

# December 2017 Investor Meetings

# Cautionary Statements Regarding Forward-Looking Information

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This presentation contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, that are subject to risks and uncertainties. The factors that could cause actual results to differ materially from the forward-looking statements made by Exelon Corporation, Exelon Generation Company, LLC, Commonwealth Edison Company, PECO Energy Company, Baltimore Gas and Electric Company, Pepco Holdings LLC, Potomac Electric Power Company, Delmarva Power & Light Company, and Atlantic City Electric Company (Registrants) include those factors discussed herein, as well as the items discussed in (1) Exelon's 2016 Annual Report on Form 10-K in (a) ITEM 1A. Risk Factors, (b) ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and (c) ITEM 8. Financial Statements and Supplementary Data: Note 24, Commitments and Contingencies; (2) Exelon's Third Quarter 2017 Quarterly Report on Form 10-Q in (a) Part II, Other Information, ITEM 1A. Risk Factors; (b) Part 1, Financial Information, ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations and (c) Part I, Financial Information, ITEM 1. Financial Statements: Note 18; and (2) other factors discussed in filings with the SEC by the Registrants. Readers are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date of this press release. None of the Registrants undertakes any obligation to publicly release any revision to its forward-looking statements to reflect events or circumstances after the date of this presentation.

# Non-GAAP Financial Measures

Exelon reports its financial results in accordance with accounting principles generally accepted in the United States (GAAP). Exelon supplements the reporting of financial information determined in accordance with GAAP with certain non-GAAP financial measures, including:

- **Adjusted operating earnings** exclude certain costs, expenses, gains and losses and other specified items, including mark-to-market adjustments from economic hedging activities, unrealized gains and losses from nuclear decommissioning trust fund investments, merger and integration related costs, impairments of certain long-lived assets, certain amounts associated with plant retirements and divestitures, costs related to a cost management program and other items as set forth in the reconciliation in the Appendix
- **Adjusted operating and maintenance expense** excludes regulatory operating and maintenance costs for the utility businesses and direct cost of sales for certain Constellation and Power businesses, decommissioning costs that do not affect profit and loss, the impact from operating and maintenance expense related to variable interest entities at Generation, EDF's ownership of O&M expenses, and other items as set forth in the reconciliation in the Appendix
- **Total gross margin** is defined as operating revenues less purchased power and fuel expense, excluding revenue related to decommissioning, gross receipts tax, Exelon Nuclear Partners, JExel Nuclear JV, variable interest entities, and net of direct cost of sales for certain Constellation and Power businesses
- **Adjusted cash flow from operations** primarily includes net cash flows from operating activities and net cash flows from investing activities excluding capital expenditures, net merger and acquisitions, and equity investments
- **Free cash flow** primarily includes net cash flows from operating activities and net cash flows from investing activities excluding certain capital expenditures, net merger and acquisitions, and equity investments
- **Operating ROE** is calculated using operating net income divided by average equity for the period. The operating income reflects all lines of business for the utility business (Electric Distribution, Gas Distribution, Transmission).
- **EBITDA** is defined as earnings before interest, taxes, depreciation and amortization. Includes nuclear fuel amortization expense.
- **Revenue net of purchased power and fuel expense** is calculated as the GAAP measure of operating revenue less the GAAP measure of purchased power and fuel expense

Due to the forward-looking nature of some forecasted non-GAAP measures, information to reconcile the forecasted adjusted (non-GAAP) measures to the most directly comparable GAAP measure may not be currently available, as management is unable to project all of these items for future periods

# Non-GAAP Financial Measures Continued

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This information is intended to enhance an investor's overall understanding of period over period financial results and provide an indication of Exelon's baseline operating performance by excluding items that are considered by management to be not directly related to the ongoing operations of the business. In addition, this information is among the primary indicators management uses as a basis for evaluating performance, allocating resources, setting incentive compensation targets and planning and forecasting of future periods.

These non-GAAP financial measures are not a presentation defined under GAAP and may not be comparable to other companies' presentation. Exelon has provided these non-GAAP financial measures as supplemental information and in addition to the financial measures that are calculated and presented in accordance with GAAP. These non-GAAP measures should not be deemed more useful than, a substitute for, or an alternative to the most comparable GAAP measures provided in the materials presented.

Non-GAAP financial measures are identified by the phrase "non-GAAP" or an asterisk. Reconciliations of these non-GAAP measures to the most comparable GAAP measures are provided in the appendices and attachments to this presentation, except for the reconciliation for total gross margin, which appears on slide 44 of this presentation.

# Exelon: An Industry Leader

\$20B

Being invested  
in utilities  
through 2020

\$46M

In 2016, Exelon gave  
approx. \$46 million  
to charitable and  
community causes

#1

zero-carbon  
energy  
provider  
in America

205 TWh

Customer load  
served

32,700

Megawatts of  
total power  
generation  
capacity

10M

Six utilities serving  
10M electric and  
gas customers, the  
most in the U.S.

34,400

employees

FORTUNE  
100

Exelon is a  
FORTUNE 100  
company and was  
named to Fortune  
Magazine's list of  
"World's Most  
Admired  
Companies"

2.2M+

Exelon's  
Constellation  
business serves  
residential, public  
sector and  
business  
customers

11,430

transmission  
line miles for  
utilities

\$31.4B

Operating  
revenue in 2016

8.5M

Smart meters  
installed

Note: All numbers reflect year-end 2016; revenue accounts for PHI as of the merger effective date of March 24, 2016 through December 31, 2016.

# The Exelon Value Proposition

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- **Regulated Utility Growth** with utility EPS rising 6-8% annually from 2017-2020 and rate base growth of 6.5%, representing an expanding majority of earnings
- **ExGen's strong free cash generation** will support utility growth while also reducing debt by ~\$3B over the next 4 years
- **Optimizing ExGen value by:**
  - Seeking fair compensation for the zero-carbon attributes of our fleet;
  - Closing uneconomic plants;
  - Monetizing assets; and
  - Maximizing the value of the fleet through our generation to load matching strategy
- **Strong balance sheet is a priority** with all businesses comfortably meeting investment grade credit metrics through the 2020 planning horizon
- **Capital allocation priorities targeting:**
  - Organic utility growth;
  - Return of capital to shareholders with 2.5% annual dividend growth through 2018<sup>(1)</sup>,
  - Debt reduction; and
  - Modest contracted generation investments

(1) Quarterly dividends are subject to declaration by the board of directors



# Exelon Utilities Overview



16,400  
Employees

\$31.7B  
2016 Rate Base

\$15.1B  
In Revenue

24.9  
Thousand mi<sup>2</sup>  
Combined  
Service Territory



10 M  
Customers

8.5 M  
Smart Meters  
Installed

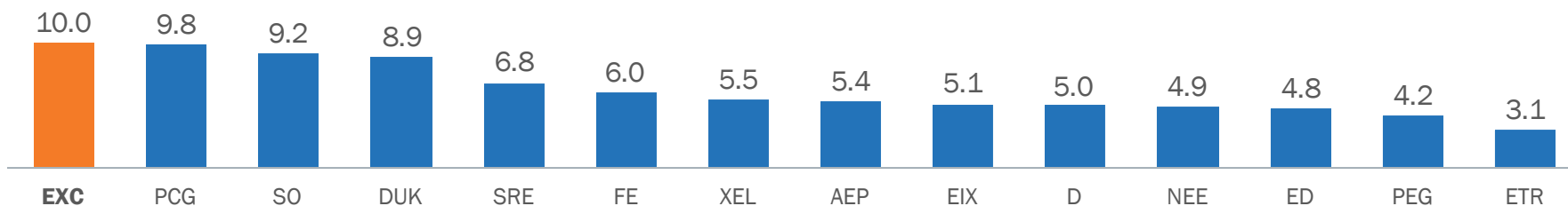


11,430  
Transmission line  
miles (circuit)

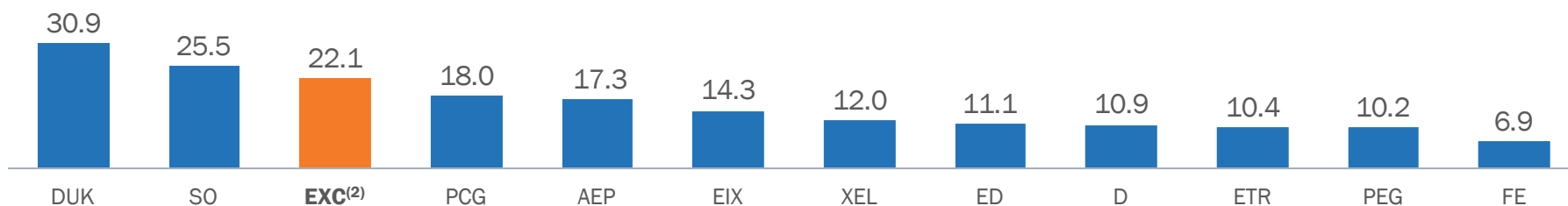
Note: All numbers reflect year-end 2016; revenue number accounts for PHI revenue as of March 24, 2016 merger date.

# Exelon Utilities are an Industry Leader

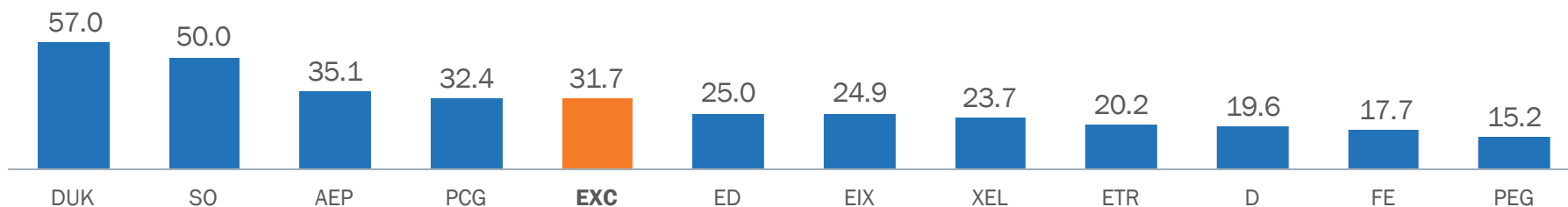
## US Utility Customers (millions)



## Total Capital Expenditures 2017-2019 (\$B)<sup>(1)</sup>



## Total Utility Rate Base (\$B)<sup>(1)</sup>



Source: Company Filings

(1) Includes utility and generation

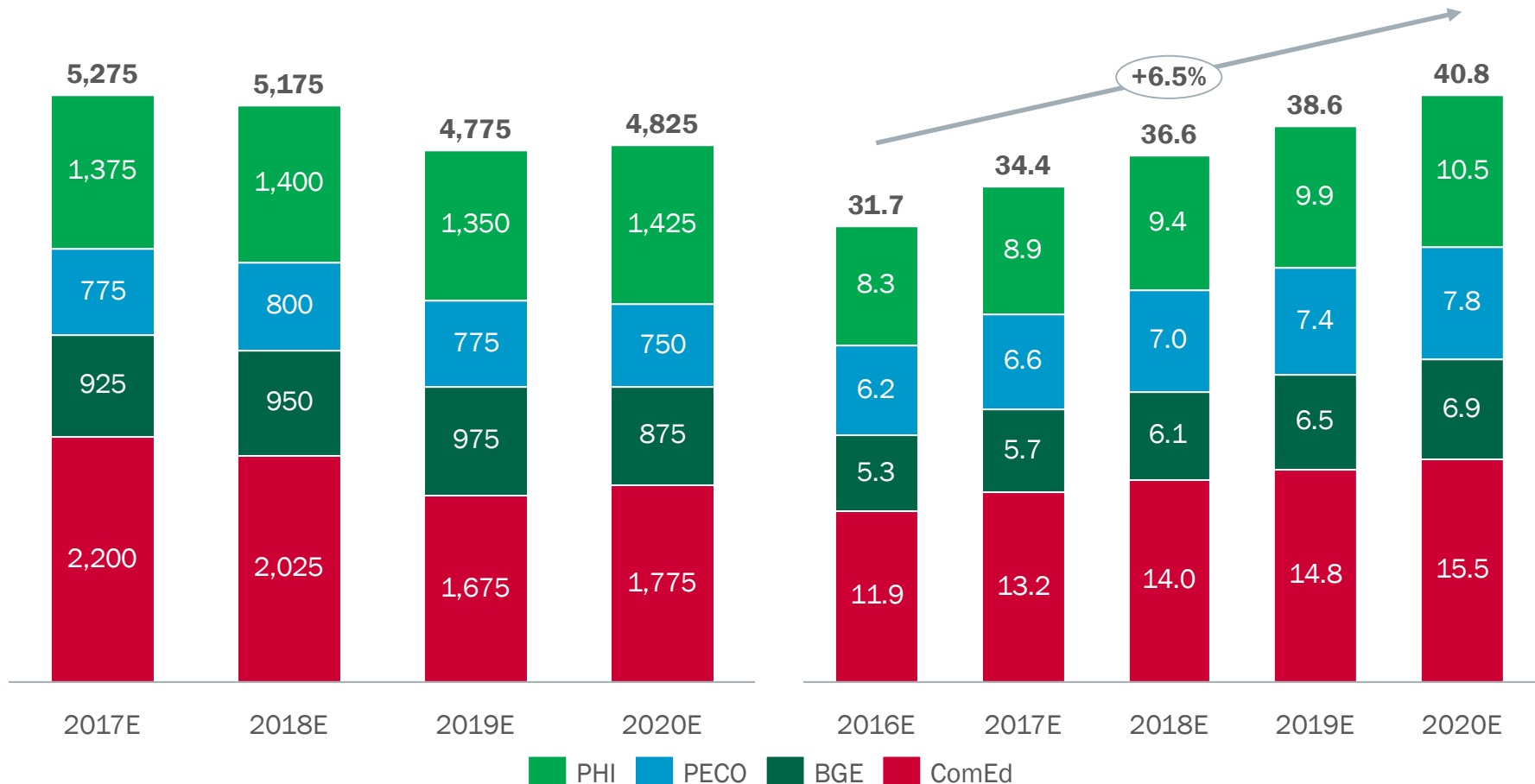
(2) \$23B includes \$15.2B of utility capital expenditures and \$6.9B of generation capital expenditures



# Our Capital Plan Drives Stable Earnings Growth

## Capital Expenditures (\$M)

## Rate Base (\$B)<sup>(1)</sup>



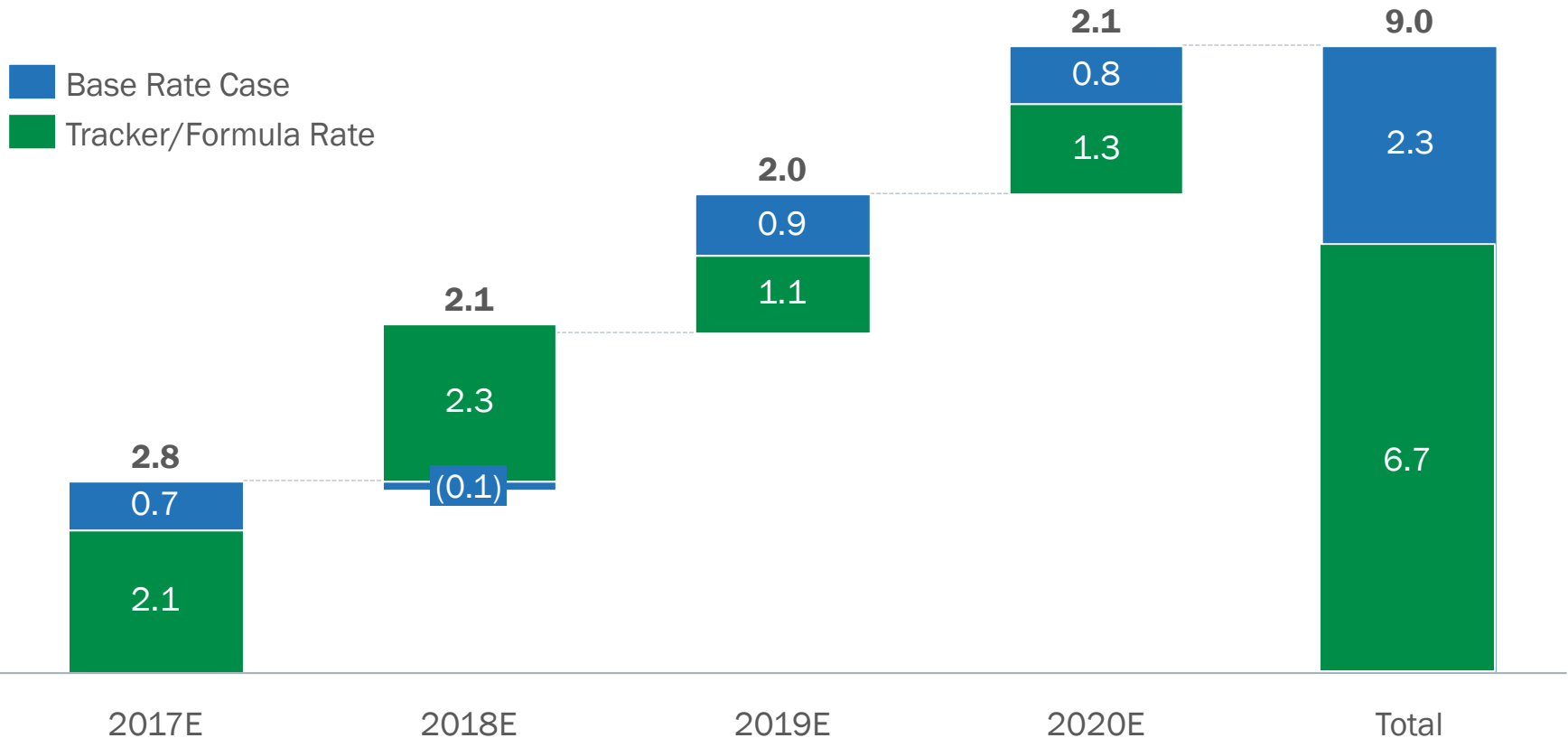
**Over \$20B of capital is being invested at utilities from 2017-2020 to improve reliability**

Note: CapEx numbers are rounded to nearest \$25M and numbers may not add due to rounding

(1) Rate base reflects year-end estimates

# Formulaic Mechanisms Cover Bulk of Rate Base Growth

## Rate Base Growth Breakout 2017-2020 (\$B)<sup>(1)</sup>



**Of the approximately \$9.0 billion of rate base growth Exelon Utilities forecasts over the next 4 years, ~75% will be recovered through existing formula and tracker mechanisms**

Note: Numbers may not add due to rounding

(1) Assumes PECO transmission formula rate beginning in 2018; base rate base decrease due to reclassification of transmission rate base growth at PECO

# Proven Track Record of Improving Operational Performance

Operations	Metric	At CEG Merger (2012)			2015	Q3 2017			
		BGE	ComEd	PECO	PHI	BGE	ComEd	PECO	PHI
Electric Operations	OSHA Recordable Rate								
	2.5 Beta SAIFI (Outage Frequency) <sup>(1)</sup>								
	2.5 Beta CAIDI (Outage Duration)								
Customer Operations	Customer Satisfaction				N/A				
	Service Level % of Calls Answered in <30 sec								
	Abandon Rate								
Gas Operations	Percent of Calls Responded to in <1 Hour		No Gas Operations				No Gas Operations		
Overall Rank	Electric Utility Panel of 24 Utilities <sup>(2)</sup>	23 <sup>rd</sup>	2 <sup>nd</sup>	2 <sup>nd</sup>	18 <sup>th</sup>	Performance Quartiles			
						Q1	Q2	Q3	Q4

Exelon Utilities has identified and transferred best practices at each of its utilities to improve operating performance in areas such as:

- System Performance
- Emergency Preparedness
- Corrective and Preventive Maintenance

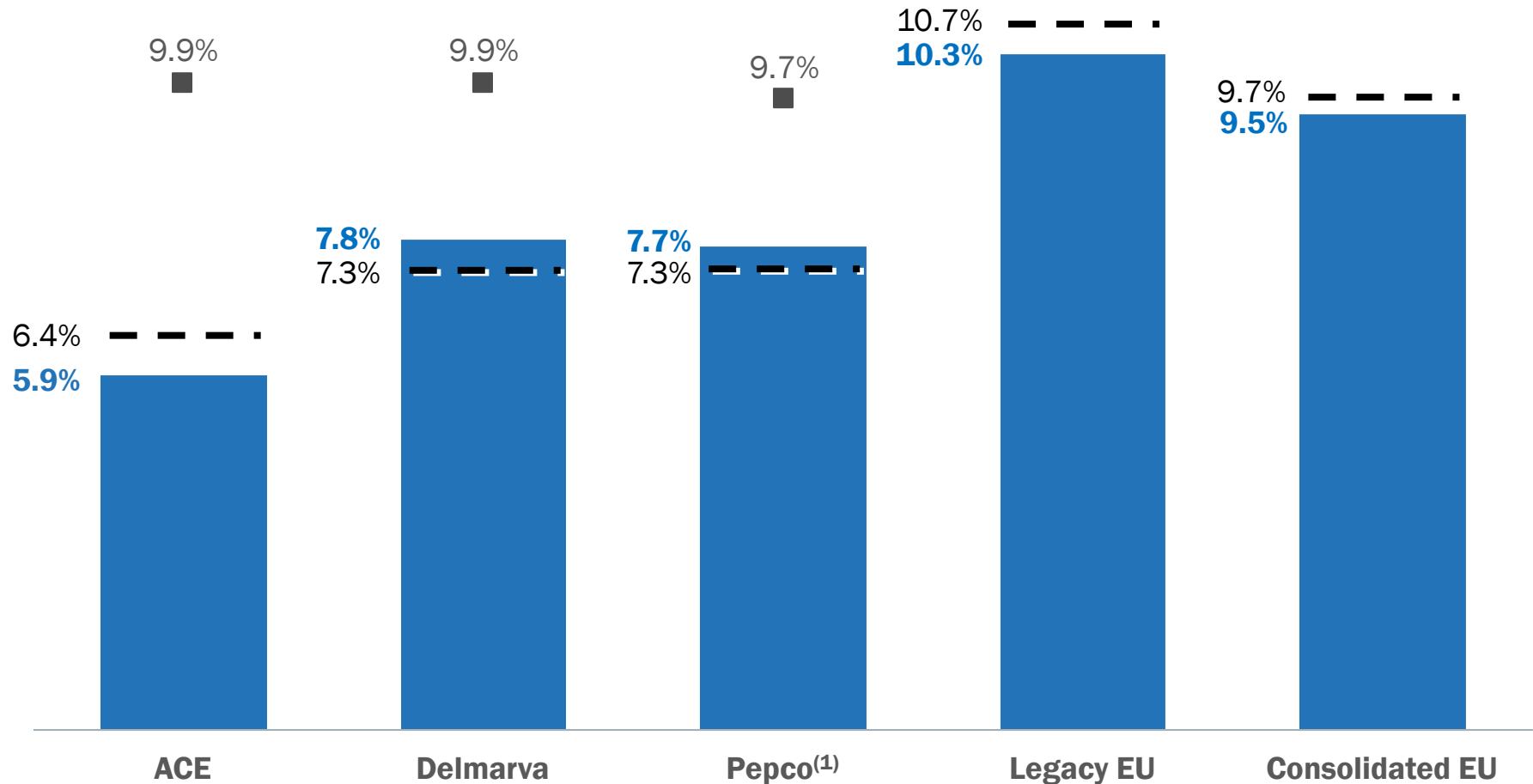
(1) 2.5 Beta SAIFI is YE projection

(2) Ranking based on results of five key industry performance indicators – CAIDI, SAIFI, Safety, Customer Satisfaction, and Cost per Customer

# Trailing 12 Month ROE vs Allowed ROE

## Twelve Month Trailing Earned ROEs\*

■ Allowed ROE    - - - Q2 2017 TTM Earned ROE    ■ Q3 2017 TTM Earned ROE



Note: Represents the period from 10/1/2016 to 9/30/2017. ROEs represent weighted average across all lines of business (Electric Distribution, Gas Distribution, and Transmission).

(1) Pepco MD Distribution allowed ROE is based on authorized ROE of 9.55% for the rates that were in effect during the trailing twelve month period. The order issued on 10/20/17 authorized an ROE of 9.50%.

# Exelon Utilities' Distribution Rate Case Updates

## Pepco DC Order

Authorized Revenue Requirement Increase <sup>(1)</sup>	\$36.9M
Authorized ROE	9.50%
Common Equity Ratio	49.14%
Order Received	7/25/17

## ACE NJ Order

Authorized Revenue Requirement Increase <sup>(1)</sup>	\$43.0M
Authorized ROE	9.60%
Common Equity Ratio	50.47%
Order Received	9/22/17

## Pepco MD Order

Authorized Revenue Requirement Increase <sup>(1)</sup>	\$32.4M
Authorized ROE	9.50%
Common Equity Ratio	50.15%
Order Received	10/20/17

## ComEd Filing

Requested Revenue Requirement Increase <sup>(1)</sup>	\$95.6M <sup>(2)</sup>
Requested ROE	8.40%
Requested Common Equity Ratio	45.89%
Order Expected	Q4 2017

## Delmarva MD Filing

Requested Revenue Requirement Increase <sup>(1)</sup>	\$21.6M <sup>(4)</sup>
Requested ROE	10.10%
Requested Common Equity Ratio	50.68%
Order Expected	2/14/18

## Delmarva DE Electric Filing

Requested Revenue Requirement Increase <sup>(1,3)</sup>	\$31.2M
Requested ROE	10.10%
Requested Common Equity Ratio	50.52%
Order Expected	Q3 2018

## Delmarva DE Gas Filing

Requested Revenue Requirement Increase <sup>(1,3)</sup>	\$12.9M
Requested ROE	10.10%
Requested Common Equity Ratio	50.52%
Order Expected	Q3 2018

(1) Revenue requirement includes changes in depreciation and amortization expense where applicable, which have no impact on pre-tax earnings

(2) Amount represents ComEd's position filed in Rebuttal testimony on July 21, 2017

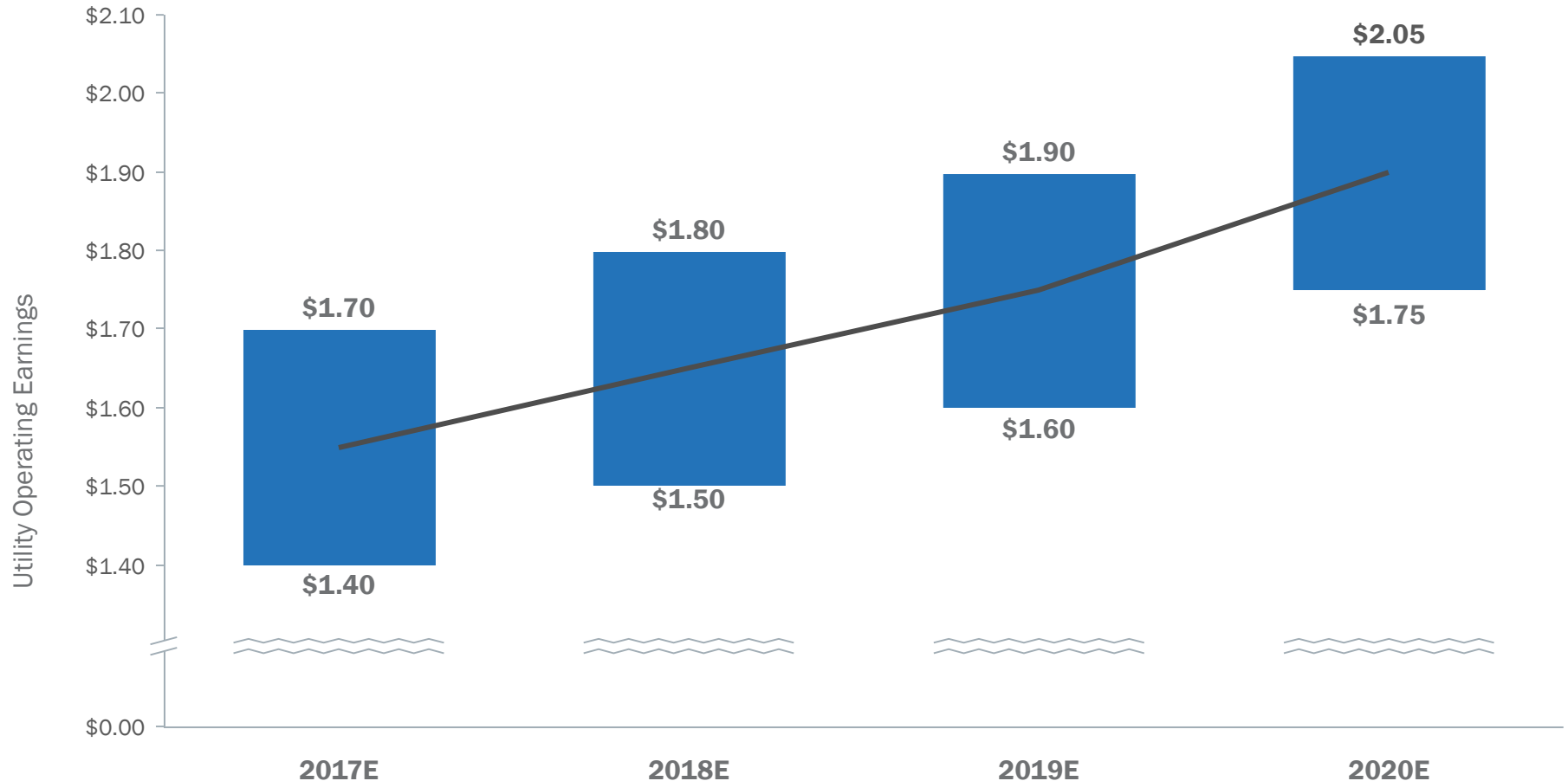
(3) As permitted by Delaware law, Delmarva Power will implement interim rate increases of \$2.5M in Q3 2017 and will implement full allowable rates on March 17, 2018, subject to refund

(4) Amount represents adjusted requested revenue requirement filed on September 28, 2017



# Exelon Utilities EPS Growth of 6-8% to 2020

## Exelon Utilities Operating Earnings 2017-2020



## Rate base growth combined with PHI ROE improvement drives EPS growth

Note: Reflects GAAP operating earnings except for 2017. 2017 GAAP EPS range would be \$1.35 to \$1.65. 2017 adjusted (non-GAAP) operating earnings include adjustments to exclude \$0.05 for merger commitments and integration costs. Includes after-tax interest expense held at Corporate for debt associated with existing utility investment.

# Exelon Generation Overview

14,700  
Employees



#1

Lowest carbon  
intensity among large  
power generators

#1

Retail electricity  
provider in the  
country

205 TWh  
Customer Load  
Served

32,700 MW  
Capacity

94.6%

Nuclear Capacity  
Factor in 2016

97.2%

Gas and Hydro  
Dispatch Match  
in 2016

8th

largest gas  
provider

203 TWh

Generation Output

Note: All numbers reflect year-end 2016



# Constellation Overview

2,200  
Employees

2.2 M+  
Customers Served

#1 Retail  
Retail Electricity  
Provider in the U.S.  
Among the  
top 10 largest  
gas providers in  
the U.S.

1.6 TCF  
Gas Delivered

In 2016, procured  
2.9 million  
RECs for customers,  
enabling them to avoid  
approximately  
1.51 million<sup>1</sup>  
metric tons of GHG  
emissions and support  
the development of  
renewable power  
generation

Served 2/3  
of the Fortune 100

48  
Operate in  
48 States

27,000  
Volunteer Hours

205 TWH  
Customer Load  
Served

Note: All numbers reflect year-end 2016

(1) As calculated based on the national average generation supply mix used in EPA eGRID2014.

# Exelon Generation: Gross Margin Update as of Sept. 30, 2017

	September 30, 2017			Change from June 30, 2017		
Gross Margin Category (\$M) <sup>(1)</sup>	2017	2018	2019	2017	2018	2019
Open Gross Margin <sup>(2,5)</sup> (including South, West, Canada hedged gross margin)	\$3,600	\$3,900	\$3,700	\$(150)	\$(100)	\$(100)
Capacity and ZEC Revenues <sup>(2,5,6)</sup>	\$1,700	\$2,300	\$2,000	\$(150)	\$100	\$(50)
Mark-to-Market of Hedges <sup>(2,3)</sup>	\$2,150	\$650	\$450	\$250	\$100	\$50
Power New Business / To Go	\$100	\$700	\$850	\$(100)	\$(150)	\$(100)
Non-Power Margins Executed	\$350	\$200	\$100	\$50	\$50	-
Non-Power New Business / To Go	\$100	\$300	\$400	\$(50)	\$(50)	-
<b>Total Gross Margin*<sup>(4,5)</sup></b>	<b>\$8,000</b>	<b>\$8,050</b>	<b>\$7,500</b>	<b>\$(150)</b>	<b>\$(50)</b>	<b>\$(200)</b>

## Recent Developments

- Delay in recognition of Illinois ZEC revenues lowers the Capacity and ZEC Revenues line in 2017 by \$150M and increases the 2018 line by \$150M – see slide 18 for details
- Excluding impact of Illinois ZEC timing:
  - In 2017, \$50M reduction in Power New Business targets
  - In both 2018 and 2019, \$100M reduction due to lower power and capacity prices and \$100M reduction to Power New Business Targets
- Behind ratable hedging position reflects the upside we see in power prices
  - ~11-14% behind ratable in 2018 when considering cross commodity hedges

(1) Gross margin categories rounded to nearest \$50M; data as of September 30, 2017 and is not being updated at this time

(2) Excludes EDF's equity ownership share of the CENG Joint Venture

(3) Mark-to-Market of Hedges assumes mid-point of hedge percentages

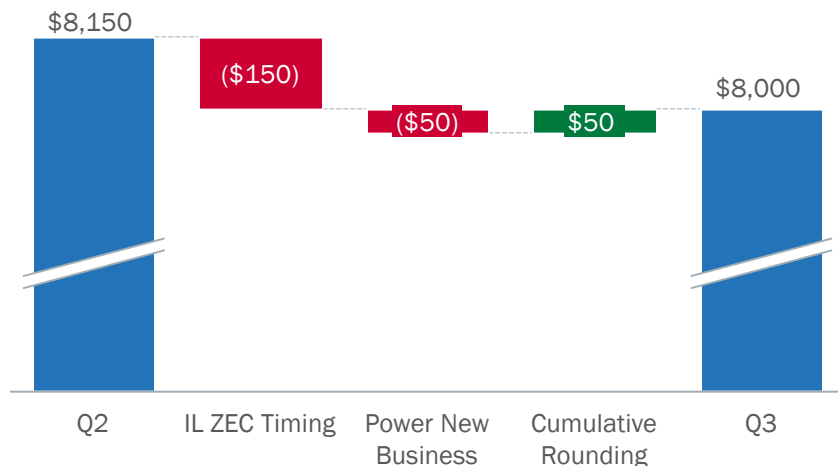
(4) Based on September 30, 2017, market conditions

(5) Reflects TMI and Oyster Creek retirements in September 2019 and December 2019, respectively. EGTP removal impacts partial year 2017 and full year 2018 and 2019.

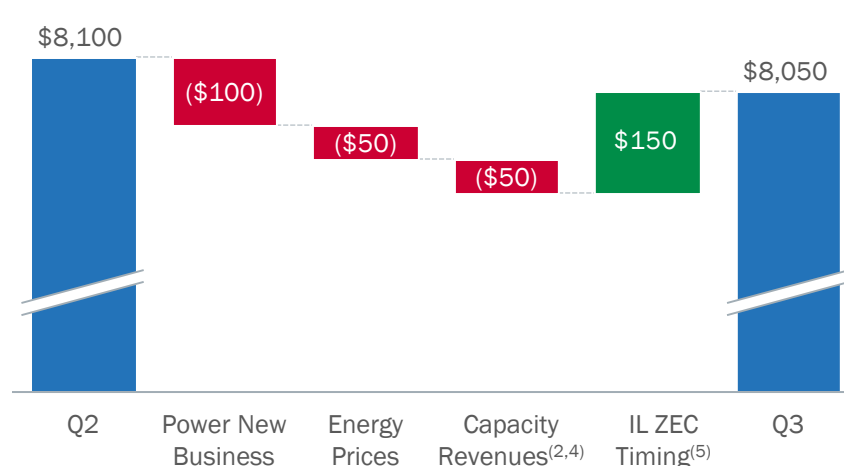
(6) 2018 includes \$150M of IL ZEC revenues associated with 2017 production

# ExGen Forward Total Gross Margin\* Walk: Q3 2017 vs. Q2 2017

## FY 2017 (\$M)<sup>(1,3,4)</sup>



## FY 2018 (\$M)<sup>(1,3,4)</sup>



## FY 2019 (\$M)<sup>(1,3,4)</sup>



## Key Takeaways

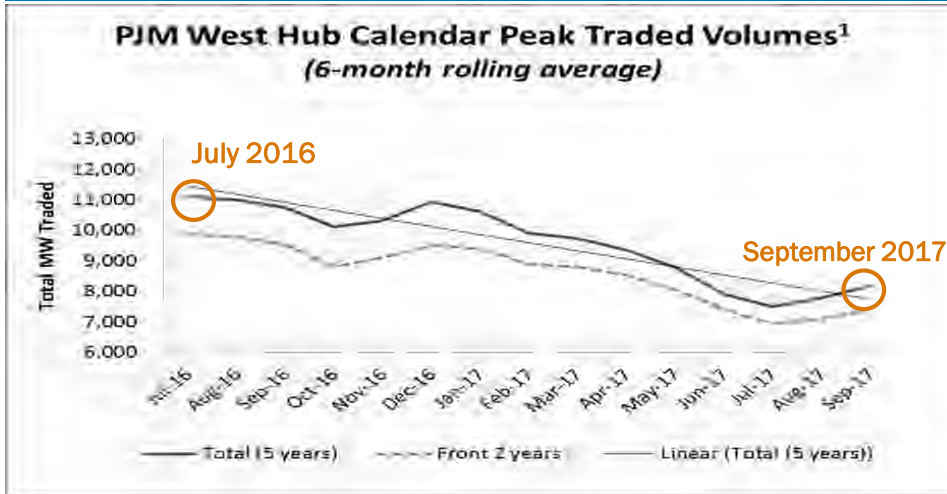
- Change in timing of Illinois ZEC contract finalization results in 2017 reduction of \$150M on a rounded basis and 2018 increase of \$150M
- Aggressive bidding by market participants in a low volatility period is pressuring Wholesale margins and limiting C&I Retail growth; reduce Power New Business To Go by \$100M in 2018 and 2019 to reflect continuation of current, low discipline market bidding behavior
- Lower energy prices reduce Open Gross Margin by \$50M in 2018 and 2019; October price recovery offsets 2019 declines
- Lower observed capacity prices in NY and MISO reduce Capacity Revenues by \$50M on a rounded basis in 2018 and 2019

- (1) Gross margin categories rounded to nearest \$50M
- (2) Excludes EDF's equity ownership share of the CENG Joint Venture
- (3) Based on September 30, 2017, market conditions
- (4) Reflects TMI and Oyster Creek retirements in September 2019 and December 2019, respectively
- (5) 2018 includes \$150M of IL ZEC revenues associated with 2017 production



# Forward Market Liquidity

## Overall liquidity is declining



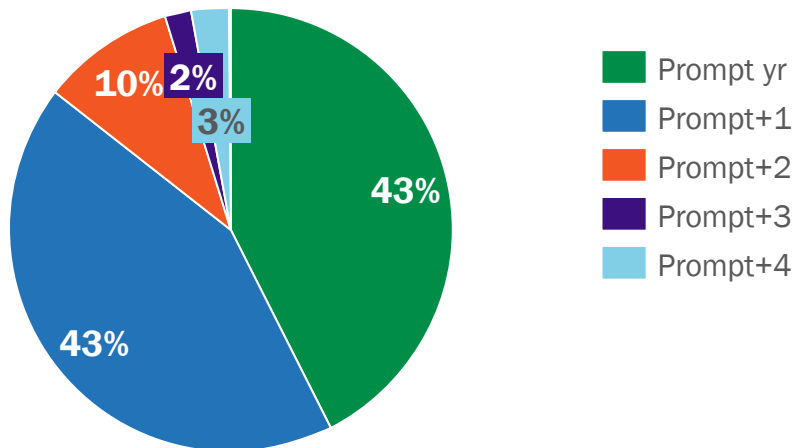
Total calendar peak traded volumes for the rolling 5-year window have been trending lower over the past year

Calendar peak traded volumes beyond prompt year +1 account for less than 10% of total traded volumes

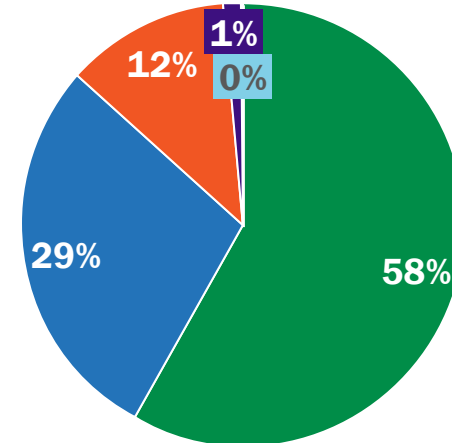
\* Please note that hedging strategy utilizes various price points (i.e. NIHUB, ERCOT), channels to market (i.e. Origination, Mid-Marketing, Retail, OTC), products (i.e. calendar, seasonal), and other exchanges

## Limited liquidity in the outer years

**September 2016 PJM West Hub Calendar Peak Traded Volumes<sup>(1)</sup> (by year)**



**September 2017 PJM West Hub Calendar Peak Traded Volumes<sup>(1)</sup> (by year)**



(1) Total monthly traded volumes for rolling prompt year + 4 years on ICE and NASDAQ Exchanges only

# Exelon's Policy Priorities

# Resiliency and Energy Market Reform

## Price Formation

- PJM has laid out a stakeholder process that is proposed to conclude at the end of 3Q 2018
- “FERC should expedite its efforts with states, RTO/ISOs, and other stakeholders to improve energy price formation in centrally-organized wholesale electricity markets.” – DOE Staff Report, August 2017
- The Commission should focus “first and foremost on the optimization of price formation in the energy and ancillary service markets.” III. Commerce Comm’n Comments at 7
- “PJM staff is proposing to reform the existing pricing model in order to ensure that the cost of serving load is reflected in LMP to the fullest extent possible... This follows the principles of sound market design.” - William W. Hogan, October 23, 2017

## Resiliency

- “Accurately valuing resilience is not a zero-sum game. Compensating base-load generation does not equate to destruction of markets. On the contrary, I think it’s a step toward accurately pricing contributions of all market participants.” – FERC Chairman Neil Chatterjee, October 13, 2017
- “The unknowns are what we're going to have to deal with: if there was a physical attack, if you had [an explosion like the one on the Spectra pipeline that wasn't] fixed in a timely manner heading into the winter heating season, central Pennsylvania would have had potential issues. . . So now the conversation's gotten broader around these cascading events, and then how do you price resiliency? That conversation needs to take place." FERC Commissioner Rob Powelson, October 27, 2017
- "We used to talk about equipment failure and outages caused by storms. Now, the threat profile has changed, the considerations are broader. There could be intentional attacks – cyber or physical. Those concerns lead us beyond reliability and into resilience." PJM CEO and President Andrew L. Ott, September 20, 2017

## Exelon recommends that FERC:

1. Immediately require PJM to submit its energy price formation proposal
2. Require the affected RTOs to submit detailed information on the grid’s vulnerabilities to enable the development of a design basis threat analysis that can inform cost-effective market reforms, and
3. State that it will not interfere with state programs that value resilient resources like nuclear plants

## New York ZEC Legal Challenges

### Federal Case:

- Case dismissed on July 25 and judgment entered on July 27
- “The ZEC program does not thwart the goal of an efficient energy market; rather, it encourages through financial incentives the production of clean energy.”
- On August 24, the plaintiffs appealed to the US Court of Appeals for the 2<sup>nd</sup> Circuit
- Briefing schedule:
  - Plaintiff-Appellant Opening Brief filed October 13
  - Reply Briefs due December 1
  - Oral arguments will then follow

### State Case:

- Motions to dismiss procedural challenges filed in NY State court were briefed in 1Q17
- The court heard oral arguments on June 19
- Currently awaiting decision; next step determined by outcome

## IL ZEC Legal Challenges

- Both cases dismissed and judgment entered July 14
- “The ZEC program does not conflict with the Federal Power Act.”
- On July 17, both sets of plaintiffs appealed to the US Court of Appeals for the 7<sup>th</sup> Circuit
- On July 18, the 7<sup>th</sup> Circuit consolidated the appeals and set a briefing schedule:
  - Plaintiff-Appellant Opening Brief filed August 28
  - Reply Briefs due December 12
  - Oral arguments scheduled for January 3, 2018

# Exelon Policy Priorities



## Modernize Utility Ratemaking to Ensure Appropriate Recovery

- Invest in infrastructure that provides customer benefit through grid resiliency and efficiency
- Ensure fair rate structures to support new technologies



## Secure Proper Policies to Enable Innovative Technologies

- Providing new technologies to respond to customer needs
- Open adjacent customer facing markets to sales and services



## Recognize the Value of Zero-Carbon Electricity

- Create support for current challenged plants through federal and state initiatives
- Support the ultimate pricing of carbon in the market on a regional or national level

Regulatory and policy structure that supports clean, affordable and reliable options for all customers



# Our Carbon Policy Principles

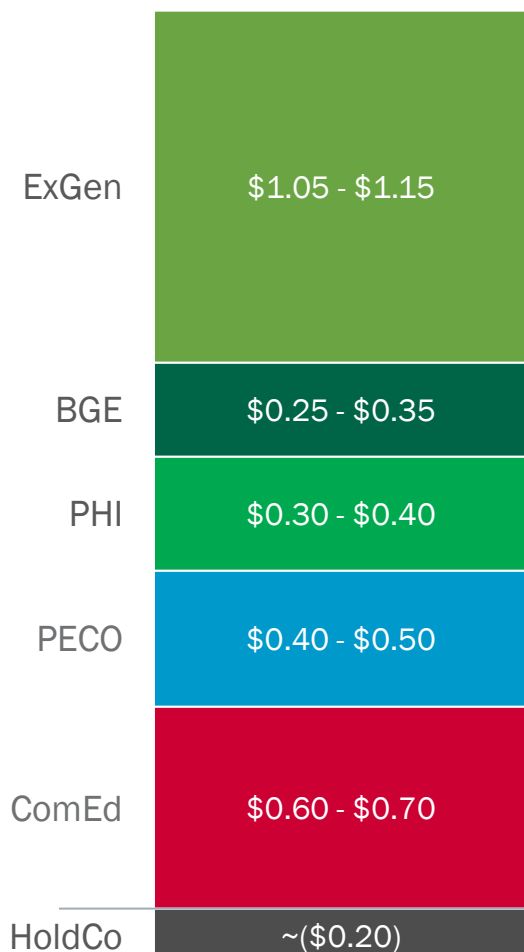
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- **Exelon believes in our nation's ability to transition the generation fleet to a zero-carbon future while maintaining affordable and reliable electric service for consumers**
- For the foreseeable future, the most cost-effective carbon solution for our customers will be the continued operation of our nation's nuclear fleet
- Exelon believes competitive markets produce superior results for consumers and drive innovation. However, those markets do not currently incorporate appropriate pricing for environmental attributes.
- **Exelon is pursuing a two-part strategy for moving toward a more competitive treatment of CO<sub>2</sub> emissions:**
  - **First, we must maintain nuclear units that provide a cost-effective form of CO<sub>2</sub> abatement.** The New York ZEC program demonstrates that as long as the clean energy payment required to maintain operations at existing nuclear units is lower than the social cost of CO<sub>2</sub> emissions and the cost of CO<sub>2</sub> abatement being paid to other zero carbon resources, maintaining nuclear capacity should be selected as the most competitive source of CO<sub>2</sub> abatement.
  - **Second, we must continue to work toward a technology neutral price of CO<sub>2</sub> abatement.** Exelon is pursuing approaches to reflect a uniform price on CO<sub>2</sub> in wholesale markets as an eventual substitute for technology-specific subsidies. As these approaches are phased in, the ZEC programs have been designed to automatically reduce ZEC payments in response to higher energy prices.

# Financial Overview

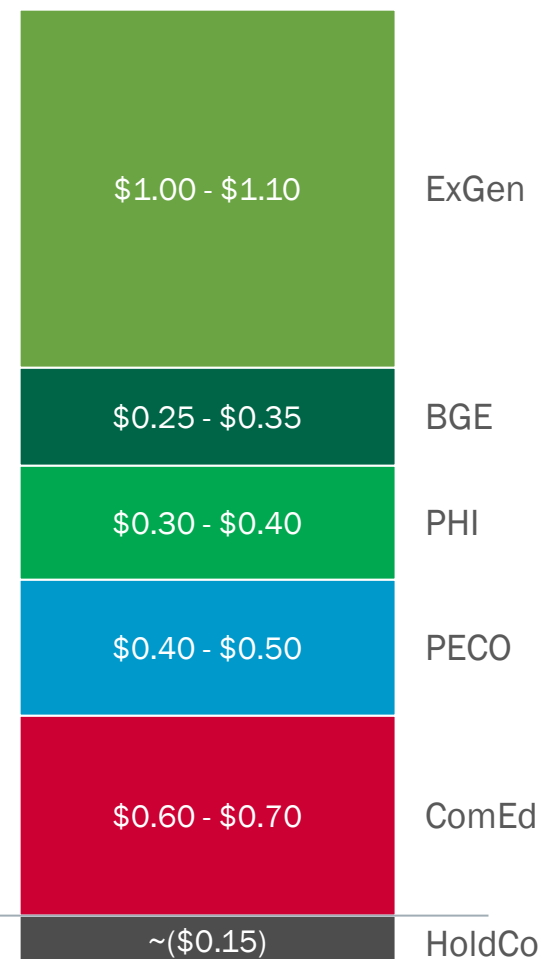
# Narrowing 2017 Adjusted Operating Earnings\* Guidance Range

**\$2.50 - \$2.80<sup>(1)</sup>**



2017 Initial Guidance

**\$2.55 - \$2.75<sup>(1)</sup>**



2017 Revised Guidance

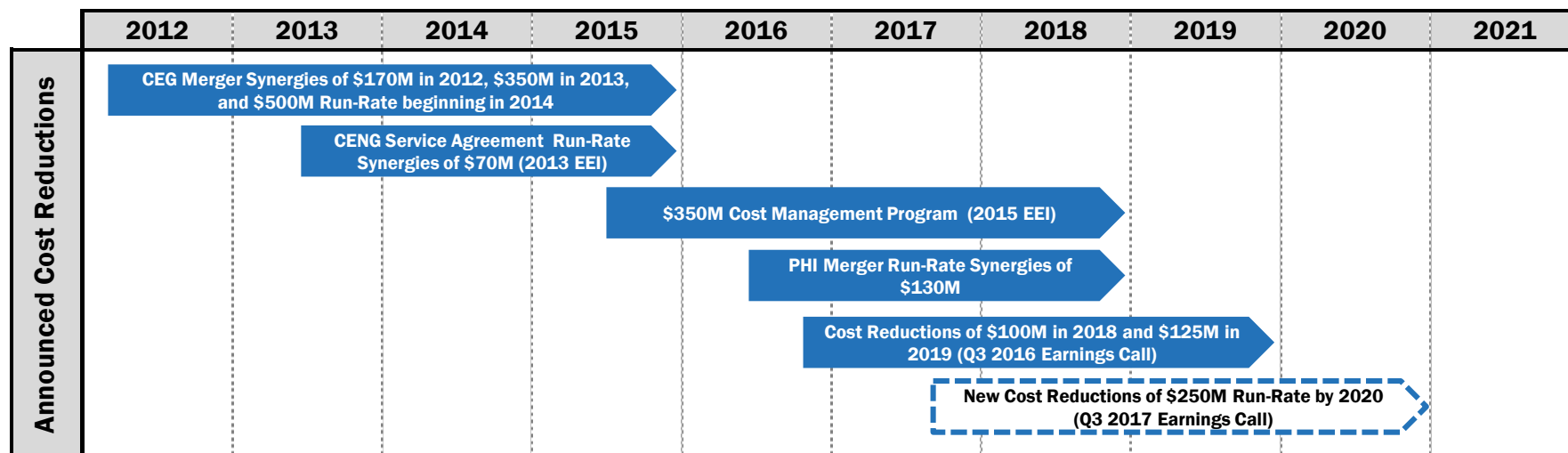
**Guidance range as of November 2, 2017 and is not being updated at this time**

(1) 2017 earnings guidance based on expected average outstanding shares of 949M. Earnings guidance for OpCos may not sum up to consolidated EPS guidance.

(2) Revised guidance reflects delay in Illinois ZEC revenue recognition for 2017 until 2018, shifting \$0.09 of EPS

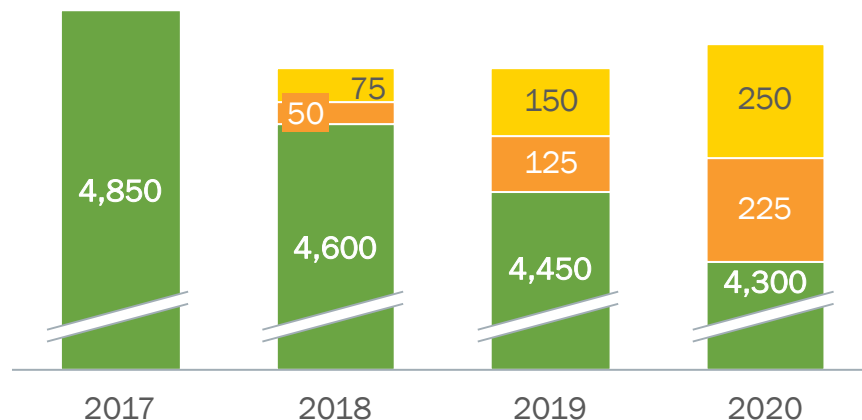
# Cost Management is Integral to Our Business Strategy

## ExGen and BSC Cost Reductions Since Constellation Merger



## ExGen Forecast O&M\* Q3 2017 (\$M)<sup>(1)</sup>

Cost Reductions EGTP & TMI ExGen Total O&M



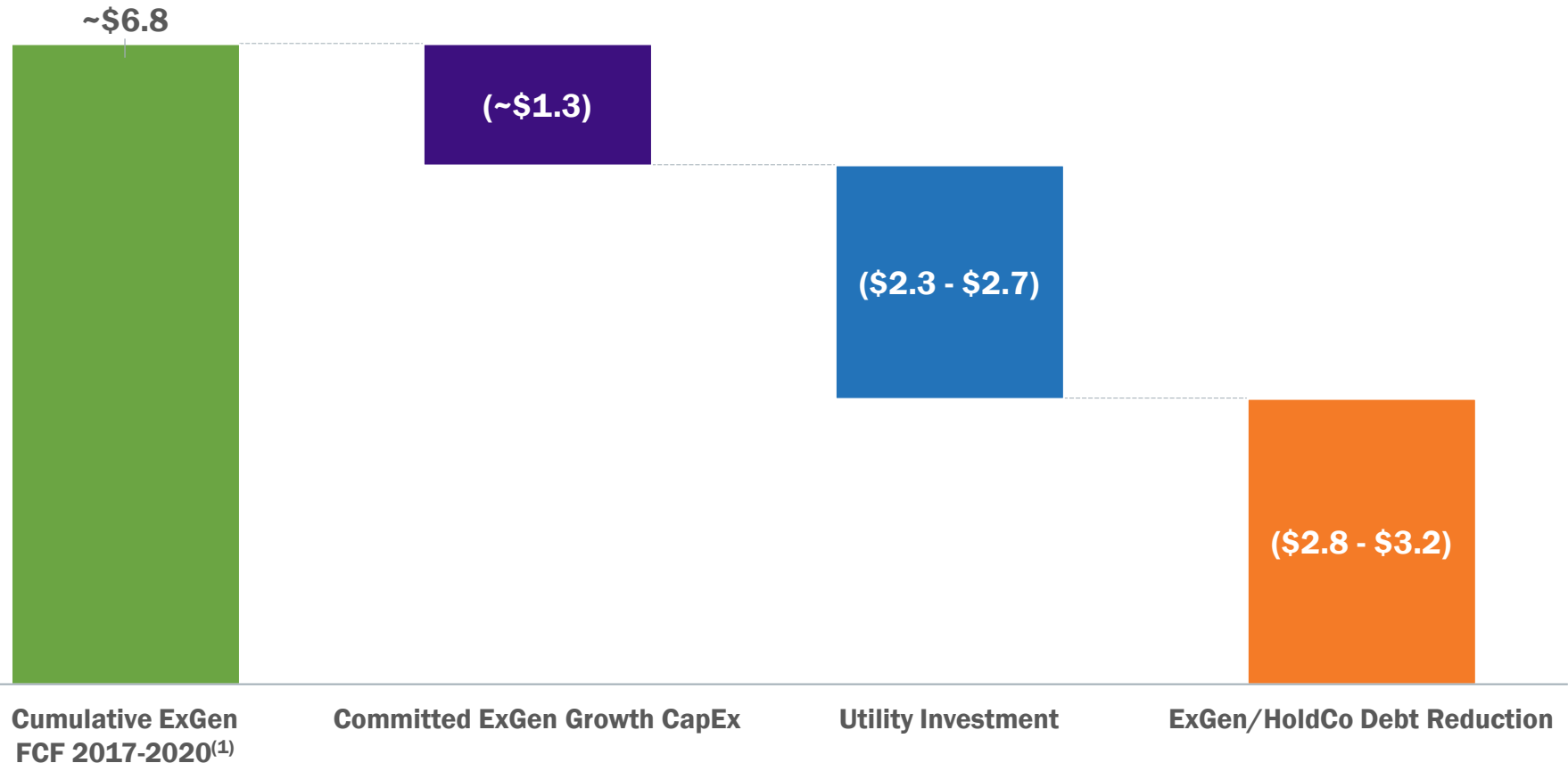
(1) Adjusted for TMI retirement and removal of EGTP, net of other expenses

## ExGen Forecast O&M\*: Q3 2017 vs. Q4 2016<sup>(1)</sup>

ExGen O&M (\$M)	2017	2018	2019	2020	2017-2020 CAGR
Q4 2016 O&M	\$4,850	\$4,725	\$4,725	\$4,775	- 0.5%
EGTP & TMI	(\$0)	(\$50)	(\$125)	(\$225)	-
Q4 '16 O&M, Net of EGTP & TMI	\$4,850	\$4,675	\$4,600	\$4,550	-2.1%
Cost Savings	(\$0)	(\$75)	(\$150)	(\$250)	-
Q3 2017 O&M	\$4,850	\$4,600	\$4,450	\$4,300	-3.9%

# ExGen's Strong Free Cash Flow Supports Utility Growth and Debt Reduction

## 2017-2020 Exelon Generation Free Cash Flow\* and Uses of Cash (\$B)



**Redeploying Exelon Generation's free cash flow to maximize shareholder value**

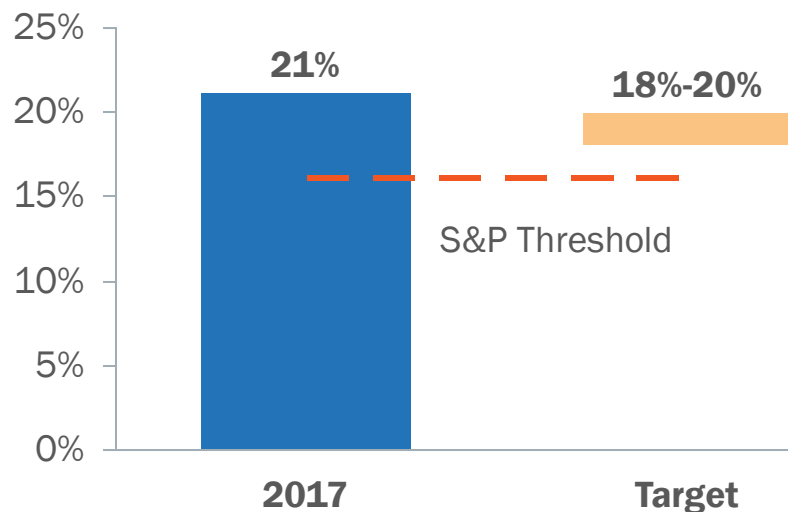
(1) Sources include change in margin, tax parent benefit, equity investments, and acquisitions and divestitures

# Maintaining Strong Investment Grade Credit Ratings is a Top Financial Priority

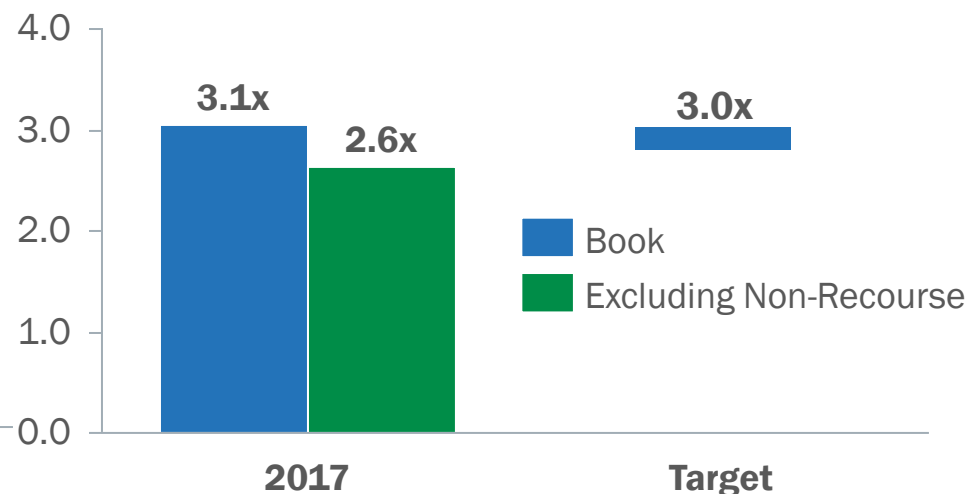
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## Exelon S&P FFO/Debt %<sup>\*(1,4,6,7)</sup>



## ExGen Debt/EBITDA Ratio<sup>\*(5,6,7)</sup>



## Credit Ratings by Operating Company

Current Ratings <sup>(2,3)</sup>	ExCorp	ExGen	ComEd	PECO	BGE	ACE	DPL	Pepco
<b>Moody's</b>	Baa2	Baa2	A1	Aa3	A3	A3	A2	A2
<b>S&amp;P</b>	BBB-	BBB	A-	A-	A-	A	A	A
<b>Fitch</b>	BBB	BBB	A	A	A-	A-	A	A-

(1) Due to ring-fencing, S&P deconsolidates BGE from Exelon and analyzes solely as an equity investment

(2) Current senior unsecured ratings as of October 24, 2017, for Exelon, Exelon Generation and BGE and senior secured ratings for ComEd, PECO, ACE, DPL, and Pepco

(3) All ratings have a "Stable" outlook

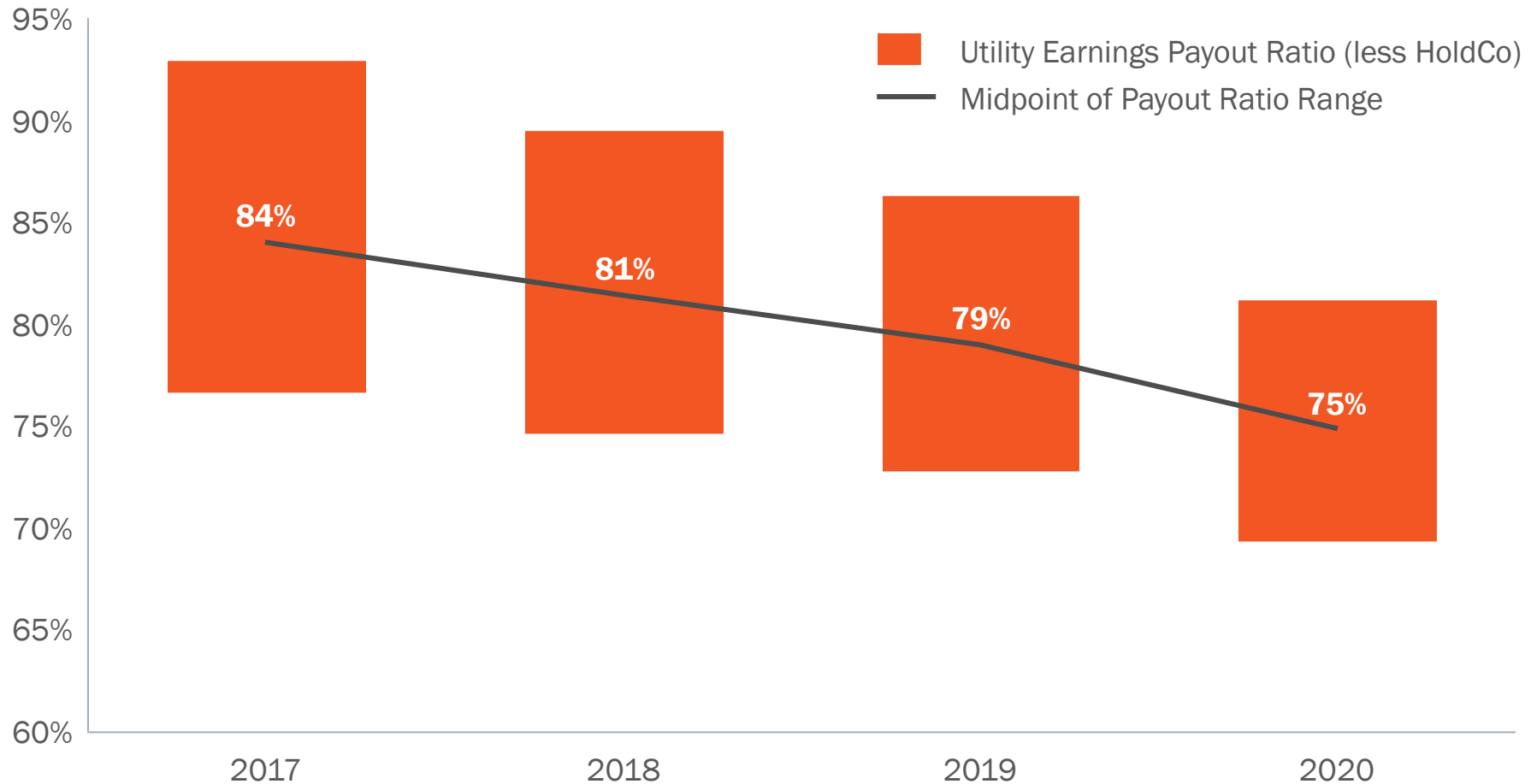
(4) Exelon Corp downgrade threshold (red dotted line) is based on the S&P Exelon Corp Summary Report; represents minimum level to maintain current Issuer Credit Rating of BBB at Exelon Corp

(5) Reflects net book debt (YE debt less cash on hand) / adjusted operating EBITDA\*

(6) Reflects removal of EGTP

(7) Reflects delay in Illinois ZEC revenue recognition from 2017 to 2018

# Theoretical Dividend Affordability from Utility less HoldCo<sup>(1,2)</sup>



**Utility less HoldCo payout ratio falling consistently even as dividend grows**

- (1) Chart is illustrative and shows theoretical payout ratio if utilities supported 100% of the external dividend and interest expense at HoldCo. Currently, the utilities have a payout ratio of 70% which covers the majority of the external dividend and interest expense at HoldCo with ExGen covering the remainder.
- (2) Board of directors has approved a policy of 2.5% per year dividend increase through 2018. For illustrative purposes only, the chart assumes the dividend continues to increase 2.5% per year through 2020, although the board has not yet established dividend policy for periods after 2018. Quarterly dividends are subject to declaration by the board of directors.



# Tax Rate and Utility Asset Projections at Current Plan

## Tax Rate Expectations<sup>(1)</sup>

	2018	2019	2020
ExGen Tax Rate	33%	28%	27%
Consolidated Tax Rate	34%	33%	34%
Consol. Cash Tax Rate	1%	6%	28%

## Key Highlights

- ExGen's effective tax rate declines due to its declining pre-tax income relative to the tax credits it generates, which remain relatively constant
- Exelon's consolidated tax rate remains reasonably constant as growing earnings from the Utilities at a higher effective tax rate offset the declining tax rate at ExGen

## Exelon Utilities Asset Projections (\$B)<sup>(2)</sup>

	2018	2019	2020
Rate Base	36.6	38.6	40.8
Deferred Tax Liabilities	14.4	15.2	15.7

## Key Highlights

- Deferred tax liabilities are growing at a slowing rate through 2020 as percentage of new investment impacted by bonus depreciation declines

Note: tax rates and liabilities are based on the current tax code before the effect of any reforms that may be adopted

(1) Rounded to the nearest 1%

(2) All numbers reflect year-end 2016

# Recognition for Stewardship and Employee Engagement

---

**Supplier Diversity:** Exelon is the only utility and energy company to be inducted into the Billion Dollar Roundtable, which recognizes corporations that have achieved spending of \$1 billion with minority and women-owned suppliers; our 2016 spend was nearly \$2B

**Civic 50:** Points of Light named Exelon utility sector leader in its annual ranking of the nation's most community-minded public and private companies

**Top 50 Companies for Diversity:** National recognition from DiversityInc, first year in Top 50 after being named a DiversityInc "Top Utility" in 2015 and 2016



**Best Places to Work in 2017:** Ranked No. 18 on Indeed.com survey of Fortune 500 companies based on employee reviews

**CEO Action for Diversity & Inclusion™:** Joined 150 leading companies in the largest CEO-driven business commitment to advance diversity and inclusion

**Top 50 Most Energy-Efficient Utilities:** American Council for an Energy-Efficient Economy ranks BGE and ComEd in the top 10 with PECO also making the list

**Lowest Carbon Emissions:** 2017 Air Emissions Benchmarking Report notes Exelon's generation fleet had the lowest carbon dioxide emissions of the top 20 privately held and investor-owned energy producers

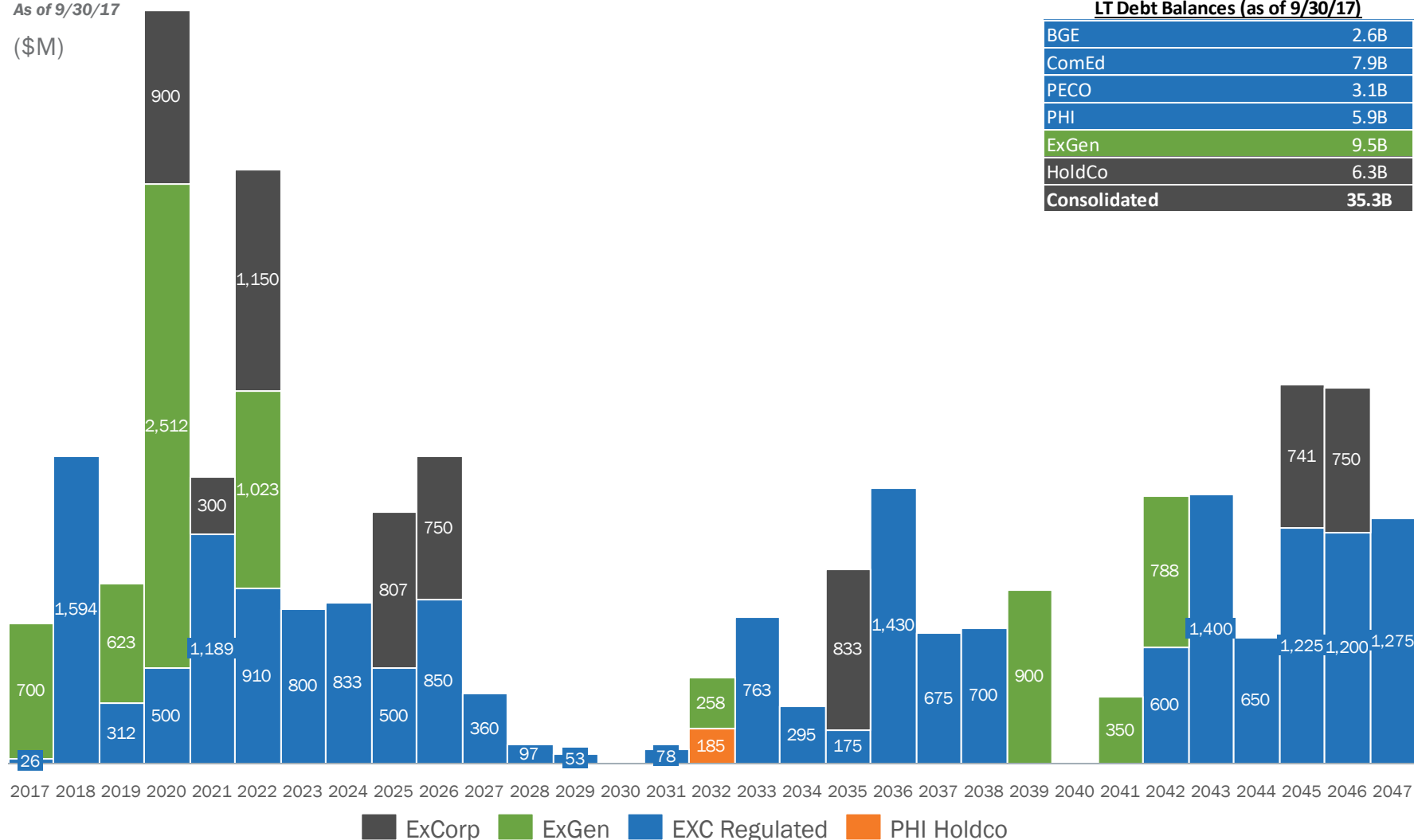
**HeForShe:** In continuing its commitment to gender equality, Exelon joined the United Nations HeForShe campaign, which provides a platform on which men can engage and become change agents for gender equality

# Appendix

# Exelon Debt Maturity Profile<sup>(1)</sup>

As of 9/30/17

(\$M)



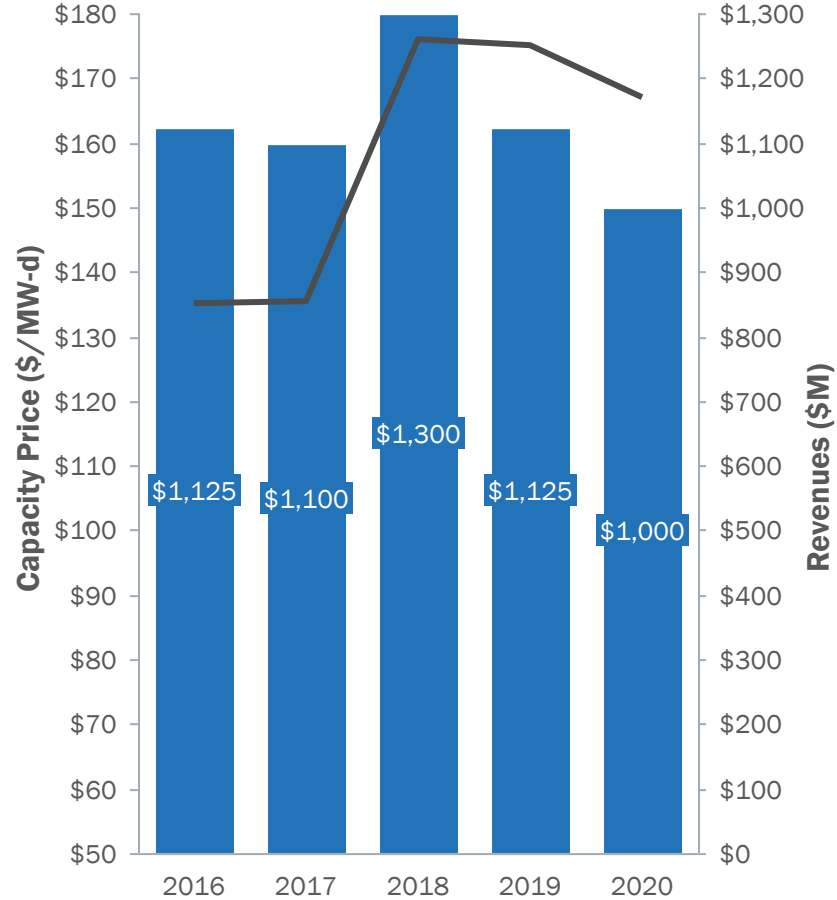
**Exelon's weighted average LTD maturity is approximately 14 years**

(1) ExGen debt includes legacy CEG debt; Excludes securitized debt and non-recourse debt

# Capacity Market: PJM

## PJM Capacity Revenues<sup>(1,2,3)</sup>

— Calendar weighted avg. price (\$/Mw-day)  
 ■ Revenues (\$ Million)



(1) Revenues reflect capacity cleared in Base, CP transitional & incremental auctions and are for calendar years

(2) Revenues reflect owned and contracted generation

(3) Reflects 50.01% ownership at CENG

(4) Volumes at ownership and rounded

Cleared Volumes (MW) <sup>(4)</sup>	2019/2020				2020/2021	
	CP	Price	Base	Price	CP	Price
<b>Comed</b>						
Nuclear	6,925	\$203	-	\$183	8,075	\$188
Fossil/Other	-	\$203	50	\$183	-	\$188
<b>Subtotal</b>	<b>6,925</b>		<b>50</b>		<b>8,075</b>	
<b>EMAAC</b>						
Nuclear	4,375	\$120	-	\$100	4,350	\$188
Fossil/Other	1,525	\$120	1,675	\$100	2,325	\$188
<b>Subtotal</b>	<b>5,900</b>		<b>1,675</b>		<b>6,675</b>	
<b>SWMAAC</b>						
Nuclear	850	\$100	-	\$80	850	\$86
Fossil/Other	-	\$100	-	\$80	-	\$86
<b>Subtotal</b>	<b>850</b>		<b>-</b>		<b>850</b>	
<b>MAAC</b>						
Nuclear	-		-		-	\$86
Fossil/Other	-		-		225	\$86
<b>Subtotal</b>	<b>-</b>		<b>-</b>		<b>225</b>	
<b>BGE</b>						
Nuclear	-	\$100	-	\$80	-	\$86
Fossil/Other	375	\$100	225	\$80	375	\$86
<b>Subtotal</b>	<b>375</b>		<b>225</b>		<b>375</b>	
<b>Rest of RTO</b>						
Nuclear	-	\$100	-	\$80	-	\$77
Fossil/Other	275	\$100	75	\$80	-	\$77
<b>Subtotal</b>	<b>275</b>		<b>75</b>		<b>-</b>	
<b>PJM Total</b>						
Nuclear	12,150		-		13,275	
Fossil/Other	2,175		2,025		2,925	
<b>Grand Total</b>	<b>14,325</b>		<b>2,025</b>		<b>16,200</b>	

# **Exelon Generation Disclosures**

**Data as of September 30, 2017**

# Portfolio Management Strategy

## Strategic Policy Alignment

- Aligns hedging program with financial policies and financial outlook
- Establish minimum hedge targets to meet financial objectives of the company (dividend, credit rating)
- Hedge enough commodity risk to meet future cash requirements under a stress scenario

## Three-Year Ratable Hedging

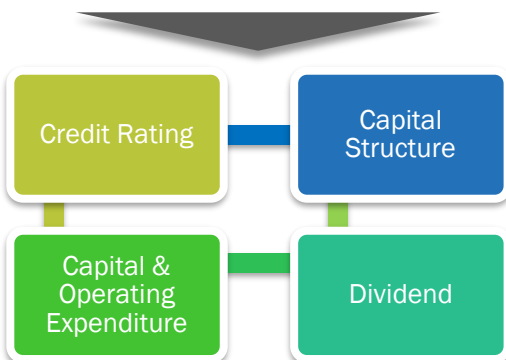
- Ensure stability in near-term cash flows and earnings
- Disciplined approach to hedging
- Tenor aligns with customer preferences and market liquidity
- Multiple channels to market that allow us to maximize margins
- Large open position in outer years to benefit from price upside

## Bull / Bear Program

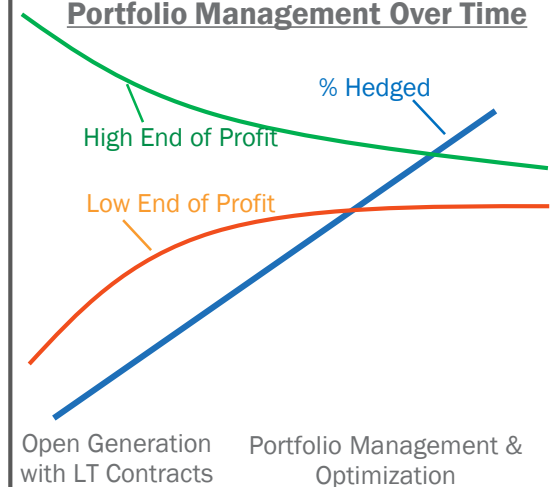
- Ability to exercise fundamental market views to create value within the ratable framework
- Modified timing of hedges versus purely ratable
- Cross-commodity hedging (heat rate positions, options, etc.)
- Delivery locations, regional and zonal spread relationships

## Align Hedging & Financials

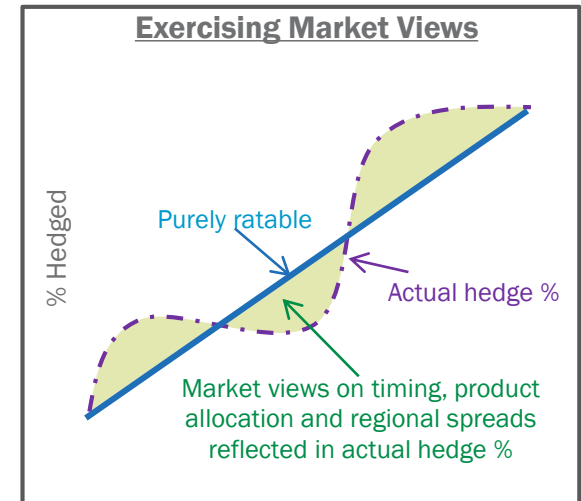
### Establishing Minimum Hedge Targets



## Portfolio Management Over Time



## Exercising Market Views



**Protect Balance Sheet**

**Ensure Earnings Stability**

**Create Value**



# Components of Gross Margin Categories

## Gross margin linked to power production and sales

### Open Gross Margin

- Generation Gross Margin at current market prices, including ancillary revenues, nuclear fuel amortization and fossils fuels expense
- Power Purchase Agreement (PPA) Costs and Revenues
- Provided at a consolidated level for all regions (includes hedged gross margin for South, West and Canada<sup>(1)</sup>)

### Capacity and ZEC Revenues

- Expected capacity revenues for generation of electricity
- Expected revenues from Zero Emissions Credits (ZEC)

### MtM of Hedges<sup>(2)</sup>

- Mark-to-Market (MtM) of power, capacity and ancillary hedges, including cross commodity, retail and wholesale load transactions
- Provided directly at a consolidated level for five major regions. Provided indirectly for each of the five major regions via Effective Realized Energy Price (EREP), reference price, hedge %, expected generation.

### “Power” New Business

- Retail, Wholesale planned electric sales
- Portfolio Management new business
- Mid marketing new business

Margins move from new business to MtM of hedges over the course of the year as sales are executed<sup>(5)</sup>

## Gross margin from other business activities

### “Non Power” Executed

- Retail, Wholesale executed gas sales
- Energy Efficiency<sup>(4)</sup>
- BGE Home<sup>(4)</sup>
- Distributed Solar

### “Non Power” New Business

- Retail, Wholesale planned gas sales
- Energy Efficiency<sup>(4)</sup>
- BGE Home<sup>(4)</sup>
- Distributed Solar
- Portfolio Management / origination fuels new business
- Proprietary trading<sup>(3)</sup>

Margins move from “Non power new business” to “Non power executed” over the course of the year

(1) Hedged gross margins for South, West & Canada region will be included with Open Gross Margin; no expected generation, hedge %, EREP or reference prices provided for this region

(2) MtM of hedges provided directly for the five larger regions; MtM of hedges is not provided directly at the regional level but can be easily estimated using EREP, reference price and hedged MWh

(3) Proprietary trading gross margins will generally remain within “Non Power” New Business category and only move to “Non Power” Executed category upon management discretion

(4) Gross margin for these businesses are net of direct “cost of sales”

(5) Margins for South, West & Canada regions and optimization of fuel and PPA activities captured in Open Gross Margin

# ExGen Disclosures

Gross Margin Category (\$M) <sup>(1)</sup>	2017	2018	2019
Open Gross Margin (including South, West & Canada hedged GM) <sup>(2,5)</sup>	\$3,600	\$3,900	\$3,700
Capacity and ZEC Revenues <sup>(2,5,6)</sup>	\$1,700	\$2,300	\$2,000
Mark-to-Market of Hedges <sup>(2,3)</sup>	\$2,150	\$650	\$450
Power New Business / To Go	\$100	\$700	\$850
Non-Power Margins Executed	\$350	\$200	\$100
Non-Power New Business / To Go	\$100	\$300	\$400
<b>Total Gross Margin*<sup>(4,5)</sup></b>	<b>\$8,000</b>	<b>\$8,050</b>	<b>\$7,500</b>

Reference Prices <sup>(4)</sup>	2017	2018	2019
Henry Hub Natural Gas (\$/MMBtu)	\$3.14	\$3.05	\$2.89
Midwest: NiHub ATC prices (\$/MWh)	\$26.52	\$27.45	\$26.36
Mid-Atlantic: PJM-W ATC prices (\$/MWh)	\$28.81	\$30.77	\$29.22
ERCOT-N ATC Spark Spread (\$/MWh) <i>HSC Gas, 7.2HR, \$2.50 VOM</i>	(\$0.78)	\$1.22	\$2.65
New York: NY Zone A (\$/MWh)	\$24.38	\$27.29	\$26.67
New England: Mass Hub ATC Spark Spread (\$/MWh) <i>ALQN Gas, 7.5HR, \$0.50 VOM</i>	\$4.36	\$3.99	\$4.24

(1) Gross margin categories rounded to nearest \$50M

(2) Excludes EDF's equity ownership share of the CENG Joint Venture

(3) Mark-to-Market of Hedges assumes mid-point of hedge percentages

(4) Based on September 30, 2017, market conditions

(5) Reflects ownership of FitzPatrick as of April 1, 2017, and TMI and Oyster Creek retirements in September 2019 and December 2019, respectively. EGTP removal impacts partial year 2017 and full year 2018 and 2019.

(6) 2018 includes \$150M of IL ZEC revenues associated with 2017 production

# ExGen Disclosures

Generation and Hedges	2017	2018	2019
<u>Exp. Gen (GWh)<sup>(1)</sup></u>	<b>200,200</b>	<b>199,300</b>	<b>202,000</b>
Midwest	95,900	95,800	97,000
Mid-Atlantic <sup>(2,6)</sup>	60,700	60,500	59,000
ERCOT	17,800	19,500	20,800
New York <sup>(2,6)</sup>	14,700	15,500	16,600
New England	11,100	8,000	8,600
<u>% of Expected Generation Hedged<sup>(3)</sup></u>	<b>98%-101%</b>	<b>79%-82%</b>	<b>45%-48%</b>
Midwest	97%-100%	74%-77%	41%-44%
Mid-Atlantic <sup>(2,6)</sup>	98%-101%	90%-93%	51%-54%
ERCOT	97%-100%	77%-80%	44%-47%
New York <sup>(2,6)</sup>	99%-102%	71%-74%	43%-46%
New England	103%-106%	86%-89%	52%-55%
<u>Effective Realized Energy Price (\$/MWh)<sup>(4)</sup></u>			
Midwest	\$33.00	\$29.50	\$29.50
Mid-Atlantic <sup>(2,6)</sup>	\$44.00	\$37.00	\$39.00
ERCOT <sup>(5)</sup>	\$11.00	\$3.50	\$3.50
New York <sup>(2,6)</sup>	\$41.50	\$37.50	\$32.00
New England <sup>(5)</sup>	\$20.00	\$2.50	\$3.00

(1) Expected generation is the volume of energy that best represents our commodity position in energy markets from owned or contracted for capacity based upon a simulated dispatch model that makes assumptions regarding future market conditions, which are calibrated to market quotes for power, fuel, load following products, and options. Expected generation assumes 15 refueling outages in 2017, 15 in 2018, and 11 in 2019 at Exelon-operated nuclear plants and Salem. Expected generation assumes capacity factors of 93.4%, 93.2% and 94.7% in 2017, 2018, and 2019, respectively at Exelon-operated nuclear plants, at ownership. These estimates of expected generation in 2018 and 2019 do not represent guidance or a forecast of future results as Exelon has not completed its planning or optimization processes for those years.

(2) Excludes EDF's equity ownership share of CENG Joint Venture

(3) Percent of expected generation hedged is the amount of equivalent sales divided by expected generation. Includes all hedging products, such as wholesale and retail sales of power, options and swaps.

(4) Effective realized energy price is representative of an all-in hedged price, on a per MWh basis, at which expected generation has been hedged. It is developed by considering the energy revenues and costs associated with our hedges and by considering the fossil fuel that has been purchased to lock in margin. It excludes uranium costs, RPM capacity and ZEC revenues, but includes the mark-to-market value of capacity contracted at prices other than RPM clearing prices including our load obligations. It can be compared with the reference prices used to calculate open gross margin in order to determine the mark-to-market value of Exelon Generation's energy hedges.

(5) Spark spreads shown for ERCOT and New England

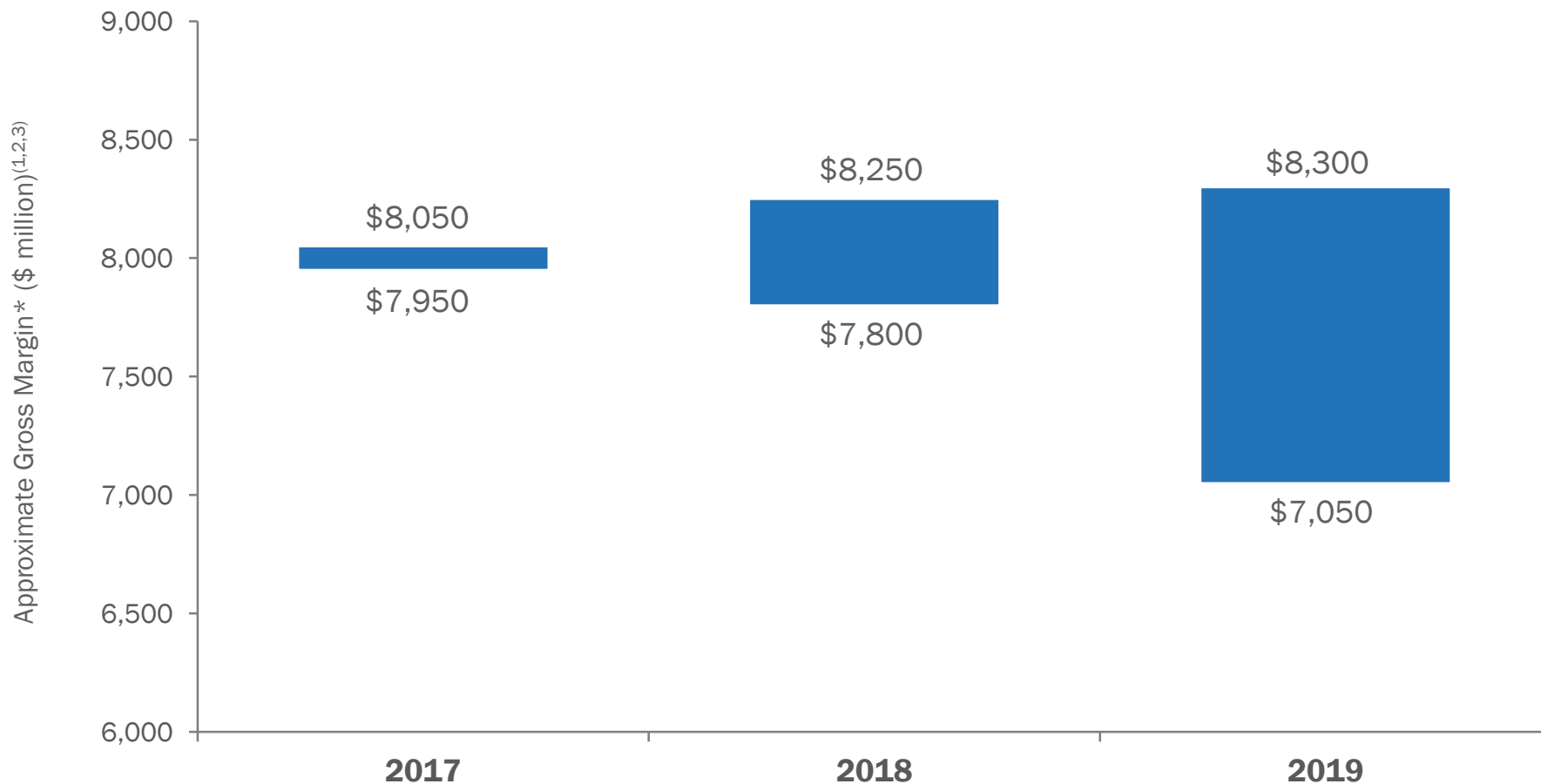
(6) Reflects ownership of FitzPatrick as of April 1, 2017, and TMI and Oyster Creek retirements in September 2019 and December 2019, respectively. EGTP removal impacts partial year 2017 and full year 2018 and 2019.

# ExGen Hedged Gross Margin\* Sensitivities

Gross Margin* Sensitivities (with existing hedges) <sup>(1)</sup>	2017	2018	2019
Henry Hub Natural Gas (\$/MMBtu)			
+ \$1/MMBtu	\$(20)	\$140	\$515
- \$1/MMBtu	\$(10)	\$(210)	\$(500)
NiHub ATC Energy Price			
+ \$5/MWh	-	\$120	\$265
- \$5/MWh	-	\$(115)	\$(265)
PJM-W ATC Energy Price			
+ \$5/MWh	-	\$10	\$150
- \$5/MWh	\$5	\$(40)	\$(145)
NYPP Zone A ATC Energy Price			
+ \$5/MWh	-	\$25	\$40
- \$5/MWh	-	\$(20)	\$(45)
Nuclear Capacity Factor			
+/- 1%	+/- \$10	+/- \$35	+/- \$35

(1) Based on September 30, 2017, market conditions and hedged position; gas price sensitivities are based on an assumed gas-power relationship derived from an internal model that is updated periodically; power price sensitivities are derived by adjusting the power price assumption while keeping all other price inputs constant; due to correlation of the various assumptions, the hedged gross margin impact calculated by aggregating individual sensitivities may not be equal to the hedged gross margin impact calculated when correlations between the various assumptions are also considered; sensitivities based on commodity exposure which includes open generation and all committed transactions; excludes EDF's equity share of CENG Joint Venture

# ExGen Hedged Gross Margin\* Upside/Risk



- (1) Represents an approximate range of expected gross margin, taking into account hedges in place, between the 5th and 95th percent confidence levels assuming all unhedged supply is sold into the spot market; approximate gross margin ranges are based upon an internal simulation model and are subject to change based upon market inputs, future transactions and potential modeling changes; these ranges of approximate gross margin in 2018 and 2019 do not represent earnings guidance or a forecast of future results as Exelon has not completed its planning or optimization processes for those years; the price distributions that generate this range are calibrated to market quotes for power, fuel, load following products, and options as of September 30, 2017
- (2) Gross Margin Upside/Risk based on commodity exposure which includes open generation and all committed transactions
- (3) Reflects ownership of FitzPatrick as of April 1, 2017, and TMI and Oyster Creek retirements in September 2019 and December 2019, respectively. EGTP removal impacts partial year 2017 and full year 2018 and 2019.

# Illustrative Example of Modeling Exelon Generation 2018 Gross Margin\*

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Row	Item	Midwest	Mid-Atlantic	ERCOT	New York	New England	South, West & Canada
(A)	Start with fleet-wide open gross margin	← \$3.9 billion →					
(B)	Capacity and ZEC	← \$2.3 billion →					
(C)	Expected Generation (TWh)	95.8	60.5	19.5	15.5	8.0	
(D)	Hedge % (assuming mid-point of range)	75.5%	91.5%	78.5%	72.5%	87.5%	
(E=C*D)	Hedged Volume (TWh)	72.3	55.4	15.3	11.2	7.0	
(F)	Effective Realized Energy Price (\$/MWh)	\$29.50	\$37.00	\$3.50	\$37.50	\$2.50	
(G)	Reference Price (\$/MWh)	\$27.45	\$30.77	\$1.22	\$27.29	\$3.99	
(H=F-G)	Difference (\$/MWh)	\$2.05	\$6.23	\$2.28	\$10.21	(\$1.49)	
(I=E*H)	Mark-to-Market value of hedges (\$ million) <sup>(1)</sup>	\$150	\$345	\$35	\$115	(\$10)	
(J=A+B+I)	Hedged Gross Margin (\$ million)	\$6,850					
(K)	Power New Business / To Go (\$ million)	\$700					
(L)	Non-Power Margins Executed (\$ million)	\$200					
(M)	Non-Power New Business / To Go (\$ million)	\$300					
(N=J+K+L+M)	Total Gross Margin *	\$8,050 million					

(1) Mark-to-market rounded to the nearest \$5 million

# Additional ExGen Modeling Data

Total Gross Margin Reconciliation (in \$M) <sup>(1)</sup>	2017	2018	2019
<b>Revenue Net of Purchased Power and Fuel Expense<sup>*(2,3)</sup></b>	<b>\$8,575</b>	<b>\$8,575</b>	<b>\$8,025</b>
Non-cash amortization of intangible assets, net, related to commodity contracts recorded at fair value at merger date	\$50	-	-
Other Revenues <sup>(4)</sup>	\$(150)	\$(200)	\$(200)
Direct cost of sales incurred to generate revenues for certain Constellation and Power businesses	\$(475)	\$(325)	\$(325)
<b>Total Gross Margin* (Non-GAAP)</b>	<b>\$8,000</b>	<b>\$8,050</b>	<b>\$7,500</b>

Key ExGen Modeling Inputs (in \$M) <sup>(1,5)</sup>	2017
Other <sup>(6)</sup>	\$175
Adjusted O&M*	\$(4,850)
Taxes Other Than Income (TOTI) <sup>(7)</sup>	\$(400)
Depreciation & Amortization <sup>(8)</sup>	\$(1,075)
Interest Expense <sup>(9)</sup>	\$(400)
<b>Effective Tax Rate</b>	<b>32.0%</b>

(1) All amounts rounded to the nearest \$25M

(2) ExGen does not forecast the GAAP components of RNF separately, as to do so would be unduly burdensome. RNF also includes the RNF of our proportionate ownership share of CENG.

(3) Excludes the Mark-to-Market impact of economic hedging activities due to the volatility and unpredictability of the future changes to power prices

(4) Other Revenues reflects primarily revenues from Exelon Nuclear Partners, JExel Nuclear JV, variable interest entities, funds collected through revenues for decommissioning the former PECO nuclear plants through regulated rates, and gross receipts tax revenues

(5) ExGen amounts for O&M, TOTI, Depreciation & Amortization; excludes EDF's equity ownership share of the CENG Joint Venture

(6) Other reflects Other Revenues excluding gross receipts tax revenues, nuclear decommissioning trust fund earnings from unregulated sites, and the minority interest in ExGen Renewables JV and Bloom

(7) TOTI excludes gross receipts tax of \$125M

(8) Excludes P&L neutral decommissioning depreciation

(9) Interest expense includes impact of reduced capitalized interest due to Texas CCGT plants in service as of May and June of 2017. Capitalized interest will be an additional ~\$25M lower in 2018 as well due to this.



# **Appendix**

## **Reconciliation of Non-GAAP Measures**

# GAAP to Operating Adjustments

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- **Exelon's 2017 adjusted (non-GAAP) operating earnings excludes the earnings effects of the following:**
  - Mark-to-market adjustments from economic hedging activities
  - Unrealized gains from NDT fund investments to the extent not offset by contractual accounting as described in the notes to the consolidated financial statements
  - Non-cash amortization of intangible assets, net, related to commodity contracts recorded at fair value at the ConEdison Solutions and FitzPatrick acquisition dates
  - Certain merger and integration costs associated with the PHI and FitzPatrick acquisitions
  - Adjustments to reserves for uncertain tax positions related to the deductibility of certain merger commitments associated with the 2012 CEG and 2016 PHI acquisitions
  - Impairments as a result of the ExGen Texas Power, LLC assets held for sale
  - Plant retirements and divestitures at Generation
  - Non-cash impact of the remeasurement of state deferred income taxes, related to changes in statutory tax rates and changes in forecasted apportionment
  - Costs incurred related to a cost management program
  - Certain adjustments related to Exelon's like-kind exchange tax position
  - Non-cash benefit pursuant to the annual update of the Generation nuclear decommissioning obligation related to the non-regulatory units
  - Benefits related to the favorable settlement of certain income tax positions related to PHI's unregulated business interests
  - The excess of the fair value of assets and liabilities acquired over the purchase price for the FitzPatrick acquisition
  - Generation's noncontrolling interest, primarily related to CENG exclusion items

# GAAP to Non-GAAP Reconciliations

YE 2017 Exelon FFO Calculation (\$M) <sup>(1,2,10,11)</sup>		YE 2017 Exelon Adjusted Debt Calculation (\$M) <sup>(1,2,10)</sup>	
GAAP Operating Income	\$3,500	Long-Term Debt (including current maturities)	\$32,050
Depreciation & Amortization	<u>\$3,350</u>	Short-Term Debt	\$1,125
EBITDA	\$6,850	+ PPA Imputed Debt <sup>(5)</sup>	\$350
+/- Non-operating activities and nonrecurring items <sup>(3)</sup>	\$450	+ Operating Lease Imputed Debt <sup>(6)</sup>	\$875
- Interest Expense	(\$1,450)	+ Pension/OPEB Imputed Debt <sup>(7)</sup>	\$4,100
+ Current Income Tax (Expense)/Benefit	\$325	- Off-Credit Treatment of Debt <sup>(8)</sup>	(\$1,725)
+ Nuclear Fuel Amortization	\$1,075	- Surplus Cash Adjustment <sup>(9)</sup>	(\$600)
+/- Other S&P Adjustments <sup>(4)</sup>	<u>\$350</u>	+/- Other S&P Adjustments <sup>(4)</sup>	<u>(\$650)</u>
<b>= FFO (a)</b>	<b>\$7,600</b>	<b>= Adjusted Debt (b)</b>	<b>\$35,525</b>

YE 2017 Exelon FFO/Debt <sup>(1,2)</sup>		
FFO (a)		
	=	21%
Adjusted Debt (b)		

(1) All amounts rounded to the nearest \$25M

(2) Calculated using S&P Methodology. Due to ring-fencing, S&P deconsolidates BGE from Exelon and analyzes solely as an equity investment.

(3) Reflects impact of operating adjustments on GAAP EBITDA

(4) Includes other adjustments as prescribed by S&P

(5) Reflects present value of net capacity purchases

(6) Reflects present value of minimum future operating lease payments

(7) Reflects after-tax unfunded pension/OPEB

(8) Includes non-recourse project debt

(9) Applies 75% of excess cash against balance of LTD

(10) Reflects removal of EGTP

(11) Reflects delay in Illinois ZEC revenue recognition from 2017 to 2018

# GAAP to Non-GAAP Reconciliations

## YE 2017 ExGen Net Debt Calculation (\$M)<sup>(1,3)</sup>

Long-Term Debt (including current maturities)	\$8,775
Short-Term Debt	\$350
- Surplus Cash Adjustment	<u>(\$300)</u>
<b>= Net Debt (a)</b>	<b>\$8,825</b>

## YE 2017 ExGen Operating EBITDA Calculation (\$M)<sup>(1,3,4)</sup>

GAAP Operating Income	\$775
Depreciation & Amortization	<u>\$1,375</u>
EBITDA	\$2,150
+/- Non-operating activities and nonrecurring items <sup>(2)</sup>	\$725
<b>= Operating EBITDA (b)</b>	<b>\$2,875</b>

## YE 2017 Book Debt / EBITDA

Net Debt (a)		
	=	3.1x
Operating EBITDA (b)		

## YE 2017 ExGen Net Debt Calculation (\$M)<sup>(1,3)</sup>

Long-Term Debt (including current maturities)	\$8,775
Short-Term Debt	\$350
- Surplus Cash Adjustment	<u>(\$300)</u>
- Nonrecourse Debt	<u>(\$1,925)</u>
<b>= Net Debt (a)</b>	<b>\$6,900</b>

## YE 2017 ExGen Operating EBITDA Calculation (\$M)<sup>(1,3,4)</sup>

GAAP Operating Income	\$775
Depreciation & Amortization	<u>\$1,375</u>
EBITDA	\$2,150
+/- Non-operating activities and nonrecurring items <sup>(2)</sup>	\$725
- EBITDA from projects financed by nonrecourse debt	<u>(\$250)</u>
<b>= Operating EBITDA (b)</b>	<b>\$2,625</b>

## YE 2017 Recourse Debt / EBITDA

Net Debt (a)		
	=	2.6x
Operating EBITDA (b)		

(1) All amounts rounded to the nearest \$25M

(2) Reflects impact operating adjustments on GAAP EBITDA

(3) Reflects removal of EGTP

(4) Reflects delay in Illinois ZEC revenue recognition from 2017 to 2018

# GAAP to Non-GAAP Reconciliations

Q3 2017 Operating ROE Reconciliation (\$M) <sup>(1)</sup>	ACE	Delmarva	Pepco	Legacy EXC	Consolidated EU
Net Income (GAAP) <sup>(1)</sup>	\$85	\$114	\$210	\$1,281	\$1,690
Operating Exclusions	(\$23)	(\$12)	(\$25)	\$34	(\$25)
Adjusted Operating Earnings <sup>(1)</sup>	\$63	\$103	\$185	\$1,315	\$1,665
Average Equity	\$1,061	\$1,323	\$2,419	\$12,750	\$17,554
<b>Operating ROE (Adjusted Operating Earnings/Average Equity)</b>	<b>5.9%</b>	<b>7.8%</b>	<b>7.7%</b>	<b>10.3%</b>	<b>9.5%</b>

Q2 2017 Operating ROE Reconciliation (\$M) <sup>(1)</sup>	ACE	Delmarva	Pepco	Legacy EXC	Consolidated EU
Net Income (GAAP) <sup>(1)</sup>	\$91	\$127	\$203	\$1,132	\$1,548
Operating Exclusions	(\$25)	(\$32)	(\$29)	\$186	\$105
Adjusted Operating Earnings <sup>(1)</sup>	\$66	\$95	\$174	\$1,318	\$1,653
Average Equity	\$1,039	\$1,300	\$2,390	\$12,308	\$17,038
<b>Operating ROE (Adjusted Operating Earnings/Average Equity)</b>	<b>6.4%</b>	<b>7.3%</b>	<b>7.3%</b>	<b>10.7%</b>	<b>9.7%</b>

(1) ACE, Delmarva, and Pepco represents full year of earnings

# GAAP to Non-GAAP Reconciliations

ExGen Adjusted O&M Reconciliation (\$M) <sup>(1)</sup>	2017	2018	2019	2020
<b>GAAP O&amp;M</b>	<b>\$6,325</b>	<b>\$5,300</b>	<b>\$5,150</b>	<b>\$5,025</b>
Decommissioning <sup>(2)</sup>	25	50	50	50
TMI Retirement	(75)	-	-	-
EGTP Impairment	(450)	-	-	-
Direct cost of sales incurred to generate revenues for certain Constellation and Power businesses <sup>(3)</sup>	(425)	(325)	(325)	(325)
O&M for managed plants that are partially owned	(425)	(425)	(400)	(425)
Other	(125)	(25)	(25)	(25)
<b>Adjusted O&amp;M (Non-GAAP)</b>	<b>\$4,850</b>	<b>\$4,600</b>	<b>\$4,450</b>	<b>\$4,300</b>

2017-2020 ExGen Free Cash Flow Calculation (\$M) <sup>(1)</sup>	
Cash from Operations (GAAP)	\$15,150
Other Cash from Investing and Activities	(\$650)
Baseline Capital Expenditures <sup>(4)</sup>	(\$4,025)
Nuclear Fuel Capital Expenditures	(\$3,625)
<b>Free Cash Flow before Growth CapEx and Dividend</b>	<b>\$6,825</b>

(1) All amounts rounded to the nearest \$25M. Items may not sum due to rounding.

(2) Reflects earnings neutral O&M

(3) Reflects the direct cost of sales of certain businesses, which are included in Total Gross Margin\*

(4) Baseline capital expenditures refer to maintenance and required capital expenditures necessary for day-to-day plant operations and includes merger commitments