

# September 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 Second Quarter 2017 Quarterly Report on Form 10-Q (to be filed on August 2, 2017) 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 17; 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, 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 41 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



19,700  
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

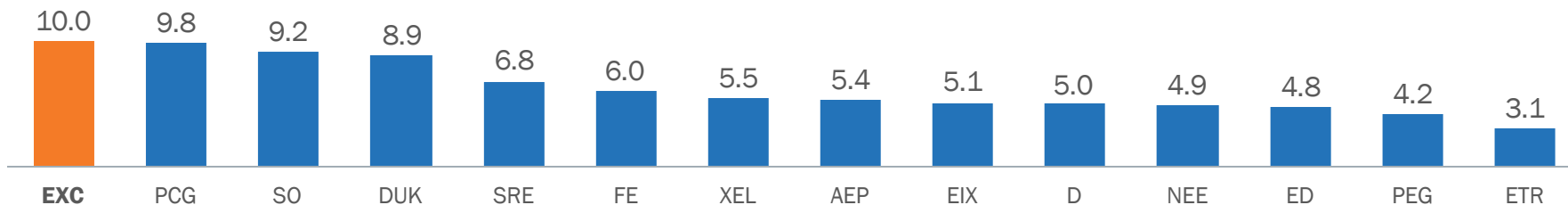


11,430  
Transmission line  
miles (circuit)

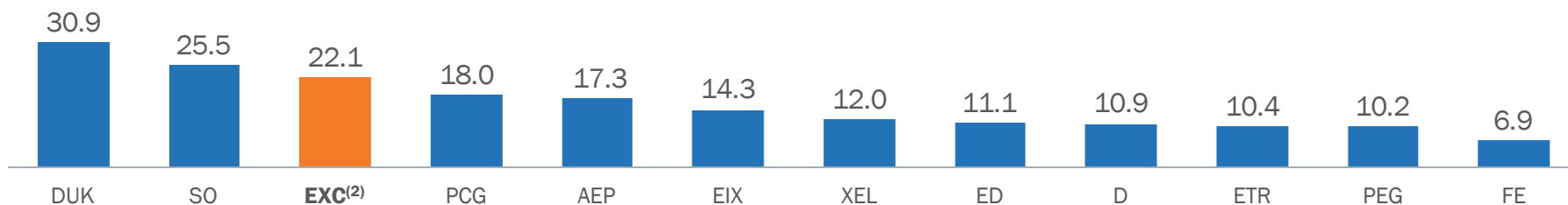
Note: All numbers reflect year-end 2016; revenue number accounts for PHI revenue as of March 24, 2016 merger date.

# Exelon Utilities are an Industry Leader

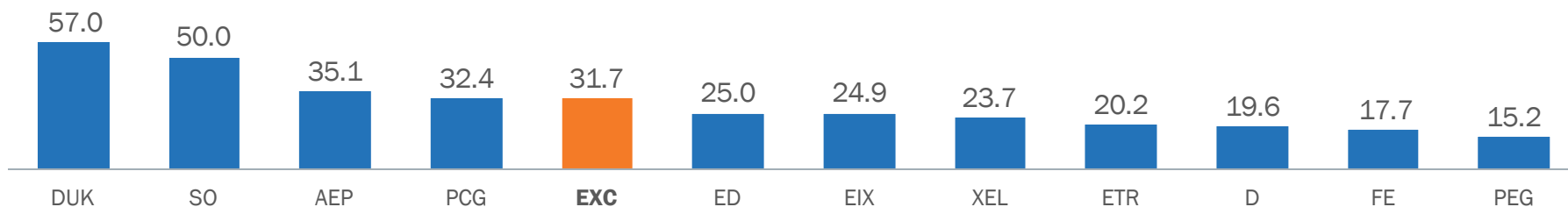
## US Utility Customers (millions)



## 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

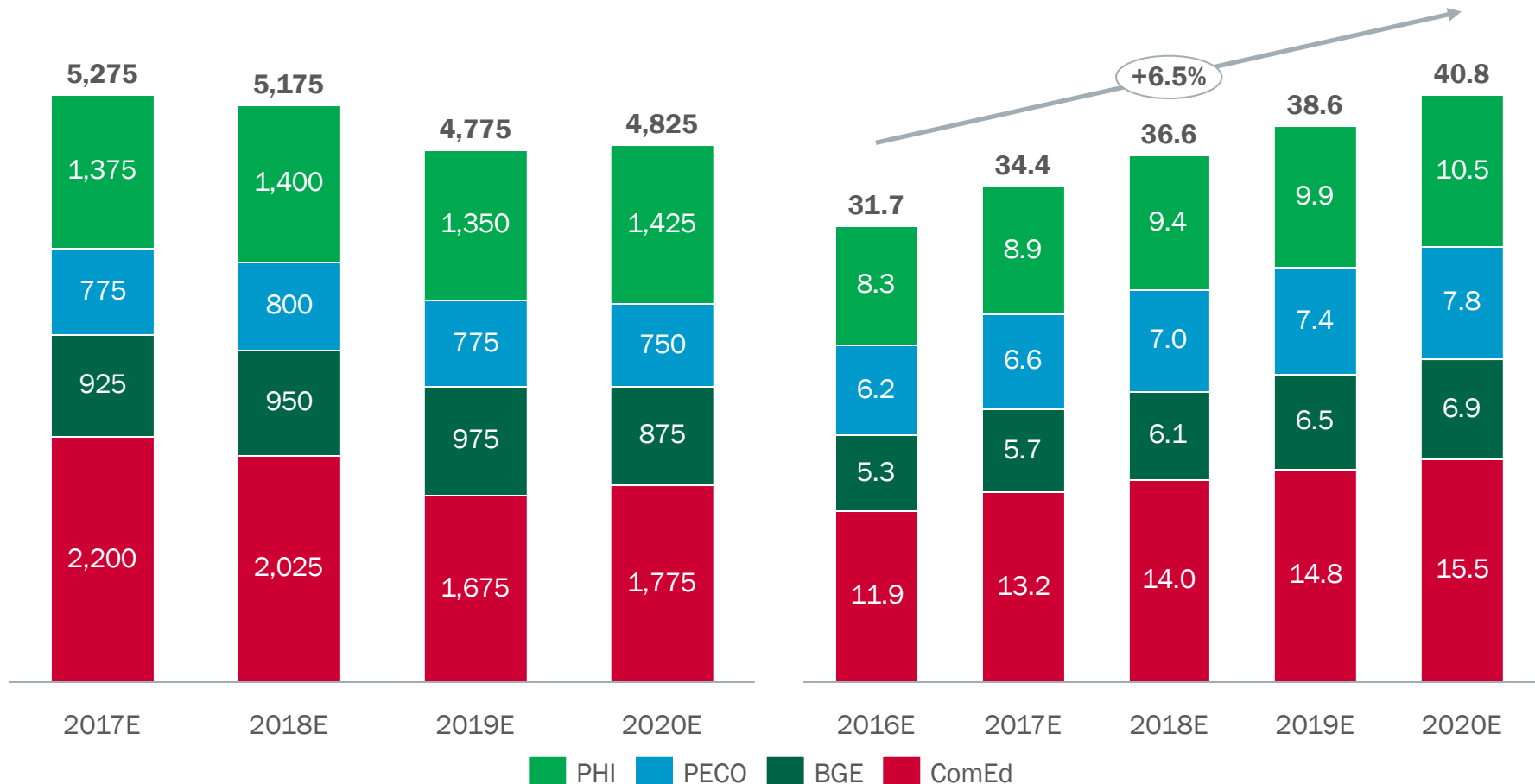
(2) \$23B includes \$15.2B of utility capital expenditures and \$6.9B of generation capital expenditures



# 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

# Proven Track Record of Improving Operational Performance

Operations	Metric	At CEG Merger (2012)			2015	Q2 2017			
		BGE	ComEd	PECO	PHI	BGE	ComEd	PECO	PHI
Electric Operations	OSHA Recordable Rate								
	2.5 Beta SAIFI (Outage Frequency)								
	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>(1)</sup>	23 <sup>rd</sup>	2 <sup>nd</sup>	2 <sup>nd</sup>	18 <sup>th</sup>	Performance Quartiles			
						Q1	Q2	Q3	Q4

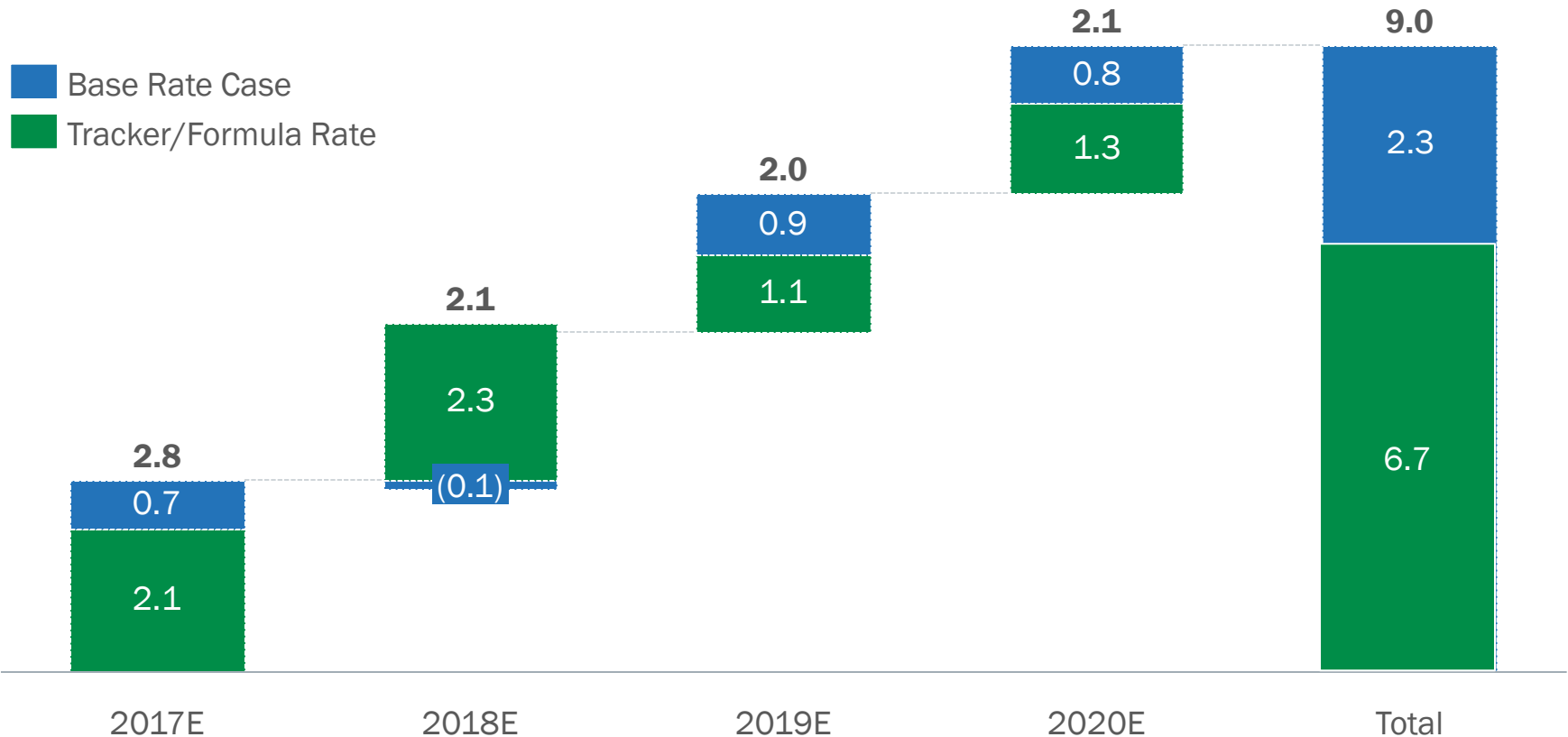
Exelon Utilities has identified and transferred best practices at each of its utilities to improve operating performance in areas such as:

- System Performance
- Emergency Preparedness
- Corrective and Preventive Maintenance

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

# 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**

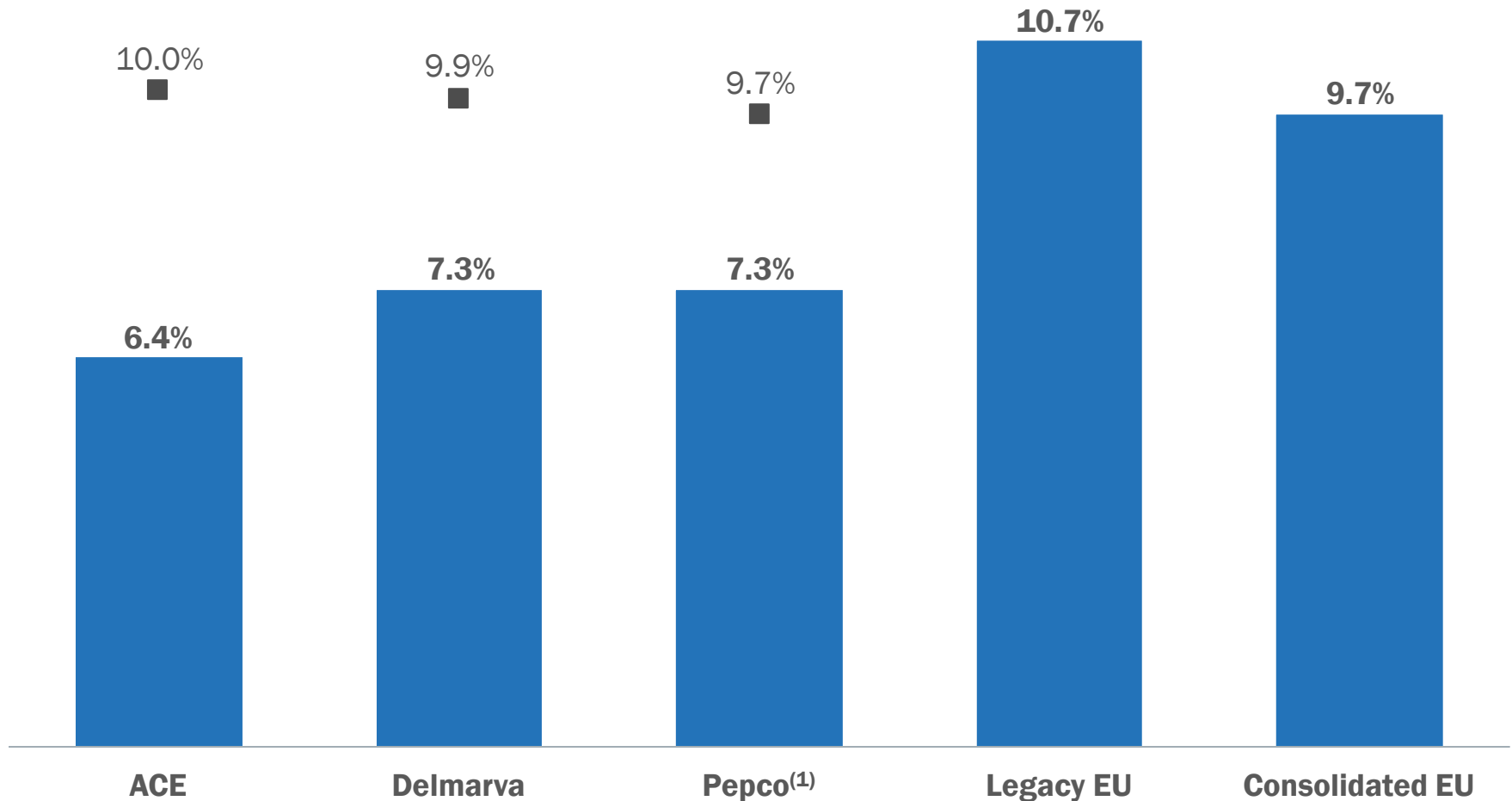
Note: Numbers may not add due to rounding

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

# Trailing 12 Month ROE vs Allowed ROE

## Twelve Month Trailing Earned ROEs\*

■ Allowed ROE ■ Earned ROE



Note: Represents the period from 6/30/16 to 6/30/17 and reflects all lines of business (Electric Distribution, Gas Distribution, and Transmission)

(1) Pepco DC Distribution allowed ROE is based on authorized ROE of 9.4% for the rates that were in effect during the trailing twelve month period. The order issued on 7/25/17 authorized an ROE of 9.5%.

# Exelon Utilities Distribution Rate Case Summary

Delmarva MD Order		Pepco MD Filing	
Authorized Revenue Requirement Increase <sup>(1)</sup>	\$38.3M	Requested Revenue Requirement Increase <sup>(1)</sup>	\$68.6M
Authorized ROE	9.60%	Requested ROE	10.10%
Common Equity Ratio	49.10%	Requested Common Equity Ratio	50.15%
Order Received	2/15/17	Order Expected	10/20/17
Delmarva DE Electric Order		ACE Filing	
Authorized Revenue Requirement Increase <sup>(1)</sup>	\$31.5M	Requested Revenue Requirement Increase <sup>(1)</sup>	\$72.6M
Authorized ROE	9.70%	Requested ROE	10.10%
Common Equity Ratio	N/A	Requested Common Equity Ratio	50.14%
Order Received	5/23/17	Order Expected	Q1 2018
Delmarva DE Gas Order		Delmarva MD Filing	
Authorized Revenue Requirement Increase <sup>(1)</sup>	\$4.9M	Requested Revenue Requirement Increase <sup>(1)</sup>	\$27.0M
Authorized ROE	9.70%	Requested ROE	10.10%
Common Equity Ratio	N/A	Requested Common Equity Ratio	50.68%
Order Received	6/6/17	Order Expected	2/14/18
Pepco DC Order		ComEd Filing	
Authorized Revenue Requirement Increase <sup>(1)</sup>	\$36.9M	Requested Revenue Requirement Increase <sup>(1)</sup>	\$95.6M <sup>(2)</sup>
Authorized ROE	9.50%	Requested ROE	8.40%
Common Equity Ratio	49.14%	Requested Common Equity Ratio	45.89%
Order Received	7/25/17	Order Expected	Q4 2017

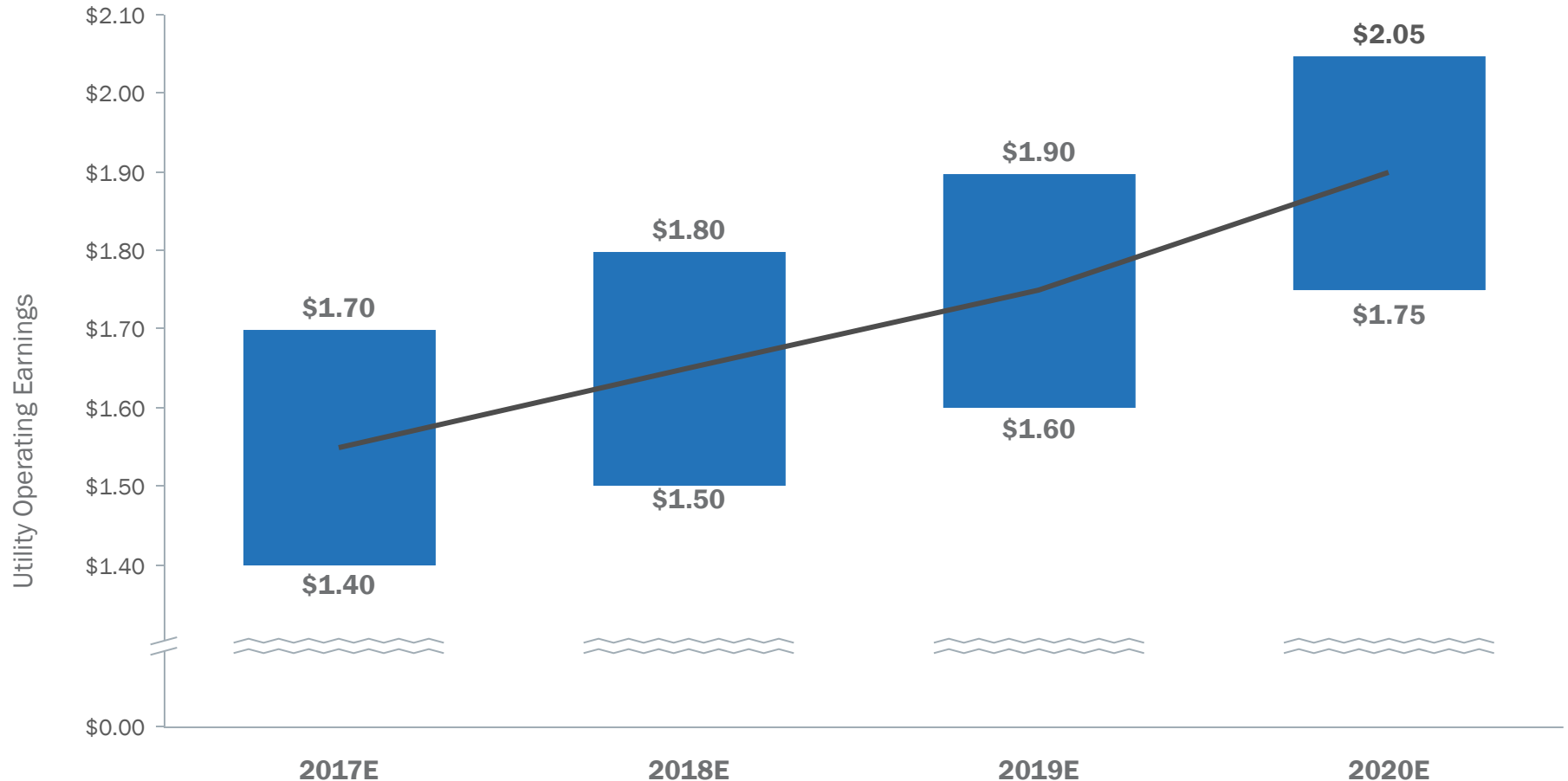
(1) Revenue requirement includes changes in depreciation and amortization expense where applicable, which have no impact on pre-tax earnings

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



# 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.

# Best in Class at ExGen and Constellation in 2016

## Exelon Generation Operational Metrics

- Continued best in class performance across our Nuclear fleet:
  - Capacity Factor of 94.6% is the highest ever for Exelon
  - Most power ever generated at 153M MWh<sup>(1)</sup>
  - All-time shortest refueling outage duration average of 22 days
- Strong performance across our Fossil and Renewable fleet:
  - Renewables energy capture: 95.6%
  - Power dispatch match: 97.2%

## Constellation Metrics

**77%** retail power customer renewal rate

**28%** power new customer win rate

**91%** natural gas customer retention rate

**25** month average power contract term

Average customer duration of more than **5** years

Stable Retail Margins

**Closed on ConEdison Solutions transaction, adding more than 560,000 customers**

(1) Reflects generation output at ownership

# Exelon Generation: Gross Margin Update

	June 30, 2017			Change from Mar 31, 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)	\$3,750	\$4,000	\$3,800	\$(100)	\$(150)	\$(150)
Capacity and ZEC Revenues <sup>(2,5)</sup>	\$1,850	\$2,200	\$2,050	-	\$(50)	-
Mark-to-Market of Hedges <sup>(2,3)</sup>	\$1,900	\$550	\$400	\$300	\$50	-
Power New Business / To Go	\$200	\$850	\$950	\$(200)	-	-
Non-Power Margins Executed	\$300	\$150	\$100	\$50	-	-
Non-Power New Business / To Go	\$150	\$350	\$400	\$(50)	-	-
<b>Total Gross Margin</b> <sup>*(4,5)</sup>	<b>\$8,150</b>	<b>\$8,100</b>	<b>\$7,700</b>	<b>-</b>	<b>\$(150)</b>	<b>\$(150)</b>

## Recent Developments

- Executed \$200M of Power New Business in 2017
- Reflects removal of EGTP<sup>(5)</sup> and TMI<sup>(5)</sup>
- Behind ratable hedging position reflects the fundamental 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

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

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

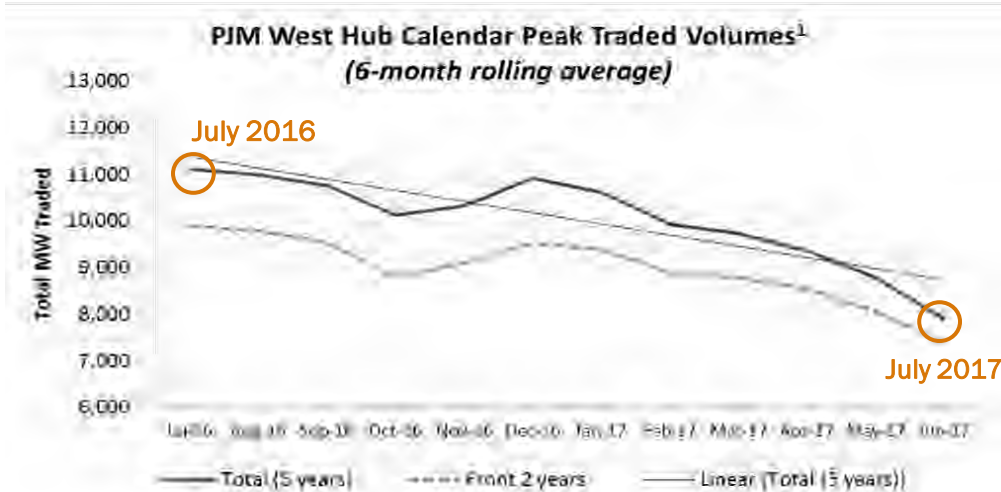
4) Based on June 30, 2017, market conditions

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. EGTP removal results in \$100M reduction to gross margin in 2018 and 2019 with positive EPS impacts of \$0.02-\$0.03. TMI retirement results in \$50M reduction in gross margin in 2019.



# Forward Market Liquidity

## Overall liquidity is declining



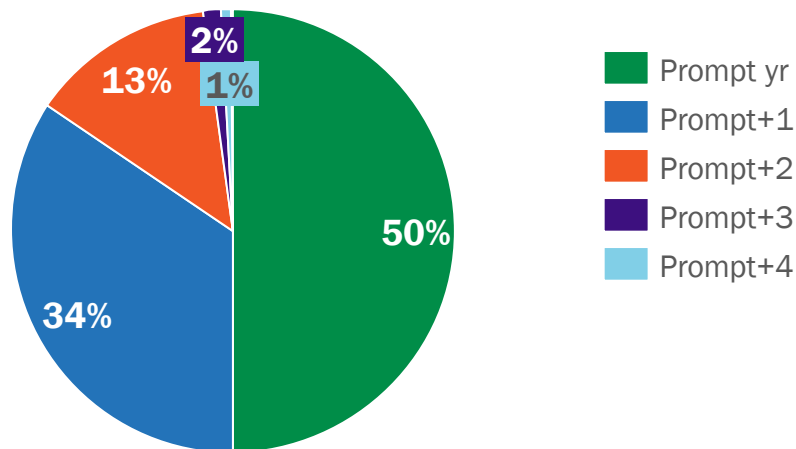
Total calendar peak traded volumes for the rolling 5-year window have been trending lower over the past year

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

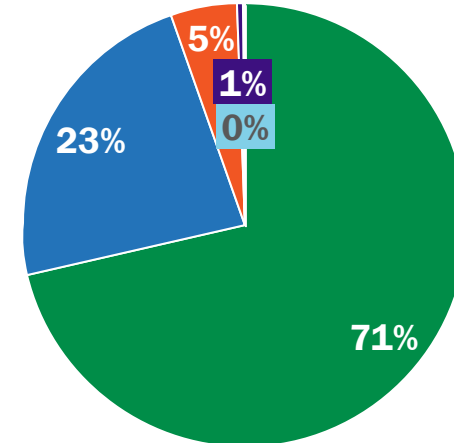
\* Please note that hedging strategy utilizes various price points (i.e. NIHUB, ERCOT), channels to market (i.e. Origination, Mid-Marketing, Retail, OTC), products (i.e. calendar, seasonal), and other exchanges

## Limited liquidity in the outer years

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



**July 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

# Updates: RPM Results and TMI Closure

## PJM 2020/2021 Capacity Auction

- Cleared 16.2 GW of generation capacity in 2020/2021 PJM base residual auction
- The bulk of cleared capacity was in the ComEd and EMAAC zones, which cleared above rest of RTO pricing at \$188/MW-d
- Despite volatility in PJM capacity market, capacity revenues have met or exceeded \$1B annually



## TMI Closure

- Exelon announced that it will retire TMI in September 2019, absent needed policy reforms
- Announcement comes after TMI failed to clear PJM base residual auctions for the third consecutive year
- Financial impact<sup>(1)</sup> of TMI retirement is annual accretive EPS impact of \$0.04-\$0.07 and cumulative cash flow impact of ~\$225M through 2021



(1) Based on May 31, 2017, pricing and exclude decommissioning impacts

# Exelon's Policy Priorities

# 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.



# Key Market Policy Updates

## 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
- The 2<sup>nd</sup> Circuit will set the briefing schedule.

### State Case:

- Motions to dismiss procedural challenges filed in NY State court were briefed in 1Q17
- The court heard oral arguments on June 19, 2017
- 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 Aug 28
  - Defendant-Respondents Response Brief due Sep 27
  - Reply Briefs due Oct 27
  - Expect oral argument to follow

## DOE Report and PJM Reforms

### DOE Energy Report

- On August 23, 2017, the DOE released their report of the U.S electrical grid.
- The DOE concluded that “Society places value on attributes of electricity provision beyond those compensated by the current design of the wholesale market” and recommended that “FERC should expedite its effort with states, RTO/ISOs, and other stakeholders to improve energy price formation...”

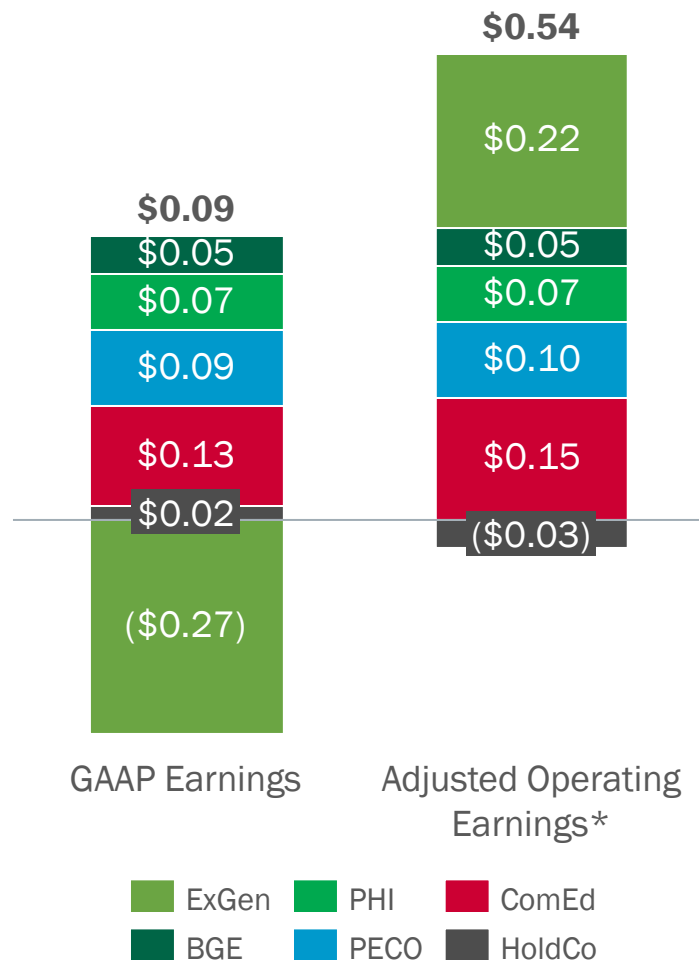
### Proposed PJM Reforms

- Recognize value of resiliency by instituting operational reforms in which PJM would commit additional reserves to account for the consumer impact from the most significant potential disruption
- Refine price formation to recognize the critical contribution of all resources, including “baseload” nuclear resources

# Financial Overview

# Strong 2<sup>nd</sup> Quarter Results

## Q2 2017 EPS Results

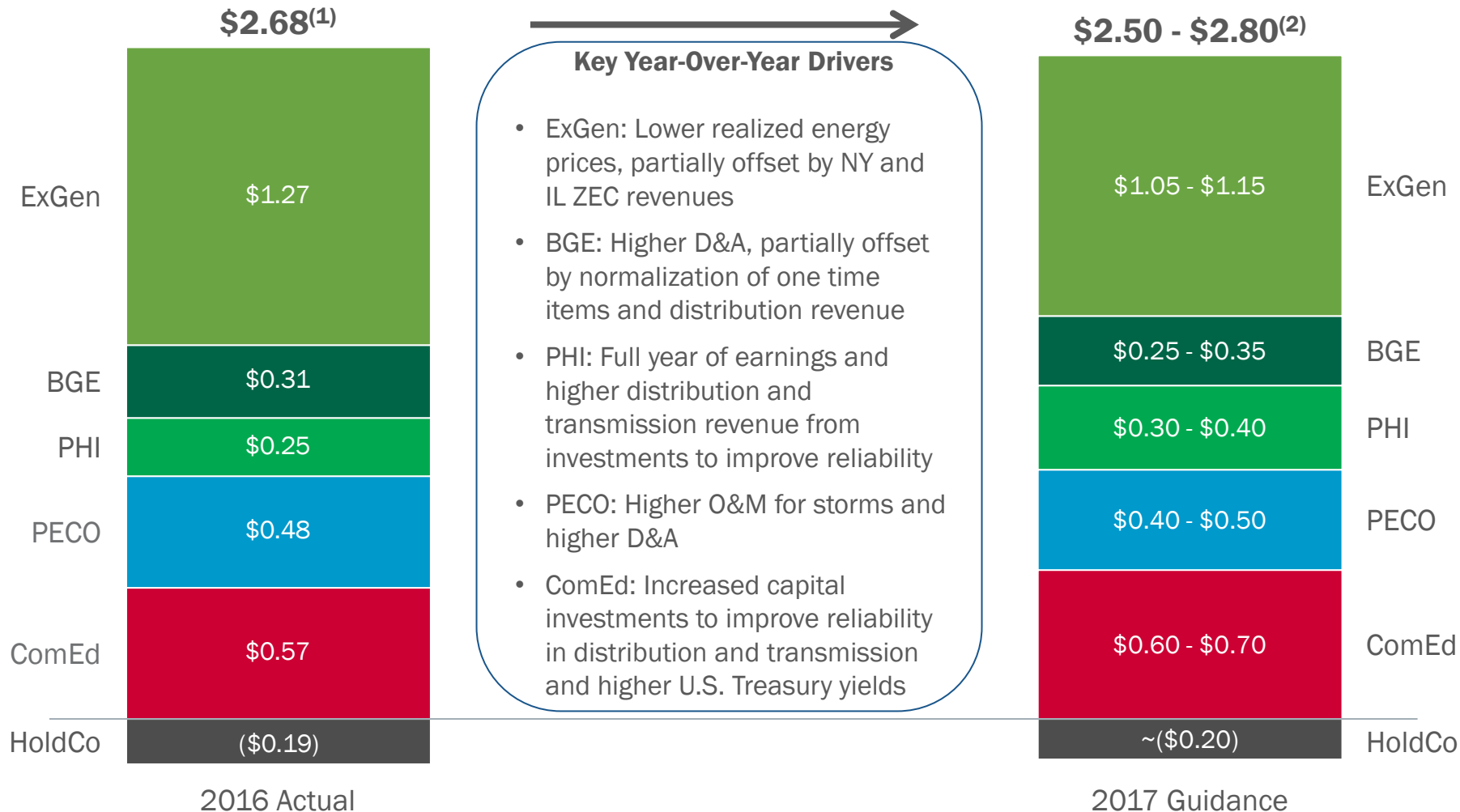


- GAAP earnings were \$0.09/share in Q2 2017 vs. \$0.29/share in Q2 2016
- Adjusted operating earnings\* were \$0.54/share in Q2 2017 vs. \$0.65/share in Q2 2016, near the top end of our guidance range of \$0.45-\$0.55/share

Note: Amounts may not sum due to rounding

\* Refer to pages 3 and 4 for information regarding non-GAAP financial measures

# Reaffirming 2017 Adjusted Operating Earnings\* Guidance



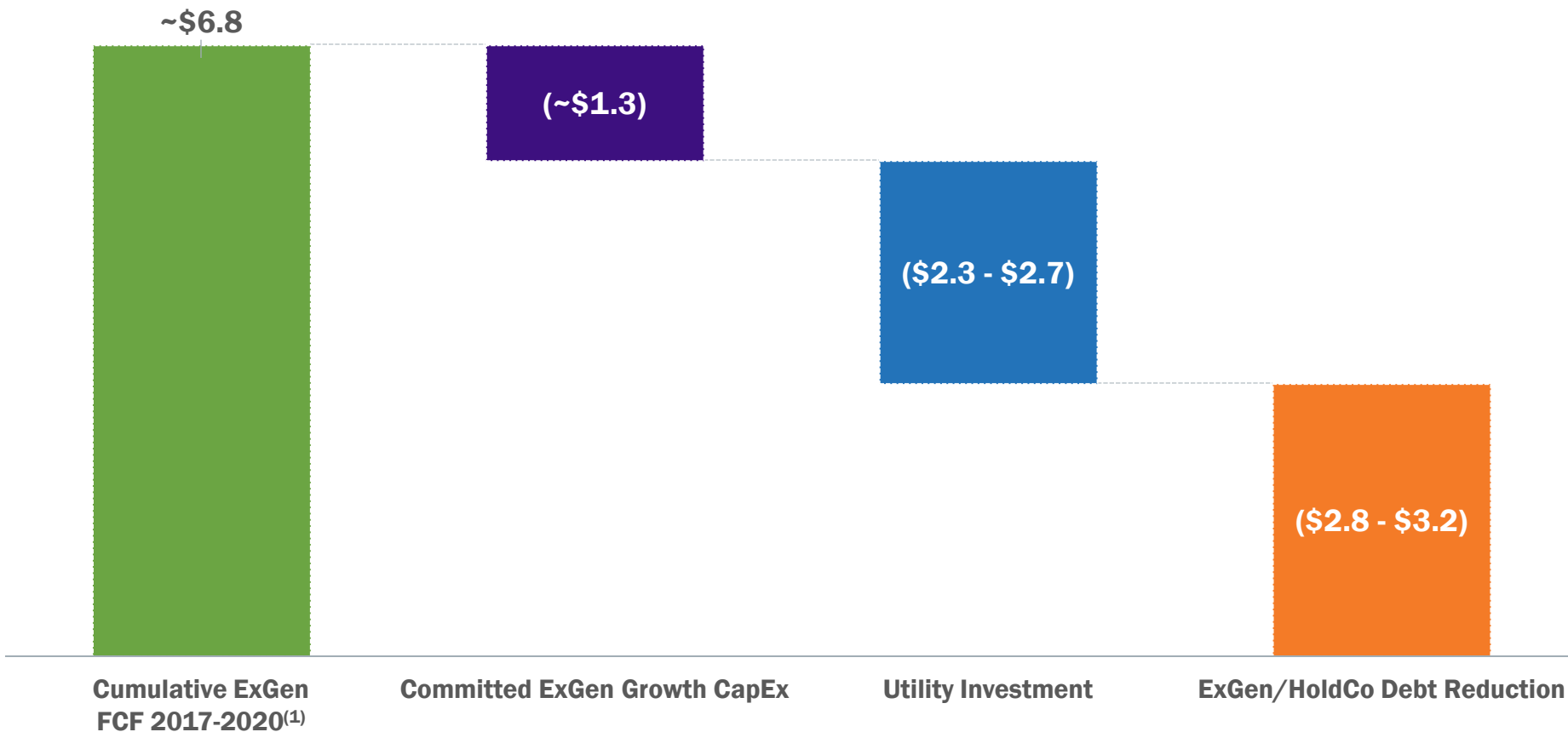
**Expect Q3 2017 Adjusted Operating Earnings\* of \$0.80 - \$0.90 per share**

(1) 2016 results based on 2016 average outstanding shares of 927M

(2) 2017 earnings guidance based on expected average outstanding shares of 949M. Earnings guidance for OpCos may not sum up to consolidated EPS guidance.

# 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) Cumulative Free Cash Flow is a midpoint of a range based on December 31, 2016 market prices. Sources include change in margin, tax parent benefit, equity investments, and acquisitions and divestitures.

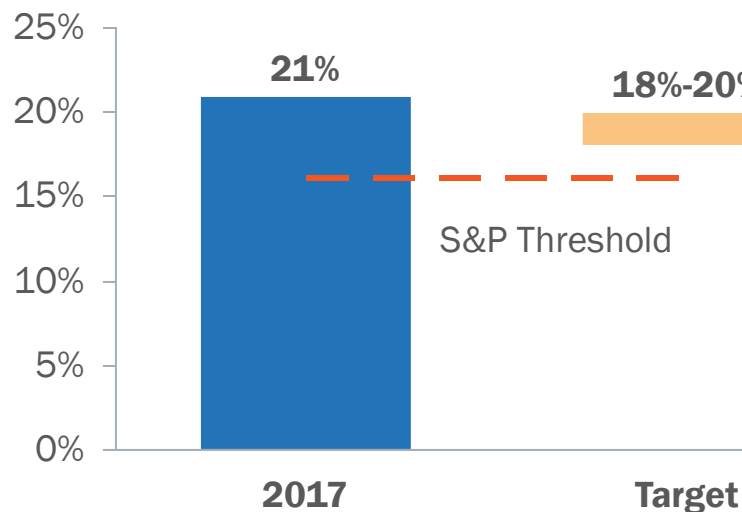


# Maintaining Strong Investment Grade Credit Ratings is a Top Financial Priority

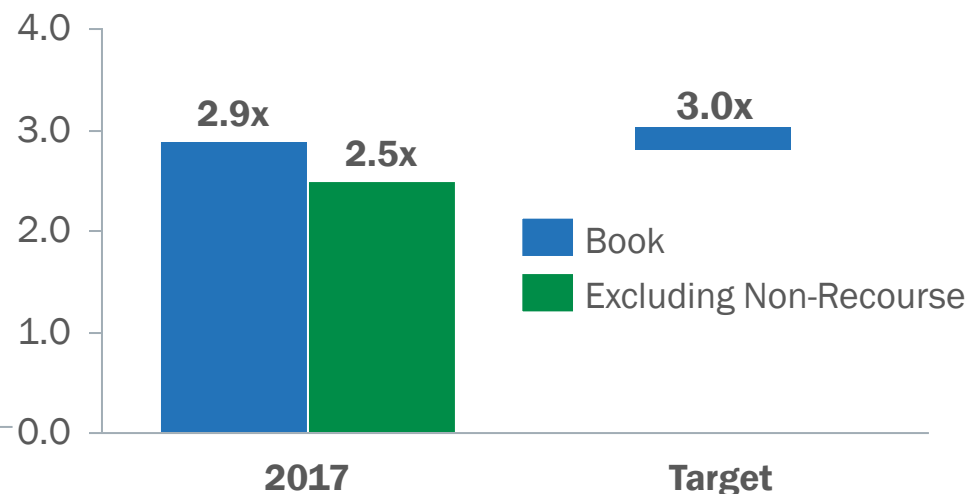
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## Exelon S&P FFO/Debt %<sup>\*(1,4,6)</sup>



## ExGen Debt/EBITDA Ratio<sup>\*(5,6)</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 July 26, 2017, for Exelon, Exelon Generation and BGE and senior secured ratings for ComEd, PECO, ACE, DPL, and Pepco

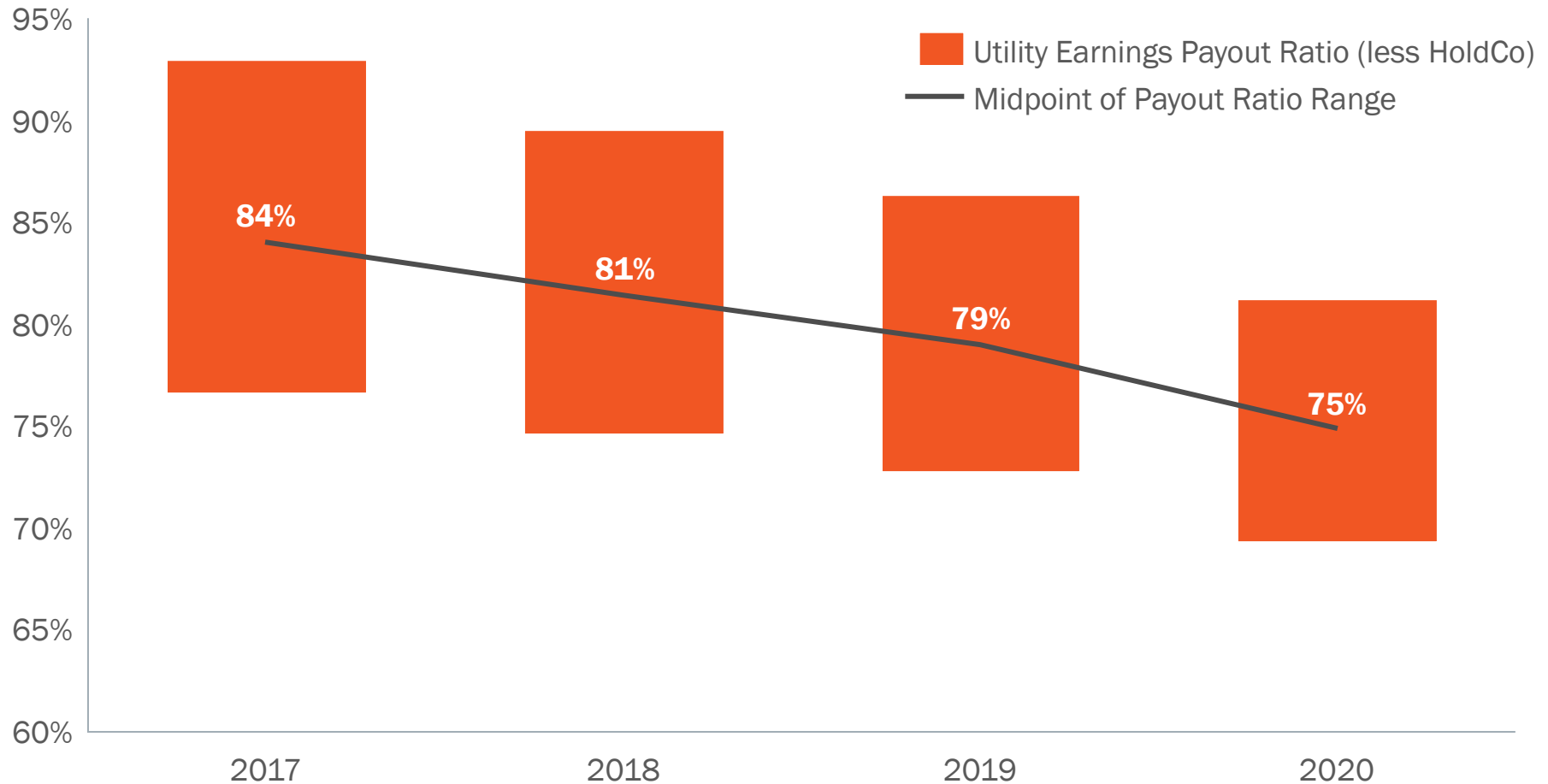
(3) All ratings have "Stable" outlook

(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

# 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 2019 and 2020; this does not signal a change in Board policy at this time. Quarterly dividends are subject to declaration by the board of directors.

# Recognition for Stewardship and Employee Engagement

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**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

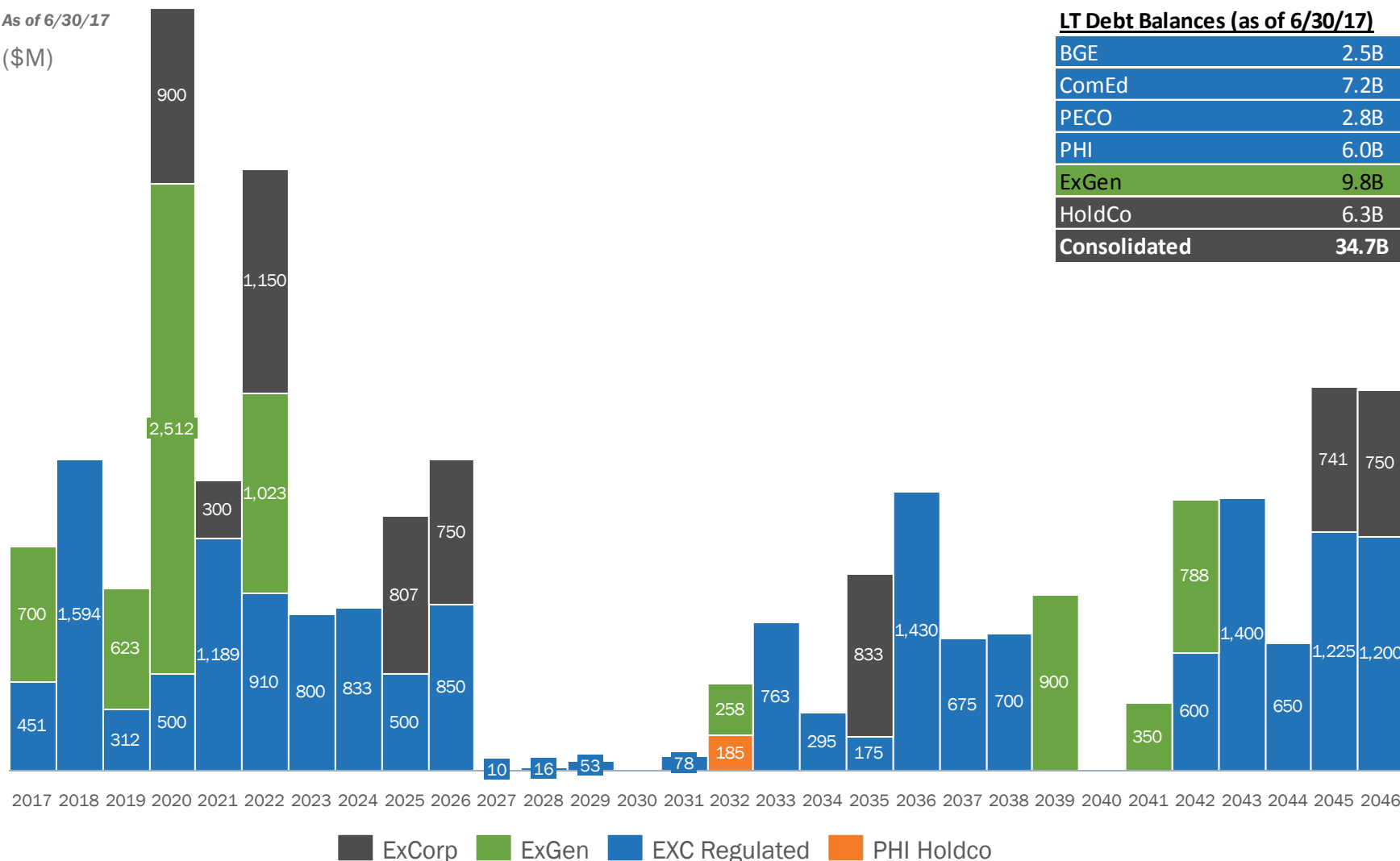
**Lowest Carbon Emissions:** 2017 Air Emissions Benchmarking Report notes Exelon's generation fleet had the lowest carbon dioxide emissions of the top 20 privately held and investor-owned energy producers

# Appendix

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

As of 6/30/17

(\$M)



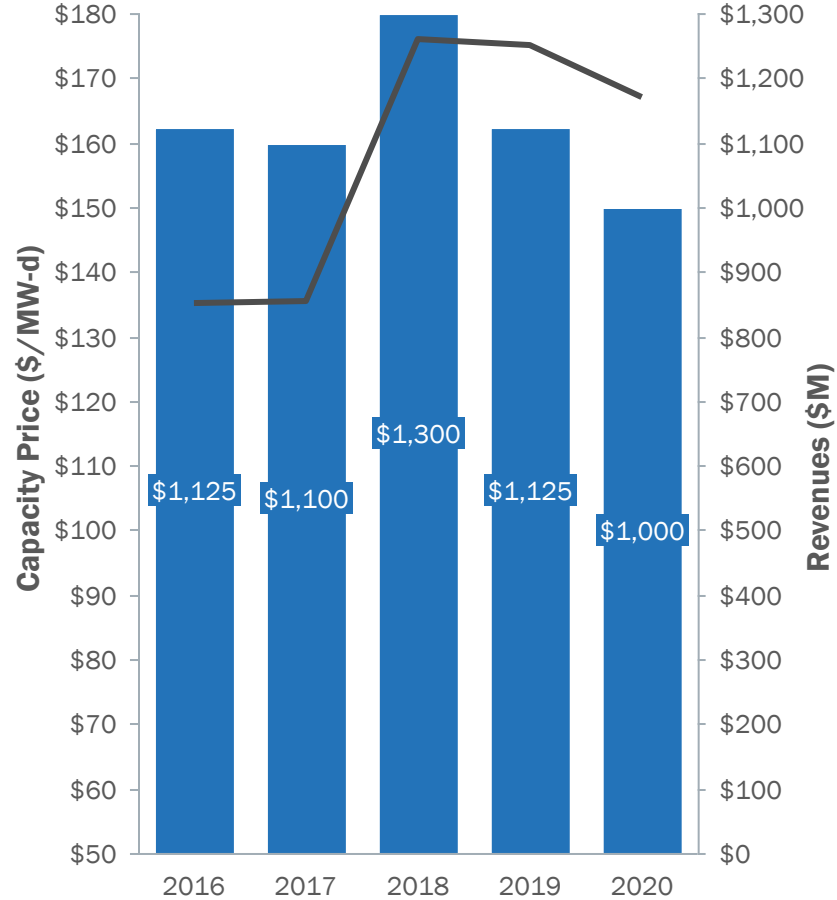
**Exelon's weighted average LTD maturity is approximately 13 years**

(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>	

# 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

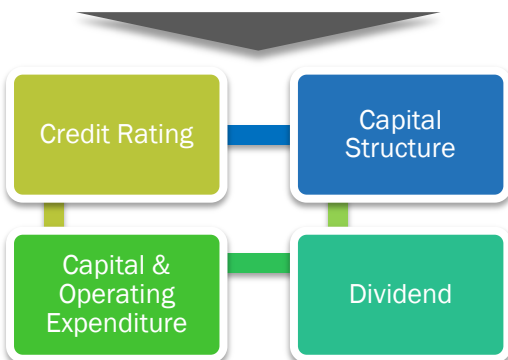
- Ensure stability in near-term cash flows and earnings
- Disciplined approach to hedging
- Tenor aligns with customer preferences and market liquidity
- Multiple channels to market that allow us to maximize margins
- Large open position in outer years to benefit from price upside

## Bull / Bear Program

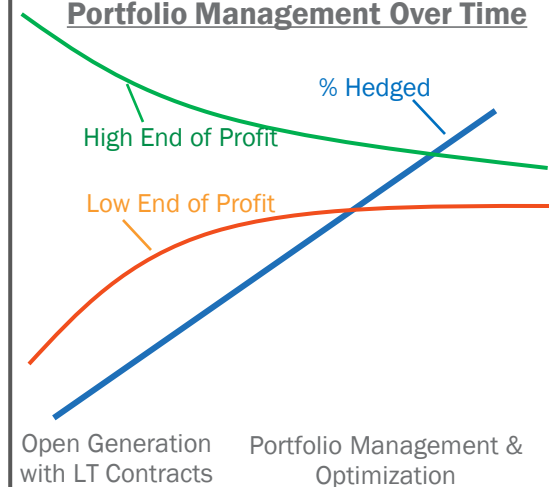
- Ability to exercise fundamental market views to create value within the ratable framework
- Modified timing of hedges versus purely ratable
- Cross-commodity hedging (heat rate positions, options, etc.)
- Delivery locations, regional and zonal spread relationships

## Align Hedging & Financials

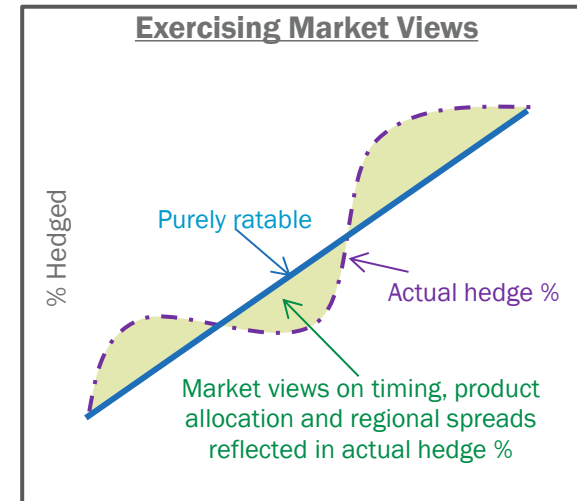
### Establishing Minimum Hedge Targets



## 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>	\$3,750	\$4,000	\$3,800
Capacity and ZEC Revenues <sup>(2,5)</sup>	\$1,850	\$2,200	\$2,050
Mark-to-Market of Hedges <sup>(2,3)</sup>	\$1,900	\$550	\$400
Power New Business / To Go	\$200	\$850	\$950
Non-Power Margins Executed	\$300	\$150	\$100
Non-Power New Business / To Go	\$150	\$350	\$400
<b>Total Gross Margin*<sup>(5)</sup></b>	<b>\$8,150</b>	<b>\$8,100</b>	<b>\$7,700</b>

Reference Prices <sup>(4)</sup>	2017	2018	2019
Henry Hub Natural Gas (\$/MMbtu)	\$3.17	\$2.99	\$2.85
Midwest: NiHub ATC prices (\$/MWh)	\$26.97	\$27.81	\$26.90
Mid-Atlantic: PJM-W ATC prices (\$/MWh)	\$28.94	\$30.55	\$29.31
ERCOT-N ATC Spark Spread (\$/MWh) <i>HSC Gas, 7.2HR, \$2.50 VOM</i>	\$0.69	\$2.26	\$3.33
New York: NY Zone A (\$/MWh)	\$25.70	\$27.95	\$27.13
New England: Mass Hub ATC Spark Spread(\$/MWh) <i>ALQN Gas, 7.5HR, \$0.50 VOM</i>	\$4.62	\$4.90	\$5.00

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 June 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.

# ExGen Disclosures

Generation and Hedges	2017	2018	2019
<u>Exp. Gen (GWh)<sup>(1)</sup></u>	<b>203,500</b>	<b>200,700</b>	<b>202,500</b>
Midwest	96,000	96,000	97,000
Mid-Atlantic <sup>(2,6)</sup>	60,500	60,300	58,500
ERCOT	20,400	20,700	21,600
New York <sup>(2,6)</sup>	14,600	15,400	16,600
New England	12,000	8,300	8,800
<u>% of Expected Generation Hedged<sup>(3)</sup></u>	<b>96%-99%</b>	<b>71%-74%</b>	<b>39%-42%</b>
Midwest	96%-99%	66%-69%	34%-37%
Mid-Atlantic <sup>(2,6)</sup>	100%-103%	80%-83%	45%-48%
ERCOT	86%-89%	65%-68%	46%-49%
New York <sup>(2,6)</sup>	94%-97%	72%-75%	38%-41%
New England	97%-100%	81%-84%	44%-47%
<u>Effective Realized Energy Price (\$/MWh)<sup>(4)</sup></u>			
Midwest	\$33.00	\$29.50	\$29.50
Mid-Atlantic <sup>(2,6)</sup>	\$42.50	\$37.00	\$39.50
ERCOT <sup>(5)</sup>	\$9.00	\$3.00	\$3.00
New York <sup>(2,6)</sup>	\$41.50	\$34.50	\$31.00
New England <sup>(5)</sup>	\$20.00	\$4.50	\$3.50

(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%, 93.3% 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

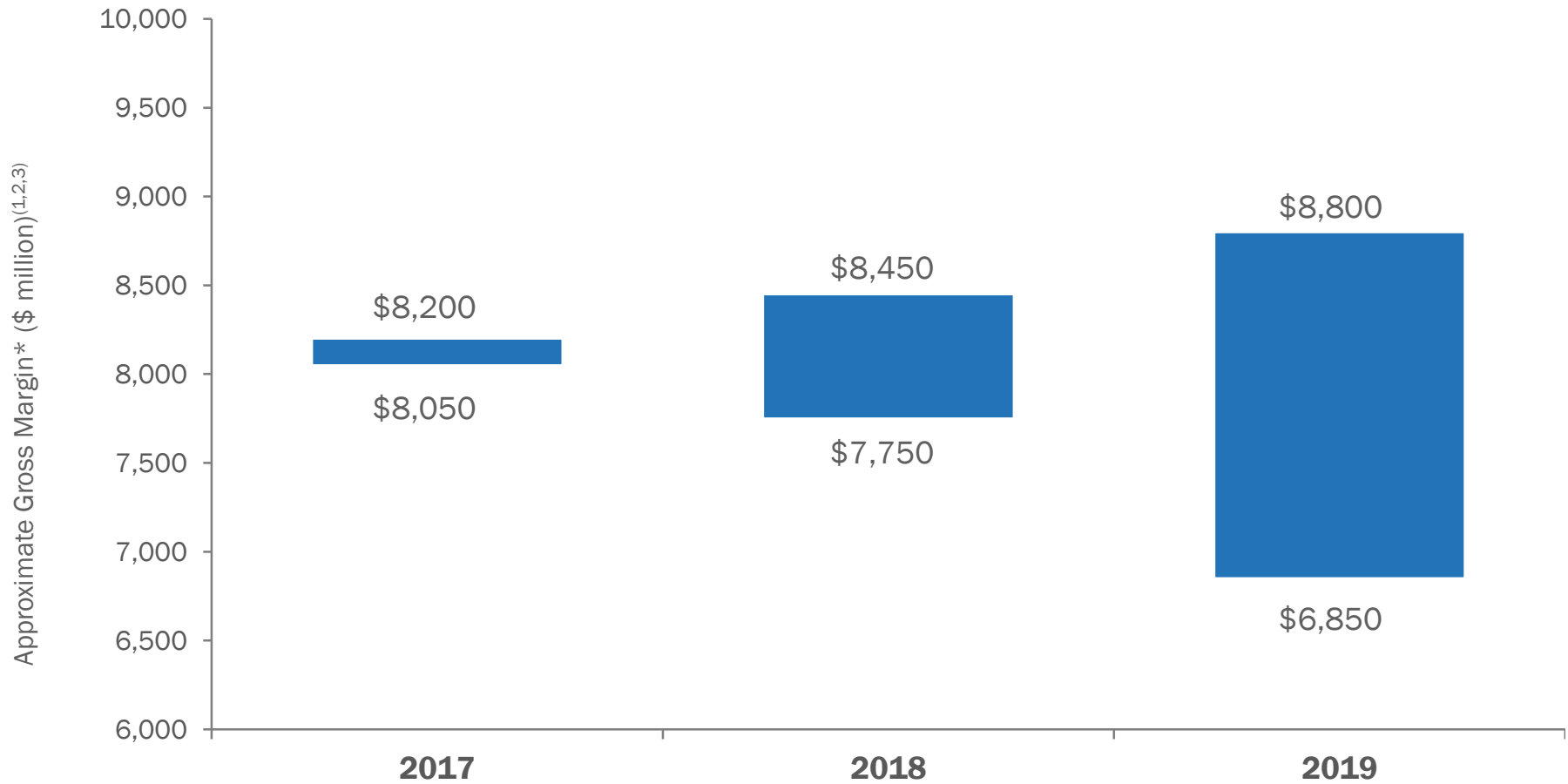
(6) Reflects ownership of FitzPatrick as of April 1, 2017, and TMI and Oyster Creek retirements in September 2019 and December 2019, respectively. EGTP removal impacts partial year 2017 and full year 2018 and 2019.

# ExGen Hedged Gross Margin\* Sensitivities

Gross Margin* Sensitivities (with Existing Hedges) <sup>(1)</sup>	2017	2018	2019
Henry Hub Natural Gas (\$/Mmbtu)			
+ \$1/Mmbtu	\$25	\$240	\$555
- \$1/Mmbtu	\$30	\$(220)	\$(540)
NiHub ATC Energy Price			
+ \$5/MWh	-	\$145	\$300
- \$5/MWh	-	\$(145)	\$(295)
PJM-W ATC Energy Price			
+ \$5/MWh	-	\$65	\$165
- \$5/MWh	\$5	\$(70)	\$(155)
NYPP Zone A ATC Energy Price			
+ \$5/MWh	-	\$20	\$45
- \$5/MWh	\$(5)	\$(20)	\$(50)
Nuclear Capacity Factor			
+/- 1%	+/- \$20	+/- \$35	+/- \$35

(1) Based on June 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 June 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\*

ZECJ-FIN-21

PUBLIC

Row	Item	Midwest	Mid-Atlantic	ERCOT	New York	New England	South, West & Canada
(A)	Start with fleet-wide open gross margin	<div>←\$4 billion→</div>					
(B)	Capacity and ZEC	<div>←\$2.2 billion→</div>					
(C)	Expected Generation (TWh)	96.0	60.3	20.7	15.4	8.3	
(D)	Hedge % (assuming mid-point of range)	67.5%	81.5%	66.5%	73.5%	82.5%	
(E=C*D)	Hedged Volume (TWh)	64.8	49.1	13.8	11.3	6.8	
(F)	Effective Realized Energy Price (\$/MWh)	\$29.50	\$37.00	\$3.00	\$34.50	\$4.50	
(G)	Reference Price (\$/MWh)	\$27.81	\$30.55	\$2.26	\$27.95	\$4.90	
(H=F-G)	Difference (\$/MWh)	\$1.69	\$6.45	\$0.74	\$6.55	(\$0.40)	
(I=E*H)	Mark-to-Market value of hedges (\$ million) <sup>(1)</sup>	\$110	\$315	\$10	\$75	(\$5)	
(J=A+B+I)	Hedged Gross Margin (\$ million)	\$6,750					
(K)	Power New Business / To Go (\$ million)	\$850					
(L)	Non-Power Margins Executed (\$ million)	\$150					
(M)	Non-Power New Business / To Go (\$ million)	\$350					
(N=J+K+L+M)	Total Gross Margin *	\$8,100 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>\$8,675</b>	<b>\$8,725</b>	<b>\$8,300</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)	\$(225)	\$(200)
Direct cost of sales incurred to generate revenues for certain Constellation and Power businesses <sup>(5)</sup>	\$(425)	\$(400)	\$(400)
<b>Total Gross Margin* (Non-GAAP)</b>	<b>\$8,150</b>	<b>\$8,100</b>	<b>\$7,700</b>

Key ExGen Modeling Inputs (in \$M) <sup>(1,6)</sup>	2017
Other <sup>(7)</sup>	\$150
Adjusted O&M*	\$(4,850)
Taxes Other Than Income (TOTI) <sup>(8)</sup>	\$(375)
Depreciation & Amortization <sup>(9)</sup>	\$(1,100)
Interest Expense <sup>(10)</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 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) Reflects the cost of sales of certain Constellation and Power businesses

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

(7) 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

(8) TOTI excludes gross receipts tax of \$150M

(9) Excludes P&L neutral decommissioning depreciation

(10) 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**

# Q2 2016 QTD GAAP EPS Reconciliation

<u>Three Months Ended June 30, 2016</u>	<u>ExGen</u>	<u>ComEd</u>	<u>PECO</u>	<u>BGE</u>	<u>PHI</u>	<u>Other</u>	<u>Exelon</u>
<b>2016 GAAP Earnings (Loss) Per Share</b>	<b>\$0.00</b>	<b>\$0.16</b>	<b>\$0.11</b>	<b>\$0.03</b>	<b>\$0.06</b>	<b>(\$0.06)</b>	<b>\$0.29</b>
Mark-to-market impact of economic hedging activities	0.20	-	-	-	-	-	0.20
Unrealized gains related to NDT fund investments	(0.03)	-	-	-	-	-	(0.03)
Amortization of commodity contract intangibles	0.01	-	-	-	-	-	0.01
Long-Lived asset impairments	0.02	-	-	-	-	-	0.02
Plant retirements and divestitures	0.14	-	-	-	-	-	0.14
Cost management program	-	-	-	-	-	-	0.01
CENG noncontrolling interest	0.01	-	-	-	-	-	0.01
<b>2016 Adjusted (non-GAAP) Operating Earnings (Loss) Per Share</b>	<b>\$0.35</b>	<b>\$0.16</b>	<b>\$0.11</b>	<b>\$0.03</b>	<b>\$0.06</b>	<b>\$(0.06)</b>	<b>\$0.65</b>

NOTE: All amounts shown are per Exelon share and represent contributions to Exelon's EPS. Amounts may not add due to rounding.

# Q2 2017 QTD GAAP EPS Reconciliation (continued)

<u>Three Months Ended June 30, 2017</u>	<u>ExGen</u>	<u>ComEd</u>	<u>PECO</u>	<u>BGE</u>	<u>PHI</u>	<u>Other</u>	<u>Exelon</u>
<b>2017 GAAP (Loss) Earnings Per Share</b>	<b>(\$0.27)</b>	<b>\$0.13</b>	<b>\$0.09</b>	<b>\$0.05</b>	<b>\$0.07</b>	<b>\$0.02</b>	<b>\$0.09</b>
Mark-to-market impact of economic hedging activities	0.12	-	-	-	-	-	0.12
Unrealized gains related to NDT fund investments	(0.05)	-	-	-	-	-	(0.05)
Amortization of commodity contract intangibles	0.01	-	-	-	-	-	0.01
Merger and integration costs	0.01	-	-	-	-	-	0.01
Long-lived asset impairments	0.29	-	-	-	-	-	0.29
Plant retirements and divestitures	0.07	-	-	-	-	-	0.07
Cost management program	-	-	-	-	-	-	0.01
Like-kind exchange tax position	-	0.02	-	-	-	(0.05)	(0.03)
CENG noncontrolling interest	0.02	-	-	-	-	-	0.02
<b>2017 Adjusted (non-GAAP) Operating Earnings (Loss) Per Share</b>	<b>\$0.22</b>	<b>\$0.15</b>	<b>\$0.10</b>	<b>\$0.05</b>	<b>\$0.07</b>	<b>\$(0.03)</b>	<b>\$0.54</b>

NOTE: All amounts shown are per Exelon share and represent contributions to Exelon's EPS. Amounts may not add due to rounding.

# Q2 2016 YTD GAAP EPS Reconciliation

<u>Six Months Ended June 30, 2016</u>	<u>ExGen</u>	<u>ComEd</u>	<u>PECO</u>	<u>BGE</u>	<u>PHI</u>	<u>Other</u>	<u>Exelon</u>
<b>2016 GAAP Earnings (Loss) Per Share</b>	<b>\$0.31</b>	<b>\$0.28</b>	<b>\$0.25</b>	<b>\$0.14</b>	<b>(\$0.28)</b>	<b>\$(0.23)</b>	<b>\$0.48</b>
Mark-to-market impact of economic hedging activities	0.12	-	-	-	-	-	0.12
Unrealized gains related to NDT fund investments	(0.07)	-	-	-	-	-	(0.07)
Merger and integration costs	0.02	-	-	-	0.04	0.04	0.09
Merger commitments	-	-	-	-	0.30	0.12	0.43
Long-lived asset impairments	0.10	-	-	-	-	-	0.10
Plant retirements and divestitures	0.14	-	-	-	-	-	0.14
Reassessment of state deferred income taxes	0.01	-	-	-	-	(0.01)	-
Cost management program	0.02	-	-	-	-	-	0.02
CENG noncontrolling interest	0.02	-	-	-	-	-	0.02
<b>2016 Adjusted (non-GAAP) Operating Earnings (Loss) Per Share</b>	<b>\$0.69</b>	<b>\$0.28</b>	<b>\$0.25</b>	<b>\$0.14</b>	<b>\$0.06</b>	<b>\$(0.08)</b>	<b>\$1.33</b>

NOTE: All amounts shown are per Exelon share and represent contributions to Exelon's EPS. Amounts may not add due to rounding.

# Q2 2017 YTD GAAP EPS Reconciliation (continued)

<u>Six Months Ended June 30, 2017</u>	<u>ExGen</u>	<u>ComEd</u>	<u>PECO</u>	<u>BGE</u>	<u>PHI</u>	<u>Other</u>	<u>Exelon</u>
<b>2017 GAAP Earnings (Loss) Per Share</b>	<b>\$0.19</b>	<b>\$0.28</b>	<b>\$0.23</b>	<b>\$0.18</b>	<b>\$0.22</b>	<b>\$0.06</b>	<b>\$1.15</b>
Mark-to-market impact of economic hedging activities	0.15	-	-	-	-	-	0.15
Unrealized gains related to NDT fund investments	(0.15)	-	-	-	-	-	(0.15)
Amortization of commodity contract intangibles	0.02	-	-	-	-	-	0.02
Merger and integration costs	0.04	-	-	-	-	-	0.04
Merger commitments	(0.02)	-	-	-	(0.06)	(0.06)	(0.15)
Long-lived asset impairments	0.29	-	-	-	-	-	0.29
Plant retirements and divestitures	0.07	-	-	-	-	-	0.07
Reassessment of state deferred income taxes	-	-	-	-	-	(0.02)	(0.02)
Cost management program	0.01	-	-	-	-	-	0.01
Tax settlements	(0.01)	-	-	-	-	-	(0.01)
Bargain purchase gain	(0.24)	-	-	-	-	-	(0.24)
Like-kind exchange tax position	-	0.02	-	-	-	(0.05)	(0.03)
CENG noncontrolling interest	0.06	-	-	-	-	-	0.06
<b>2017 Adjusted (non-GAAP) Operating Earnings (Loss) Per Share</b>	<b>\$0.40</b>	<b>\$0.30</b>	<b>\$0.23</b>	<b>\$0.18</b>	<b>\$0.15</b>	<b>(\$0.08)</b>	<b>\$1.19</b>

NOTE: All amounts shown are per Exelon share and represent contributions to Exelon's EPS. Amounts may not add due to rounding.



# 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 of certain wind projects at Generation and 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 a change in the statutory tax rate
  - Costs incurred related to a cost management program
  - 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
  - Certain adjustments related to Exelon's like-kind exchange tax position
  - Generation's non-controlling interest, primarily related to CENG exclusion items

# GAAP to Non-GAAP Reconciliations

YE 2017 Exelon FFO Calculation (\$M) <sup>(1,2)</sup>		YE 2017 Exelon Adjusted Debt Calculation (\$M) <sup>(1,2)</sup>	
GAAP Operating Income	\$3,450	Long-Term Debt (including current maturities)	\$32,025
Depreciation & Amortization	<u>\$3,375</u>	Short-Term Debt	\$1,225
EBITDA	\$6,825	+ PPA Imputed Debt <sup>(5)</sup>	\$350
+/- Non-operating activities and nonrecurring items <sup>(3)</sup>	\$550	+ Operating Lease Imputed Debt <sup>(6)</sup>	\$875
- Interest Expense	(\$1,450)	+ Pension/OPEB Imputed Debt <sup>(7)</sup>	\$3,450
+ Current Income Tax (Expense)/Benefit	\$25	- Off-Credit Treatment of Debt <sup>(8)</sup>	(\$1,725)
+ Nuclear Fuel Amortization	\$1,075	- Surplus Cash Adjustment <sup>(9)</sup>	(\$550)
+/- Other S&P Adjustments <sup>(4)</sup>	<u>\$375</u>	+/- Other S&P Adjustments <sup>(4)</sup>	<u>\$275</u>
<b>= FFO (a)</b>	<b>\$7,400</b>	<b>= Adjusted Debt (b)</b>	<b>\$35,925</b>

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

- (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

# GAAP to Non-GAAP Reconciliations

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

Long-Term Debt (including current maturities)	\$8,875
Short-Term Debt	\$375
- Surplus Cash Adjustment	<u>(\$300)</u>
<b>= Net Debt (a)</b>	<b>\$8,950</b>

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

GAAP Operating Income	\$775
Depreciation & Amortization	<u>\$1,400</u>
EBITDA	\$2,175
+/- Non-operating activities and nonrecurring items <sup>(2)</sup>	<u>\$875</u>
<b>= Operating EBITDA (b)</b>	<b>\$3,050</b>

## YE 2017 Book Debt / EBITDA

Net Debt (a)		
	=	2.9x
Operating EBITDA (b)		

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

Long-Term Debt (including current maturities)	\$8,875
Short-Term Debt	\$375
- Surplus Cash Adjustment	<u>(\$300)</u>
- Nonrecourse Debt	<u>(\$1,900)</u>
<b>= Net Debt (a)</b>	<b>\$7,050</b>

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

GAAP Operating Income	\$775
Depreciation & Amortization	<u>\$1,400</u>
EBITDA	\$2,175
+/- Non-operating activities and nonrecurring items <sup>(2)</sup>	<u>\$875</u>
- EBITDA from projects financed by nonrecourse debt	<u>(\$250)</u>
<b>= Operating EBITDA (b)</b>	<b>\$2,800</b>

## YE 2017 Recourse Debt / EBITDA

Net Debt (a)		
	=	2.5x
Operating EBITDA (b)		

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

(2) Reflects impact of operating adjustments on GAAP EBITDA

# 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>\$5,775</b>	<b>\$5,525</b>	<b>\$5,500</b>	<b>\$5,575</b>
Decommissioning <sup>(2)</sup>	25	50	50	50
Costs associated with early nuclear plant retirements	-	-	-	-
Long-lived asset impairment costs	-	-	-	-
Direct cost of sales incurred to generate revenues for certain Constellation and Power businesses <sup>(3)</sup>	(400)	(400)	(400)	(400)
O&M for managed plants that are partially owned	(425)	(425)	(425)	(450)
Other	(125)	-	-	-
<b>Adjusted O&amp;M (Non-GAAP)</b>	<b>\$4,850</b>	<b>\$4,725</b>	<b>\$4,725</b>	<b>\$4,775</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

(2) Reflects earnings neutral O&M

(3) Reflects the direct cost of sales of certain businesses, which are included in Total Gross Margin, a non-GAAP measure

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

# GAAP to Non-GAAP Reconciliations

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>

ExGen Adjusted O&M Reconciliation (\$M) <sup>(2)</sup>	2017
<b>GAAP O&amp;M</b>	<b>\$6,300</b>
Decommissioning <sup>(3)</sup>	25
TMI Retirement	(100)
EGTP Impairment	(425)
Direct cost of sales incurred to generate revenues for certain Constellation and Power businesses <sup>(4)</sup>	(425)
O&M for managed plants that are partially owned	(425)
Other	(100)
<b>Adjusted O&amp;M (Non-GAAP)</b>	<b>\$4,850</b>

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

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

(3) Reflects earnings neutral O&M

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