initial recognition is, certain items have grown just due to time, the pension asset being the largest. The pension asset represents call it 60% or so of that hit in the first year of just getting those returns right.

Christopher M. Crane*President & Chief Executive Officer, Exelon Corp.*

Okay. We're going to have lunch here in a minute and all the leadership team will be spreading out to answer any more of your questions that you have. I'd like to now turn this over to Mayo and I have to just say a few things. We were able to get this merger closed in 10.5 months. It's record pace for utility mergers and we've had our own experience on busted deals before. The only way these – this can happen is that you've got two parties that work together and they have the leadership, they provide the leadership to their organizations to get over the bumps and hurdles and I'll have to say that Mayo really did that incredibly well, both helping his organization and also guiding me in providing leadership on what we needed to focus on, which is how we created this merger in such pace and with the ability to create the synergies that we have.

So we're thankful to have gotten where we are with his leadership and we are also thankful to have him with us today and he will provide his comments.

Mayo A. Shattuck*Executive Chairman, Exelon Corp.*

Well, just a couple of quick comments before we head off to lunch. First, it's a pleasure to see all of you. It's been a long time since we announced the merger. A lot has gone on and I thank everyone for their patience sort of waiting for this day. And as pleasurable as it is for me stand in front of you and say that it's glad to be here, it's even a greater pleasure for me to be in the front row, relaxing, watching a great management team present after 11

years of doing the same. I will, with your blessing, report back to the Board of Directors that I give them an A today and it would have been an A-plus had the banner been five times larger.

But I really – I just have a couple of things that I wanted to say and I know from conversations in the hallways here, it's a logical question to ask me or a couple of logical questions, and the first is that goes back to the derivation of this deal and as I think all of you would share with me a notion that Exelon has had in the eyes of the industry the best operating model around. It's the beacon of what we all aspire to do from an operating excellence standpoint. And I've known Chris for many, many years and I'd always considered him the best operating executive in the business.

And that has borne itself out as we've lived together now for 15 months or so and I really mean that, but what I have – what I've also come to really appreciate in the course of day-to-day contact with Chris and the management team is that this story now is not just about the operating model, but it's very much about the strategic model and what has been put together and I think the wisdom of both sides in seeing that we really needed each other that this fit was going to actually represent the beacon for the competitive enterprise in this business for decades to come.

And when you combine the operating model with a strategic model, with another thing that I've really come to appreciate with respect to Chris' insight as to how to lead the company is the talent model and it takes a lot of courage when you put two companies together to take the steps to drive towards picking the people and putting them there in their positions right at the start in order to execute a strategy that's now in place for the foreseeable future.

There were no compromises made in this. There is a lot of time when you are sitting around the dependency period to think about how cultures mesh and how people mesh, but the right decisions were made and I hope that all of you feel that when you see the excellence that is in front of you from a management standpoint that I can speak for the Board and how much confidence we have with respect to the people that have been put in their jobs to execute the strategy.

Now I think my – I have during the course of these 15 months probably badgered into everyone that would listen to me, a lot about how the future revolved around, how we reacted to customers, customer choice and innovation. We've talked about all these other grand things, but this is going to be my message or my contribution and the thing that I think almost surprises me is how much that's already built in to the culture of the company that we drive forward. You listened to Bill Von Hoene and Ken Cornew speak today. They are talking about customer choice, customers and innovation and it's a great – that's the trail that we're headed down that will build I think the best competitive energy company in the business.

I'm very proud to be a part of it and here today very, very relieved to be the guy in the front row watching a great management team do their job. And I know that there is an incredible emphasis in this place to deliver on what we are talking about today to be the best. This is a competitive enterprise and no doubt we try to sponsor the notion of winning and we want to be winners.

So with that, I want to thank you all again for coming today. Any further logistical instructions, JaCee, or we just head it off to launch. Yeah, All right, great. Thank you all very much.

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