

# Earnings Conference Call 4<sup>th</sup> Quarter 2015

February 3, 2016



# Cautionary Statements Regarding Forward-Looking Information

---

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 include those factors discussed herein, as well as the items discussed in (1) Exelon's 2014 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 22; (2) Exelon's Third Quarter 2015 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 19; and (3) other factors discussed in filings with the SEC by Exelon. Readers are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date of this presentation. Exelon does not undertake any obligation to publicly release any revision to its forward-looking statements to reflect events or circumstances after the date of this presentation.

# Delivering Value to Shareholders Through a Defined Capital Allocation Policy

ZECJ-FIN-21 PUBLIC

---

- Our **strong balance sheet** underpins our capital allocation policy
- Capital decisions are made to **maximize value to our customers and shareholders**
- We are **harvesting free cash flow** from Exelon Generation to:
  - First, **invest in utilities** where we can earn an appropriate return,
  - **Invest in contracted assets** where we can meet return thresholds, and/or
  - **Return capital** to shareholders by retiring debt, repurchasing our shares, or increasing our dividend
- We are **committed to maintaining an attractive dividend**
- Our board has approved a policy to raise our dividend 2.5% each year for the next three years, beginning with the June 2016 dividend<sup>(1)</sup>

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

# Exelon Utilities – Operational Excellence Driving Strong Financial Performance and Positive Regulatory Outcomes

ZECJ-FIN-21

PUBLIC

	2015 Results	2016 Goals
Leading Operational Excellence	<ul style="list-style-type: none"><li>• 1<sup>st</sup> Quartile SAIFI performance</li><li>• 1<sup>st</sup> Quartile CAIDI performance</li><li>• 1<sup>st</sup> Quartile Customer Satisfaction – best ever scores at ComEd and BGE</li></ul>	<ul style="list-style-type: none"><li>• 1<sup>st</sup> Quartile SAIFI performance</li><li>• 1<sup>st</sup> Quartile CAIDI performance</li><li>• 1<sup>st</sup> Quartile Customer Satisfaction</li><li>• Improve PHI operational performance</li></ul>
Strong Financial Performance	<ul style="list-style-type: none"><li>• Exceeded \$1B in operating net income</li><li>• Invested \$3.7B to make the grid smarter, more reliable and provide better services to customers</li></ul>	<ul style="list-style-type: none"><li>• Quickly integrate PHI to drive synergies and financial results</li><li>• Invest \$3.95B in capital across our three utilities and additional \$1.38B at PHI (\$18B over the next 5 years, \$25B including PHI)<ul style="list-style-type: none"><li>• Improve system infrastructure</li><li>• Better customer experience</li></ul></li></ul>
Positive Regulatory Outcomes	<ul style="list-style-type: none"><li>• Unanimous approval of PECO's rate case settlement and Long Term Infrastructure Improvement Plan</li><li>• 4<sup>th</sup> year of constructive outcomes in ComEd's formula rate filings</li></ul>	<ul style="list-style-type: none"><li>• Close PHI transaction</li><li>• BGE rate case decision in June</li><li>• ComEd formula rate filing in April</li><li>• Develop and implement regulatory strategies for PHI</li></ul>

# Exelon Generation Delivered Strong Operational and Financial Performance in 2015

ZECJ-FIN-21

PUBLIC

## World Class Operational Performance

- Full-year Nuclear Capacity Factor: 93.7%
- Best average refueling outage duration since 2002: 22 days
- Full-year Power dispatch match: 98.6%
- Full-year Renewables energy capture: 95.5%

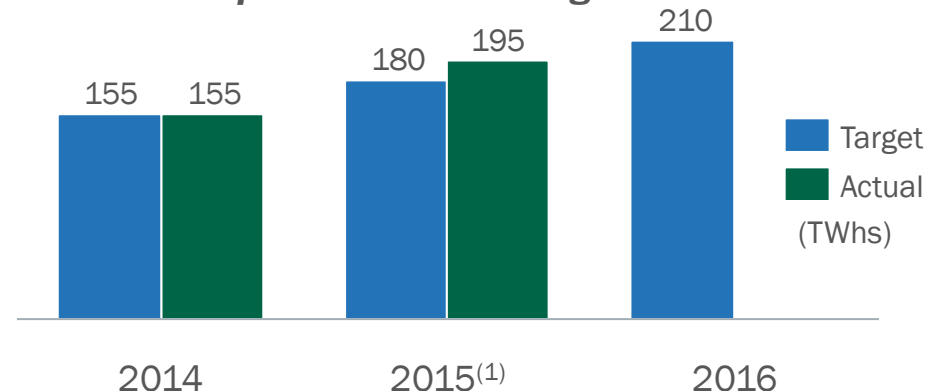
## 2016 Goals

- Continue best in class operational performance across the generation fleet
- Execute on 350MW of contracted renewable projects (Michigan Wind 3 & Bluestem Wind)
- Achieve target of serving 210 TWhs of wholesale and retail load
- Achieve proper valuation for our nuclear generation assets that rewards their carbon free footprint

## Industry Leading Load Serving Business

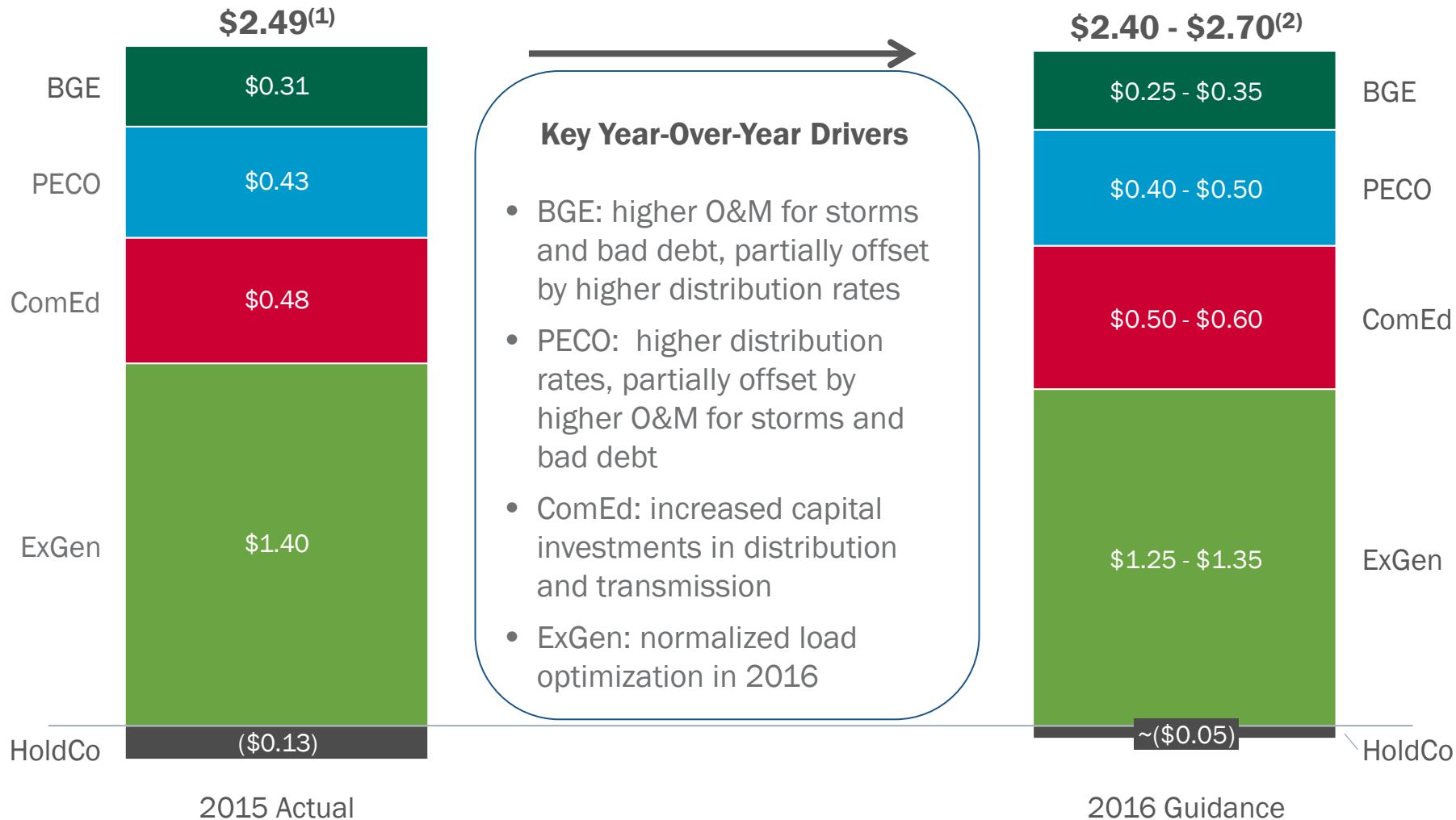
- Generation to Load matching strategy meaningfully contributed to 2015 earnings
- Industry Leading Load Serving Business:
  - Served 195 TWhs of wholesale and retail load – 40 TWhs more than in 2014
  - ~ 80% power renewal rate
  - ~30% new customer win rate
  - Increased our delivered retail gas by 40% to 710 BCF
  - >90% gas retention rate

### *Delivering on electric load serving targets and poised to continue growth*



(1) 2015 target includes 15 TWhs from the Integrys acquisition

# 2016 Adjusted Operating Earnings Guidance



**Expect Q1 2016 Adjusted Operating Earnings of \$0.60 - \$0.70 per share**

(1) 2015 results based on 2015 average outstanding shares of 893M. Refer to Earnings Release Attachments for additional details and to the Appendix for a reconciliation of adjusted (non-GAAP) operating EPS to GAAP EPS.

(2) 2016 earnings guidance based on expected average outstanding shares of 890M and assumes that equity and debt issued for Pepco Holdings acquisition is unwound in 2016. Earnings guidance for OpCos may not add up to consolidated EPS guidance. Refer to the Appendix for a reconciliation of adjusted (non-GAAP) operating EPS guidance to GAAP EPS.

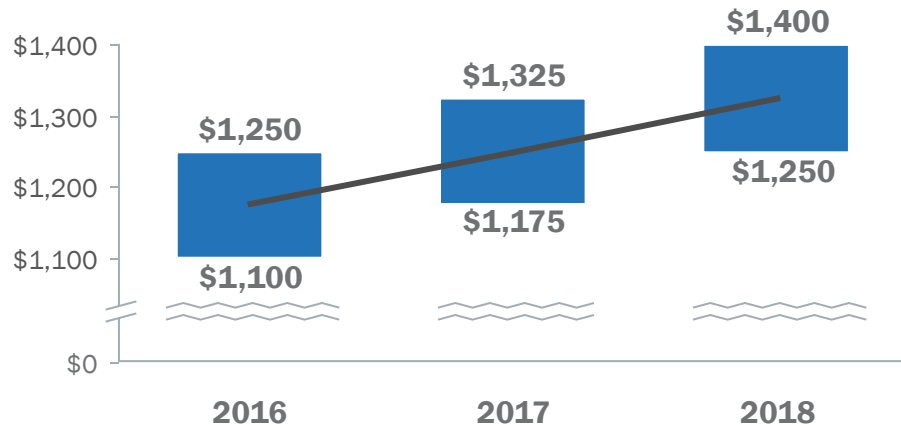
# Key Financial Metrics Impacted by Bonus Depreciation

## Standalone Bonus Depreciation Impacts

	2016	2017	2018
<b>Earnings per Share<sup>(1)</sup></b>	(\$0.09)	(\$0.11)	(\$0.06)
<b>Cash Flow<sup>(2)</sup></b>	\$625M	\$675M	\$600M

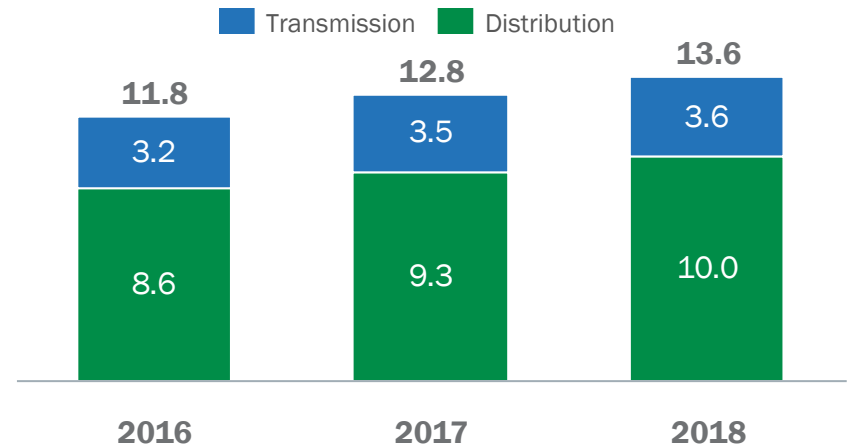
- Bonus Depreciation reduces earnings in 2016-2018 primarily due to its impact on ExGen's ability to take the Domestic Production Activities Deduction and impacts to ComEd's rate base
- No re-investment of the incremental cash is contemplated in the earnings impacts listed

## Updated Exelon Utilities Net Income (\$M)<sup>(3)</sup>



**Exelon Utilities projected average earnings growth is still in the 7-9% range per year from 2015-2018**

## Updated ComEd Rate Base (\$B)<sup>(4)</sup>



**Exelon Utilities Rate Base growing by \$5.5B, more than 25% from 2015 to 2018, despite impact of bonus depreciation**

(1) 2016: (\$0.06) ExGen, (\$0.03) ComEd; 2017: (\$0.07) ExGen, (\$0.04) ComEd; 2018: ComEd (\$0.05), BGE (\$0.01), PECO (\$0.01), ExGen \$0.01

(2) Numbers rounded to nearest \$25M

(3) Does not include PHI net income and represents adjusted (non-GAAP) operating earnings. Refer to slide 38 for a list of adjustments from GAAP EPS to adjusted (non-GAAP) operating earnings.

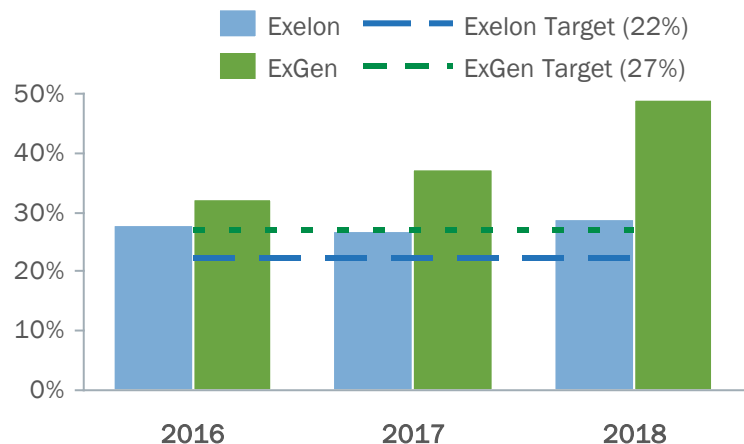
(4) Rate base represents end-of-year. Numbers may not add due to rounding

# Maintaining Investment Grade Credit Ratings is a Top Financial Priority

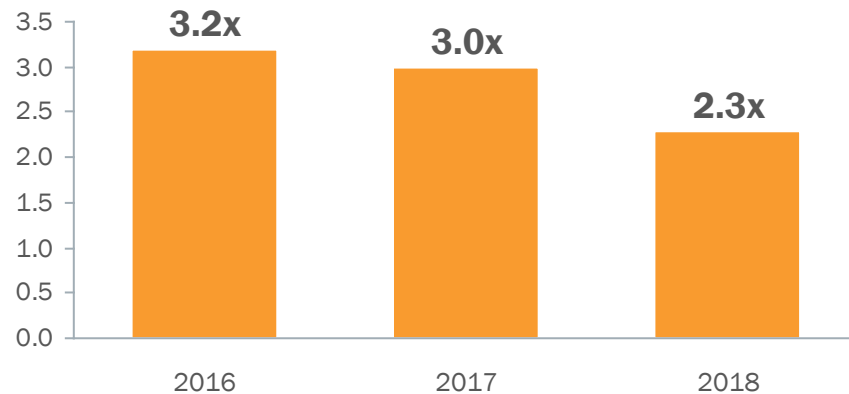
ZECJ-FIN-21

PUBLIC

## Exelon and ExGen S&P FFO/Debt %<sup>(1)</sup>



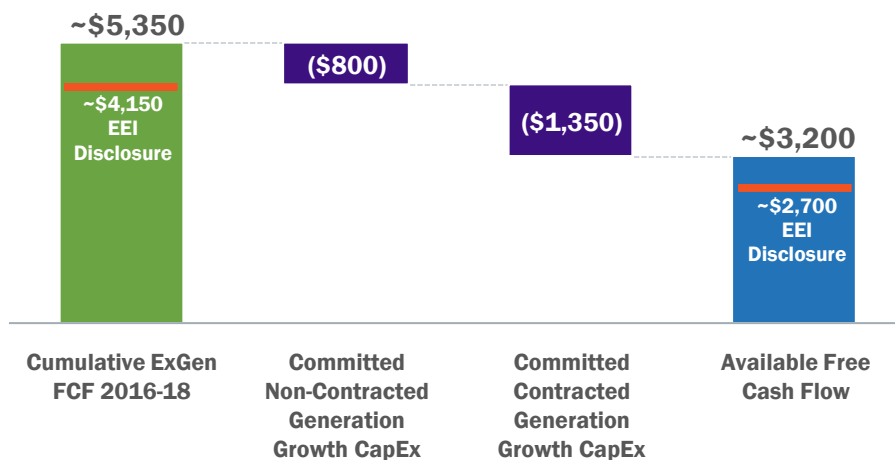
## ExGen Debt/EBITDA Ratio<sup>(5)</sup>



## Credit Ratings by Operating Company

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

## ExGen Free Cash Flow 2016-2018 (\$M)<sup>(6)</sup>



- Key credit metrics expected to remain above target after including PHI<sup>(4)</sup>

(1) Metrics exclude PHI and financing associated with PHI. Due to ring-fencing, S&P deconsolidates BGE's financial profile from Exelon and analyzes it solely as an equity investment

(2) Current senior unsecured ratings as of 2/2/2016 for Exelon, Exelon Generation and BGE and senior secured ratings for ComEd and PECO

(3) All ratings have "Stable" outlook, except for at Fitch, which has ComEd on "Positive" and Exelon on "Ratings Watch Negative," and Moody's, which has ComEd on "Positive" outlook

(4) Exelon Consolidated and ExGen thresholds based on the S&P Exelon Corp and ExGen Summary Reports published on August 5, 2015. On a combined basis with PHI, the consolidated threshold is 18%

(5) Reflects net book debt (YE debt less cash on hand) / adjusted operating EBITDA. EBITDA, a non-GAAP measure, is defined as earnings before interest, taxes, depreciation and amortization. Includes nuclear fuel amortization expense.

(6) Free Cash Flow = Adjusted Cash Flow from Operations less Base CapEx and Nuclear Fuel. Free Cash Flow is midpoint of a range based on December 31, 2015 market prices. Adjusted Cash Flow From Operations (non-GAAP) primarily includes net cash flows from operating activities and net cash flows from investing activities excluding capital expenditures. Includes an extension of bonus depreciation. Does not include impacts of PHI



# Cost Management Initiative Update

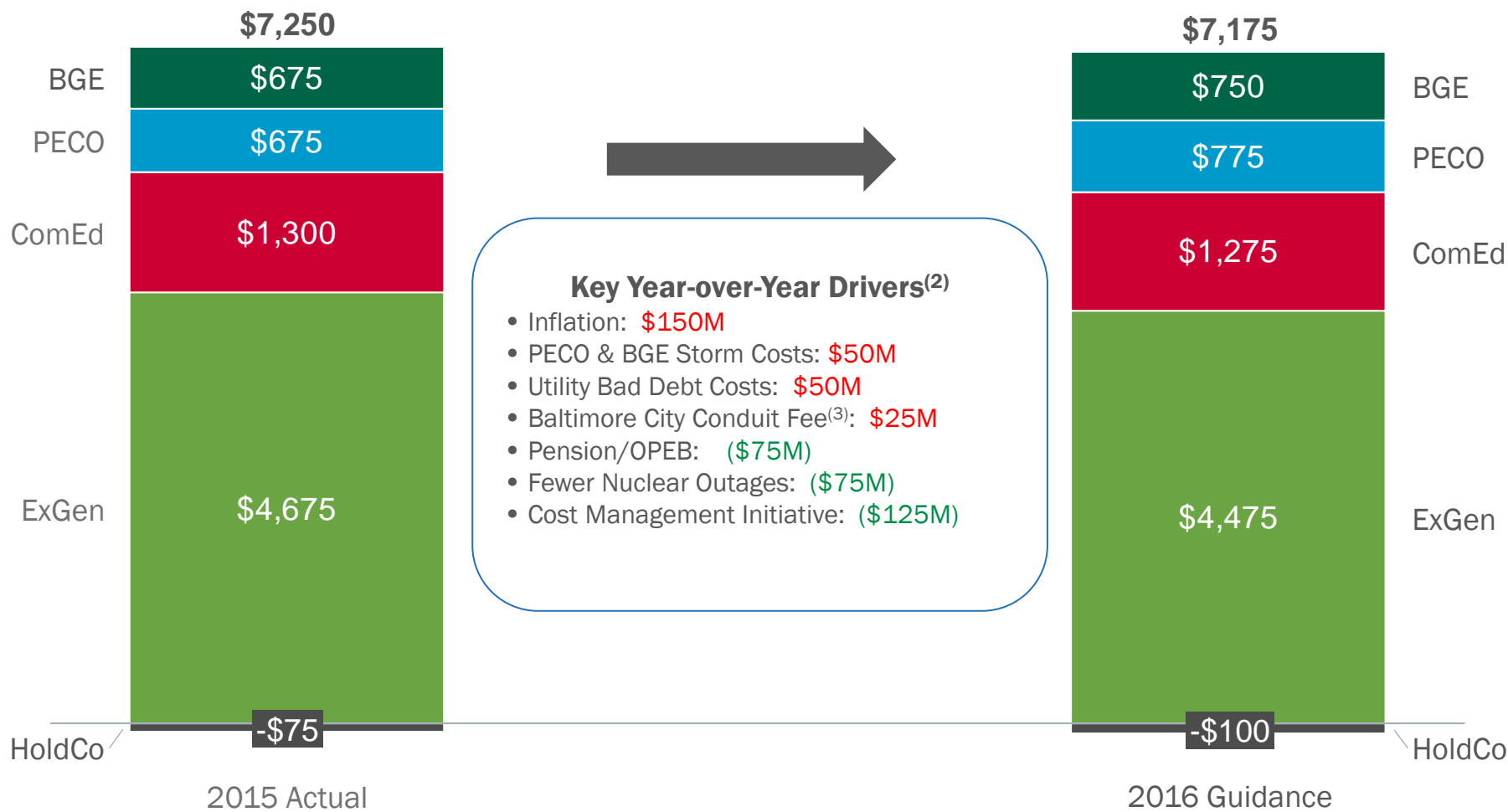
- **Cost savings of \$350M have been identified and incorporated into current long range plan, reflecting our high level of confidence in achieving the reductions**
- **Additional \$50 million of nuclear fuel savings already reflected in the hedge disclosure**
- **Savings to be achieved at:**
  - **Exelon Generation - \$175M**
  - **Corporate Shared Services - \$175M**
    - Approximately \$100M of savings coming from Information Technology organization
    - Remaining savings split among our centralized Corporate functions (e.g. Finance, Legal, Supply, and Human Resources)
    - Savings to be allocated roughly 50% to Exelon Generation and 50% to Exelon Utilities
- **Run-rate savings impact on EPS remains within range communicated at EEI (\$0.13 – \$0.18)<sup>(1)</sup>**
- **~35% of run-rate savings will be achieved by end of 2016**

**Our enterprise-wide O&M CAGR over the 2015 to 2018 period will be negative with a (1.0%) CAGR at Exelon Generation**

(1) Based on projected 2018 share count of 965M shares, which assumes PHI merger closes

# Adjusted O&M Forecast<sup>(1)</sup>

- 2016 forecast of \$7.18B<sup>(2)</sup>
- Expect CAGR of ~(-0.5)% for 2015-2018



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

(2) Refer to the Appendix for a reconciliation of adjusted (non-GAAP) O&M to GAAP O&M. Further, the Utilities adjusted O&M excludes regulatory O&M costs that are P&L neutral. ExGen adjusted O&M excludes direct cost of sales for certain Constellation businesses, P&L neutral decommissioning costs and the impact from O&M related to variable interest entities.

(3) The Baltimore City Board of Estimates' decision to more than triple the lease fee on BGE's approximately 12 million linear feet of electric cable in the City-owned conduit system became effective in Q4 2015.

# Exelon Generation: Gross Margin Update

	December 31, 2015			Change from Sept. 30, 2015		
Gross Margin Category (\$M) <sup>(1)</sup>	2016	2017	2018	2016	2017	2018
Open Gross Margin <sup>(3)</sup> (including South, West, Canada hedged gross margin)	\$5,200	\$5,800	\$6,150	\$(450)	-	\$50
Mark-to-Market of Hedges <sup>(3,4)</sup>	\$1,700	\$800	\$250	\$500	\$50	-
Power New Business / To Go	\$450	\$800	\$1,000	\$(50)	-	-
Non-Power Margins Executed	\$250	\$150	\$100	\$50	\$50	\$50
Non-Power New Business / To Go	\$200	\$300	\$400	\$(50)	\$(50)	\$(50)
<b>Total Gross Margin <sup>(2)</sup></b>	<b>\$7,800</b>	<b>\$7,850</b>	<b>\$7,900</b>	<b>-</b>	<b>\$50</b>	<b>\$50</b>

## Recent Developments

- Ginna RSSA reflected in gross margin updates
- Behind ratable hedging position reflects the fundamental upside we see in power prices
  - Generation ~37-40% open in 2017
  - Power position ~5-8% behind ratable, considering cross-commodity hedges

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

2) Total Gross Margin (Non-GAAP) is defined as operating revenues less purchased power and fuel expense, excluding revenue related to decommissioning, gross receipts tax, Exelon Nuclear Partners, operating services agreement with Fort Calhoun and variable interest entities. Total Gross Margin is also net of direct cost of sales for certain Constellation businesses. See Slide 29 for a Non-GAAP to GAAP reconciliation of Total Gross Margin.

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

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

# **Exelon Generation Disclosures**

**December 31, 2015**

# 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

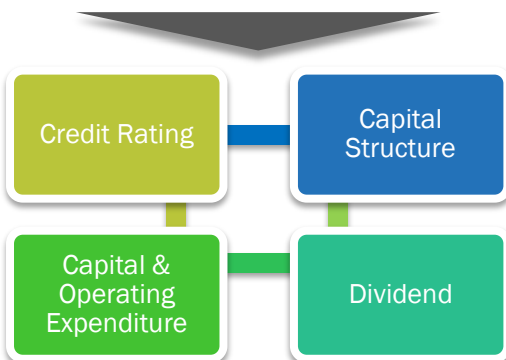
- Ensure stability in near-term cash flows and earnings
- Disciplined approach to hedging
- Tenor aligns with customer preferences and market liquidity
- Multiple channels to market that allow us to maximize margins
- Large open position in outer years to benefit from price upside

## Bull / Bear Program

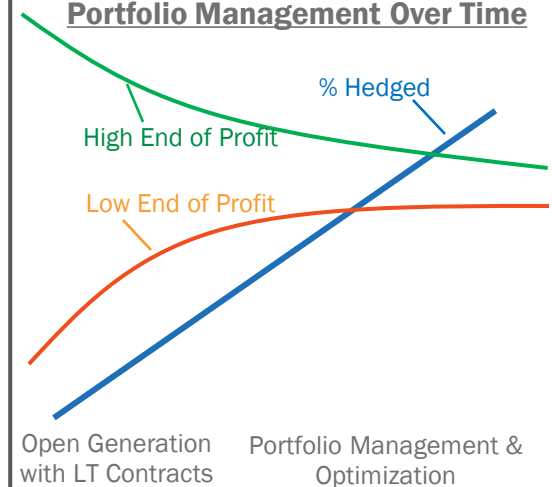
- Ability to exercise fundamental market views to create value within the ratable framework
- Modified timing of hedges versus purely ratable
- Cross-commodity hedging (heat rate positions, options, etc.)
- Delivery locations, regional and zonal spread relationships

## Align Hedging & Financials

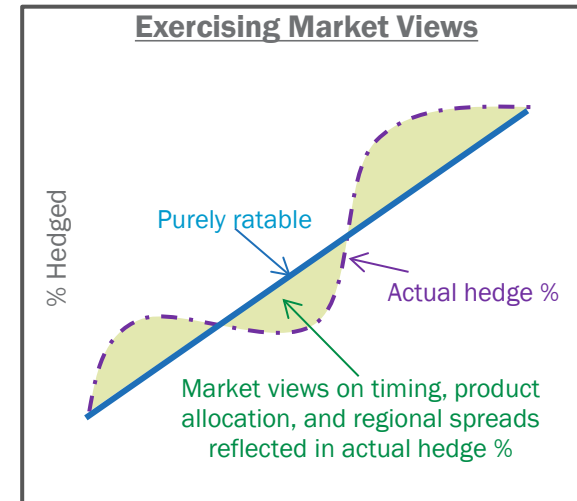
### Establishing Minimum Hedge Targets



## Portfolio Management Over Time



## Exercising Market Views

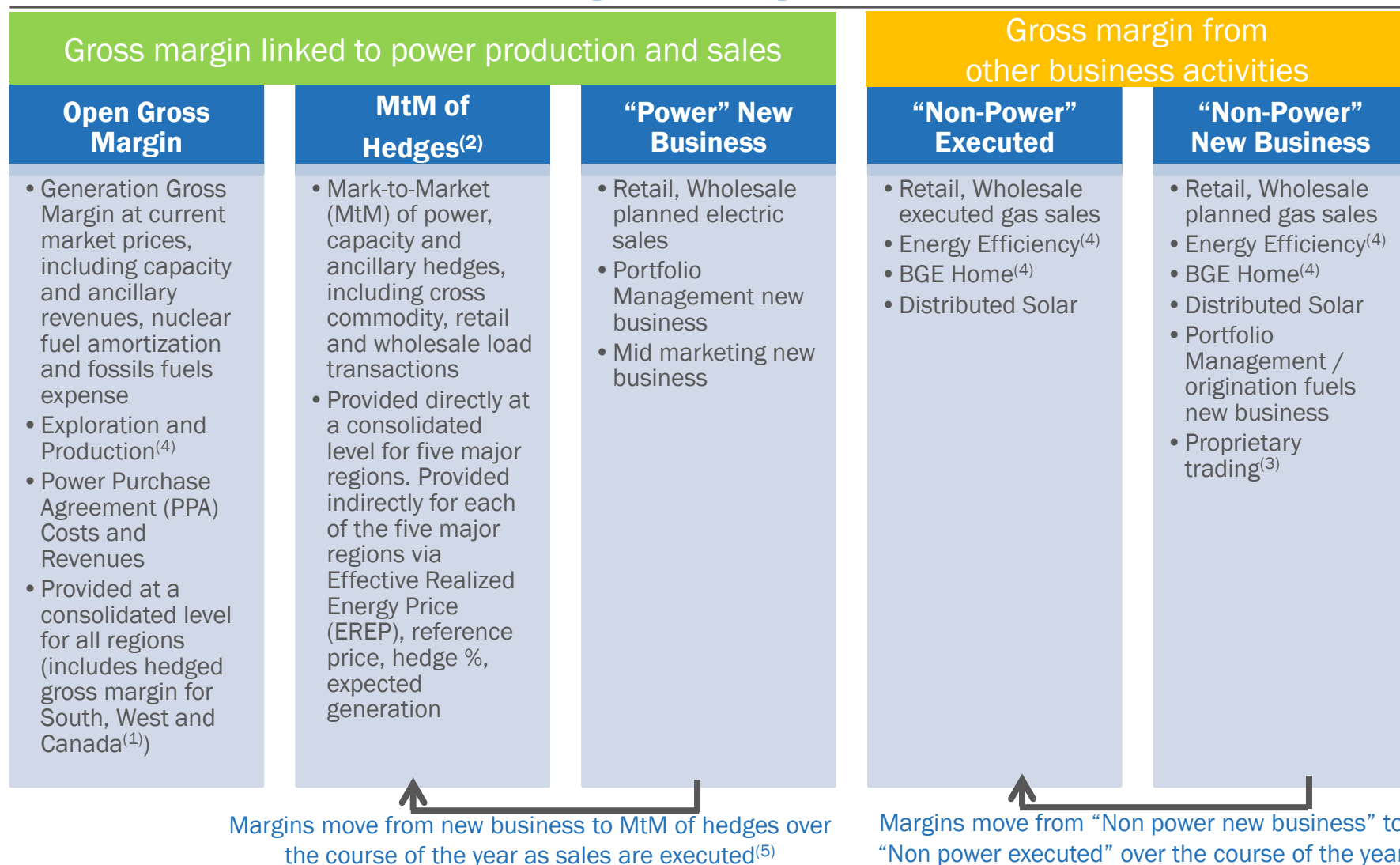


**Protect Balance Sheet**

**Ensure Earnings Stability**

**Create Value**

# Components of Gross Margin Categories



(1) Hedged gross margins for South, West & Canada regions will be included with Open Gross Margin, and 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>	2016	2017	2018
Open Gross Margin (including South, West & Canada hedged GM) <sup>(3)</sup>	\$5,200	\$5,800	\$6,150
Mark-to-Market of Hedges <sup>(3,4)</sup>	\$1,700	\$800	\$250
Power New Business / To Go	\$450	\$800	\$1,000
Non-Power Margins Executed	\$250	\$150	\$100
Non-Power New Business / To Go	\$200	\$300	\$400
<b>Total Gross Margin<sup>(2)</sup></b>	<b>\$7,800</b>	<b>\$7,850</b>	<b>\$7,900</b>

Reference Prices <sup>(5)</sup>	2016	2017	2018
Henry Hub Natural Gas (\$/MMbtu)	\$2.49	\$2.79	\$2.91
Midwest: NiHub ATC prices (\$/MWh)	\$28.46	\$29.23	\$29.22
Mid-Atlantic: PJM-W ATC prices (\$/MWh)	\$34.51	\$35.22	\$34.16
ERCOT-N ATC Spark Spread (\$/MWh) <i>HSC Gas, 7.2HR, \$2.50 VOM</i>	\$4.79	\$4.66	\$4.49
New York: NY Zone A (\$/MWh)	\$31.82	\$34.52	\$33.60
New England: Mass Hub ATC Spark Spread(\$/MWh) <i>ALQN Gas, 7.5HR, \$0.50 VOM</i>	\$9.60	\$11.32	\$9.71

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

(2) Total Gross Margin (Non-GAAP) is defined as operating revenues less purchased power and fuel expense, excluding revenue related to decommissioning, gross receipts tax, Exelon Nuclear Partners, operating services agreement with Fort Calhoun and variable interest entities. Total Gross Margin is also net of direct cost of sales for certain Constellation businesses. See Slide 29 for a Non-GAAP to GAAP reconciliation of Total Gross Margin.

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

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

(5) Based on December 31, 2015 market conditions

# ExGen Disclosures

Generation and Hedges	2016	2017	2018
<u>Exp. Gen (GWh)<sup>(1)</sup></u>	<b>199,900</b>	<b>206,500</b>	<b>207,400</b>
Midwest	97,300	96,400	96,800
Mid-Atlantic <sup>(2)</sup>	63,600	61,600	60,700
ERCOT	17,400	26,500	31,500
New York <sup>(2)</sup>	9,300	9,200	9,100
New England	12,300	12,800	9,300
<u>% of Expected Generation Hedged<sup>(3)</sup></u>	<b>90%-93%</b>	<b>60%-63%</b>	<b>28%-31%</b>
Midwest	88%-91%	55%-58%	21%-24%
Mid-Atlantic <sup>(2)</sup>	91%-94%	64%-67%	35%-38%
ERCOT	98%-101%	67%-70%	32%-35%
New York <sup>(2)</sup>	83%-86%	71%-74%	41%-44%
New England	94%-97%	49%-52%	16%-19%
<u>Effective Realized Energy Price (\$/MWh)<sup>(4)</sup></u>			
Midwest	\$34.50	\$33.50	\$33.00
Mid-Atlantic <sup>(2)</sup>	\$47.00	\$46.00	\$42.50
ERCOT <sup>(5)</sup>	\$11.00	\$8.00	\$3.50
New York <sup>(2)</sup>	\$58.50	\$44.50	\$38.00
New England <sup>(5)</sup>	\$20.50	\$14.50	\$7.00

(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 12 refueling outages in 2016, 15 in 2017, and 14 in 2018 at Exelon-operated nuclear plants, and Salem. Expected generation assumes capacity factors of 94.1%, 93.4% and 93.7% in 2016, 2017 and 2018 respectively at Exelon-operated nuclear plants, at ownership. These estimates of expected generation in 2017 and 2018 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 and RPM capacity revenue, 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.

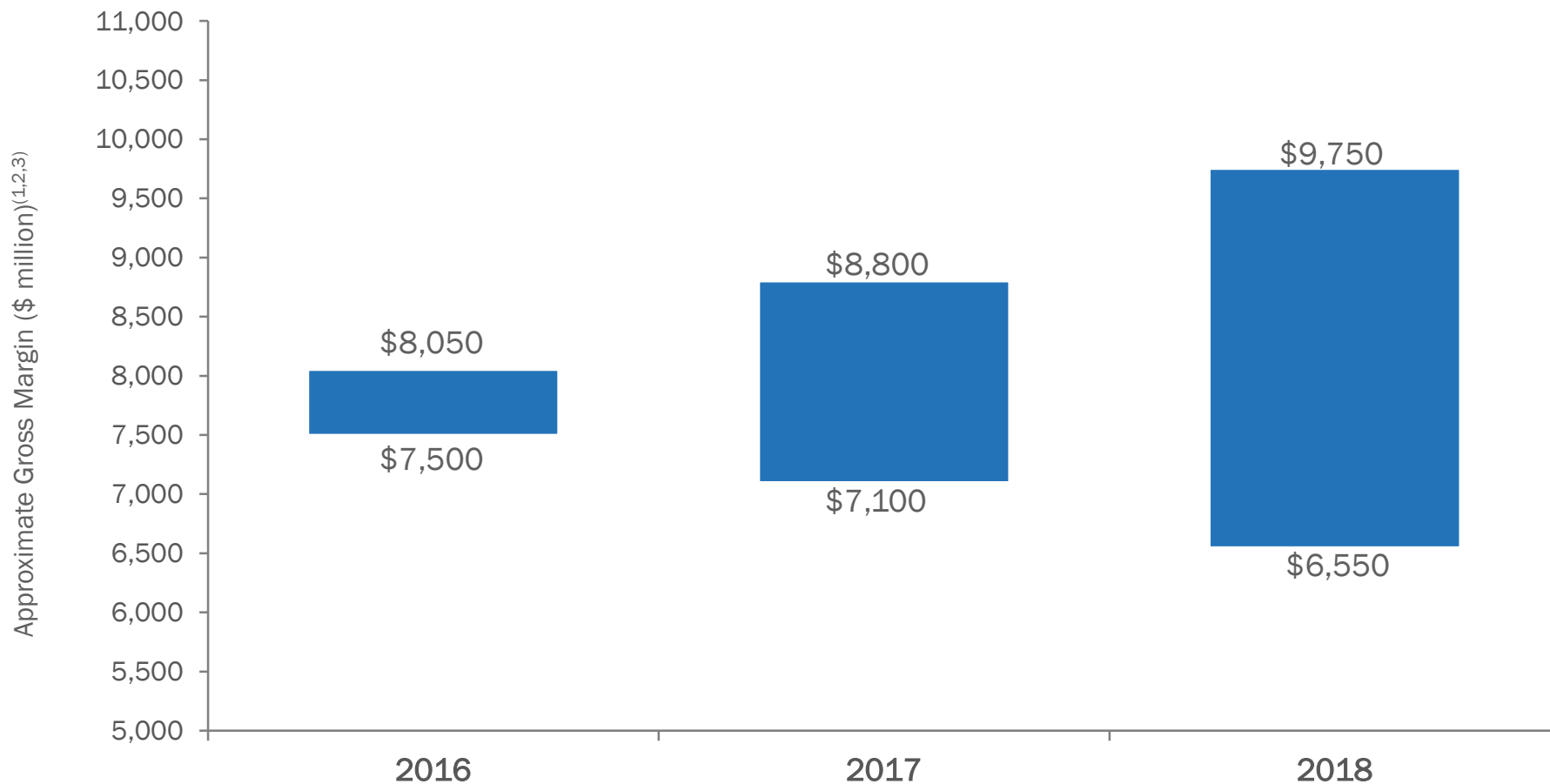


# ExGen Hedged Gross Margin Sensitivities

Gross Margin Sensitivities (With Existing Hedges) <sup>(1)</sup>	2016	2017	2018
Henry Hub Natural Gas (\$/Mmbtu)			
+ \$1/Mmbtu	\$10	\$380	\$695
- \$1/Mmbtu	\$(5)	\$(380)	\$(695)
NiHub ATC Energy Price			
+ \$5/MWh	\$55	\$225	\$380
- \$5/MWh	\$(50)	\$(220)	\$(380)
PJM-W ATC Energy Price			
+ \$5/MWh	\$15	\$100	\$200
- \$5/MWh	\$(10)	\$(110)	\$(205)
NYPP Zone A ATC Energy Price			
+ \$5/MWh	\$5	\$15	\$25
- \$5/MWh	\$(5)	\$(15)	\$(25)
Nuclear Capacity Factor			
+/- 1%	+/- \$40	+/- \$40	+/- \$40

(1) Based on December 31, 2015 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 prices sensitivities are derived by adjusting the power price assumption while keeping all other prices 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 2017 and 2018 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 December 31, 2015
- (2) Gross Margin Upside/Risk based on commodity exposure which includes open generation and all committed transactions
- (3) Gross Margin (Non-GAAP) is defined as operating revenues less purchased power and fuel expense, excluding revenue related to decommissioning, gross receipts tax, Exelon Nuclear Partners, operating services agreement with Fort Calhoun and variable interest entities. Total Gross Margin is also net of direct cost of sales for certain Constellation businesses. See Slide 29 for a Non-GAAP to GAAP reconciliation of Total Gross Margin. Excludes EDF's equity ownership share of the CENG Joint Venture.

# Illustrative Example of Modeling Exelon Generation 2017 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><div></div><div>\$5.8 billion</div><div></div></div>					
(B)	Expected Generation (TWh)	96.4	61.6	26.5	9.2	12.8	
(C)	Hedge % (assuming mid-point of range)	56.5%	65.5%	68.5%	72.5%	50.5%	
(D=B*C)	Hedged Volume (TWh)	54.5	40.3	18.2	6.7	6.5	
(E)	Effective Realized Energy Price (\$/MWh)	\$33.50	\$46.00	\$8.00	\$44.50	\$14.50	
(F)	Reference Price (\$/MWh)	\$29.23	\$35.22	\$4.66	\$34.52	\$11.32	
(G=E-F)	Difference (\$/MWh)	\$4.27	\$10.78	\$3.34	\$9.98	\$3.18	
(H=D*G)	Mark-to-market value of hedges (\$ million) <sup>(1)</sup>	\$235	\$435	\$60	\$65	\$20	
(I=A+H)	Hedged Gross Margin (\$ million)	\$6,600					
(J)	Power New Business / To Go (\$ million)	\$800					
(K)	Non-Power Margins Executed (\$ million)	\$150					
(L)	Non-Power New Business / To Go (\$ million)	\$300					
(N=I+J+K+L)	Total Gross Margin <sup>(2)</sup>	\$7,850 million					

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

(2) Total Gross Margin (Non-GAAP) is defined as operating revenues less purchased power and fuel expense, excluding revenue related to decommissioning, gross receipts tax, Exelon Nuclear Partners operating services agreement with Fort Calhoun and variable interest entities. Total Gross Margin is also net of direct cost of sales for certain Constellation businesses. See Slide 29 for a Non-GAAP to GAAP reconciliation of Total Gross Margin.

# **Additional Disclosures**

# Exelon Utilities Adjusted Operating EPS Contribution<sup>(1)</sup>

■ BGE ■ PECO ■ ComEd

## Key Drivers – 4Q15<sup>(2)</sup> vs. 4Q14:



### **BGE (+0.02):**

- Increased revenues due to increased distribution rates and transmission earnings: \$0.02

### **PECO (-0.02):**

- Unfavorable weather (RNF): \$(0.03)
- Decreased uncollectible accounts expense: \$0.01

### **ComEd (+0.00):**

- Unfavorable weather and volume<sup>(3)</sup>: \$(0.02)
- Increased distribution<sup>(3)</sup> and transmission earnings due to increased capital investments: \$0.02

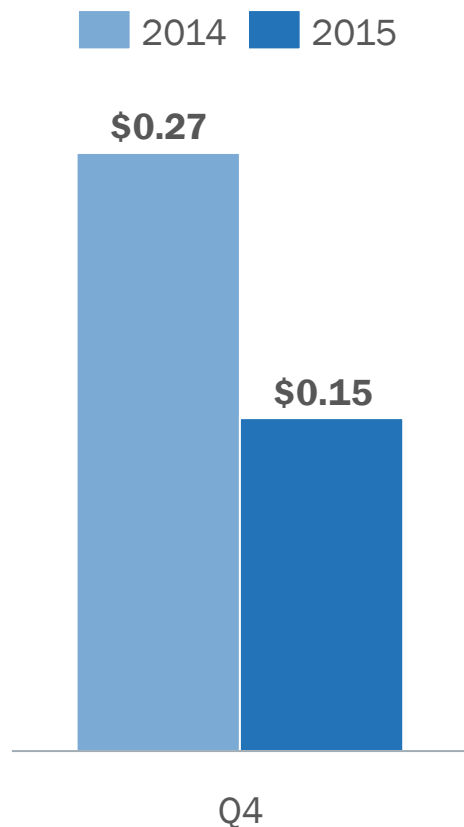
Numbers may not add due to rounding.

(1) Refer to the Earnings Release Attachments for additional details and to the Appendix for a reconciliation of adjusted (non-GAAP) operating EPS to GAAP EPS.

(2) There is a \$(0.01) share differential impact spread across the utilities in Q4 2015.

(3) Due to the distribution formula rate, changes in ComEd's earnings are driven primarily by changes in 30-year U.S. Treasury rates (inclusive of ROE), rate base and capital structure in addition to weather, load and changes in customer mix.

# ExGen Adjusted Operating EPS Contribution<sup>(1)</sup>



## Key Drivers – Q4 2015 vs. Q4 2014

### ExGen (-0.12):

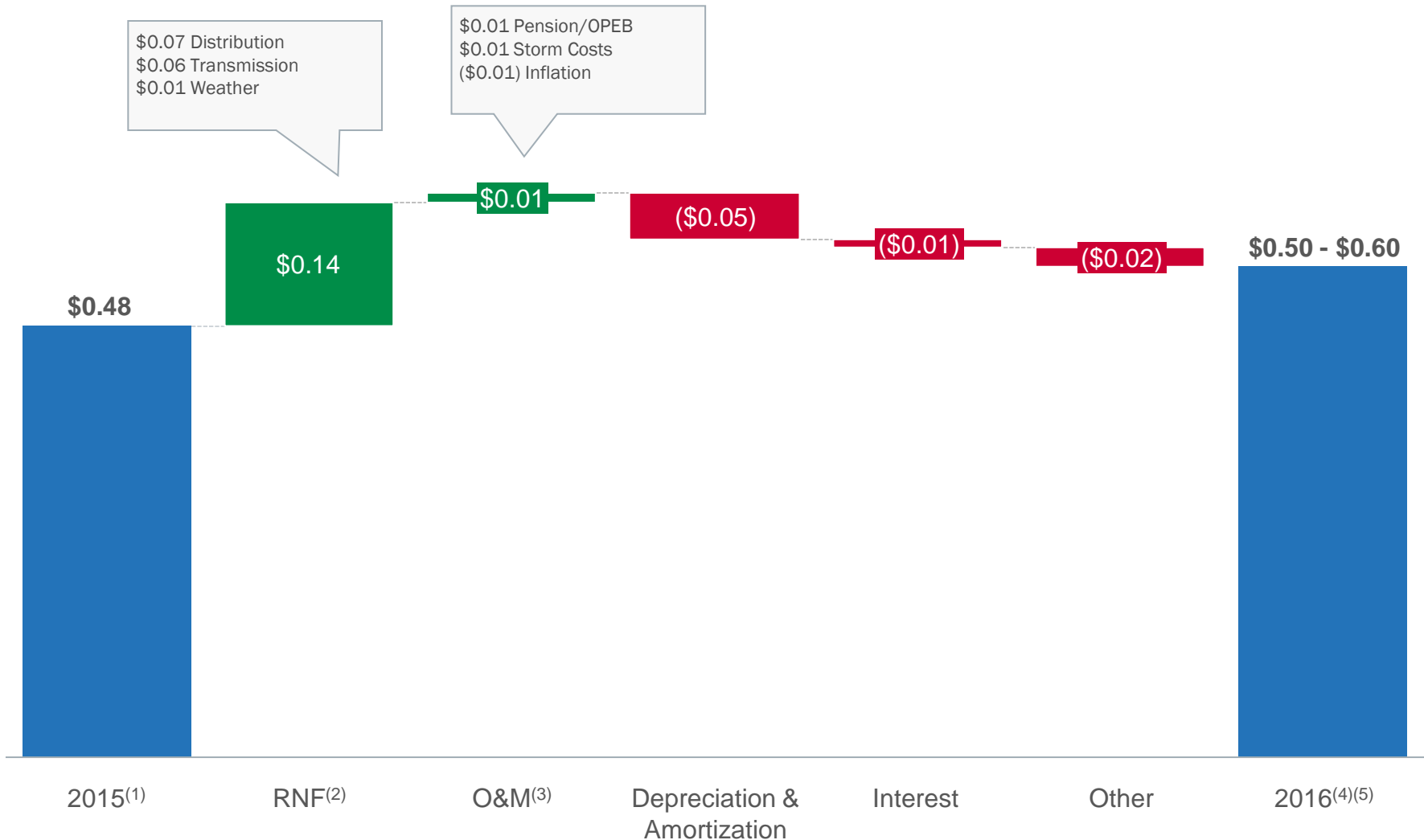
- Increased costs primarily due to timing of nuclear projects: \$(0.03)
- Unfavorable impact associated with nuclear refueling outages: \$(0.05)
- Higher depreciation costs primarily due to increased nuclear decommissioning amortization and ongoing capital expenditures: \$(0.02)
- Favorable settlement of certain state income tax positions: \$0.04
- Other: \$(0.04)
- Share differential: \$(0.02)

(excludes Salem)	<u>Q4 2014 Actual</u>	<u>Q4 2015 Actual</u>
<b>Planned Refueling Outage Days</b>	97	103
<b>Non-refueling Outage Days</b>	8	21
<b>Nuclear Capacity Factor</b>	94.8%	93.3%

Numbers may not add due to rounding

(1) Refer to the Earnings Release Attachments for additional details and to the Appendix for a reconciliation of adjusted (non-GAAP) operating EPS to GAAP EPS.

# ComEd Adjusted Operating EPS Bridge 2015 to 2016



Note: Drivers add up to mid-point of 2016 adjusted operating EPS range

(1) Refer to the Earnings Release Attachments for additional details and to the Appendix for a reconciliation of adjusted (non-GAAP) operating EPS to GAAP EPS.

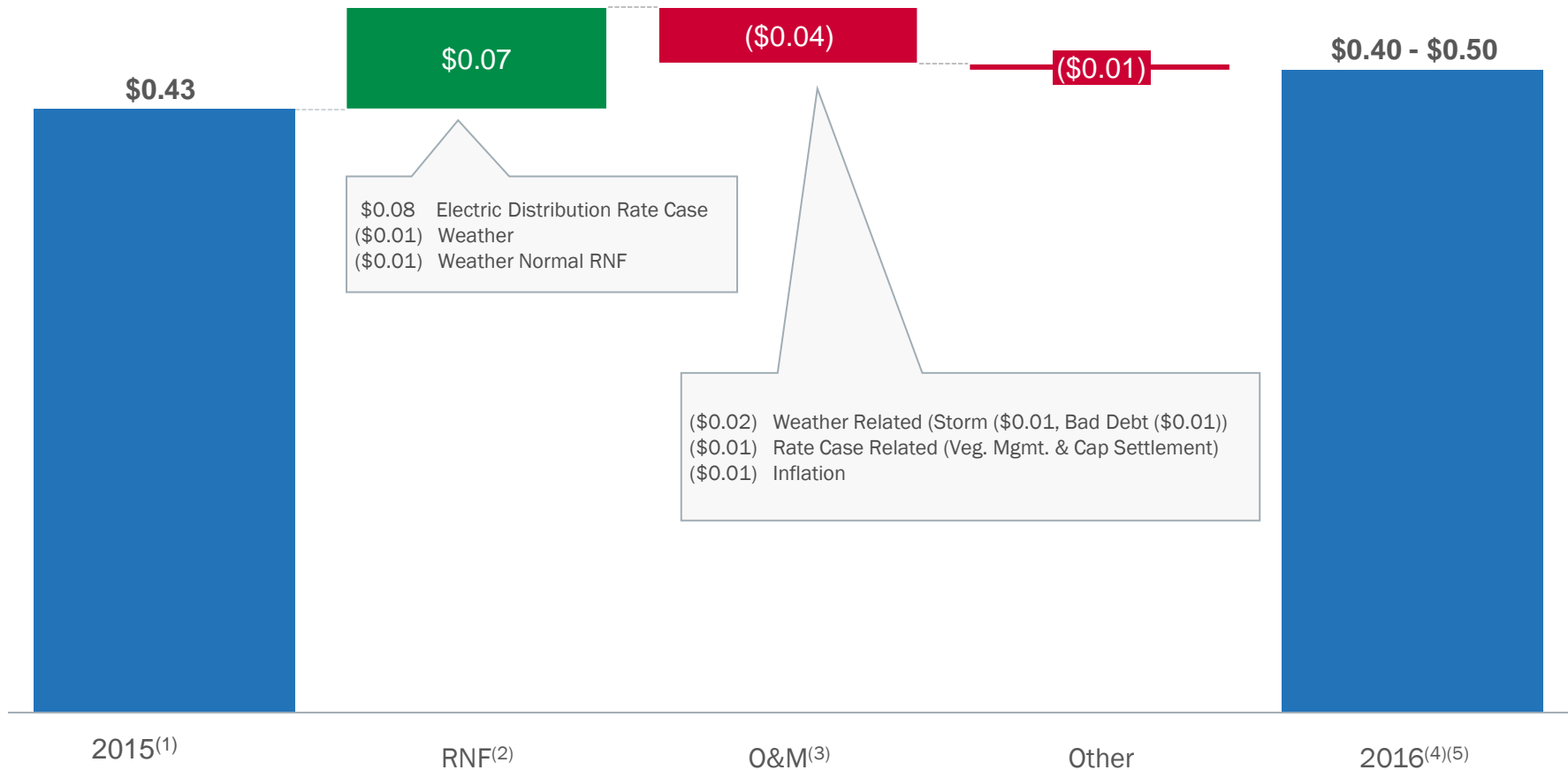
(2) Revenue net fuel (RNF) is defined as operating revenues less purchased power and fuel expense.

(3) O&M excludes regulatory items that are P&L neutral.

(4) Shares Outstanding (diluted) are 893M in 2015 and 890M in 2016. Refer to slide 38 for a reconciliation of adjusted (non-GAAP) operating EPS guidance to GAAP EPS.

(5) Guidance assumes an effective tax rate for 2016 of 39.6%.

# PECO Adjusted Operating EPS Bridge 2015 to 2016



Note: Drivers add up to mid-point of 2016 adjusted operating EPS range

(1) Refer to the Earnings Release Attachments for additional details and to the Appendix for a reconciliation of adjusted (non-GAAP) operating EPS to GAAP EPS.

(2) Revenue net fuel (RNF) is defined as operating revenues less purchased power and fuel expense.

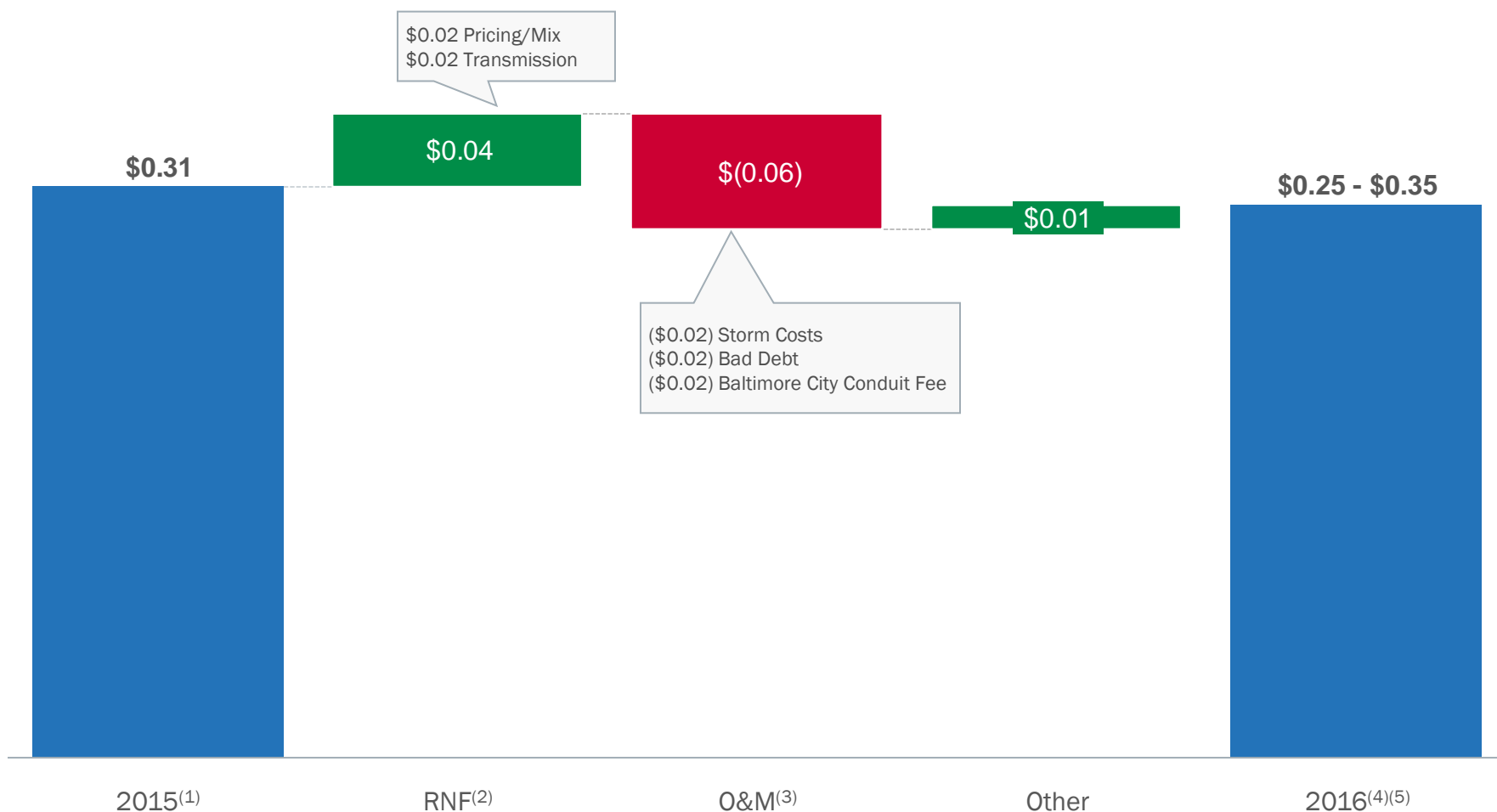
(3) O&M excludes regulatory items that are P&L neutral.

(4) Shares Outstanding (diluted) are 893M in 2015 and 890M in 2016. Refer to slide 38 for a reconciliation of adjusted (non-GAAP) operating EPS guidance to GAAP EPS.

(5) Guidance assumes an effective tax rate for 2016 of 26.9%.



# BGE Adjusted Operating EPS Bridge 2015 to 2016



Note: Drivers add up to mid-point of 2016 adjusted operating EPS range.

(1) Refer to the Earnings Release Attachments for additional details and to the Appendix for a reconciliation of adjusted (non-GAAP) operating EPS to GAAP EPS.

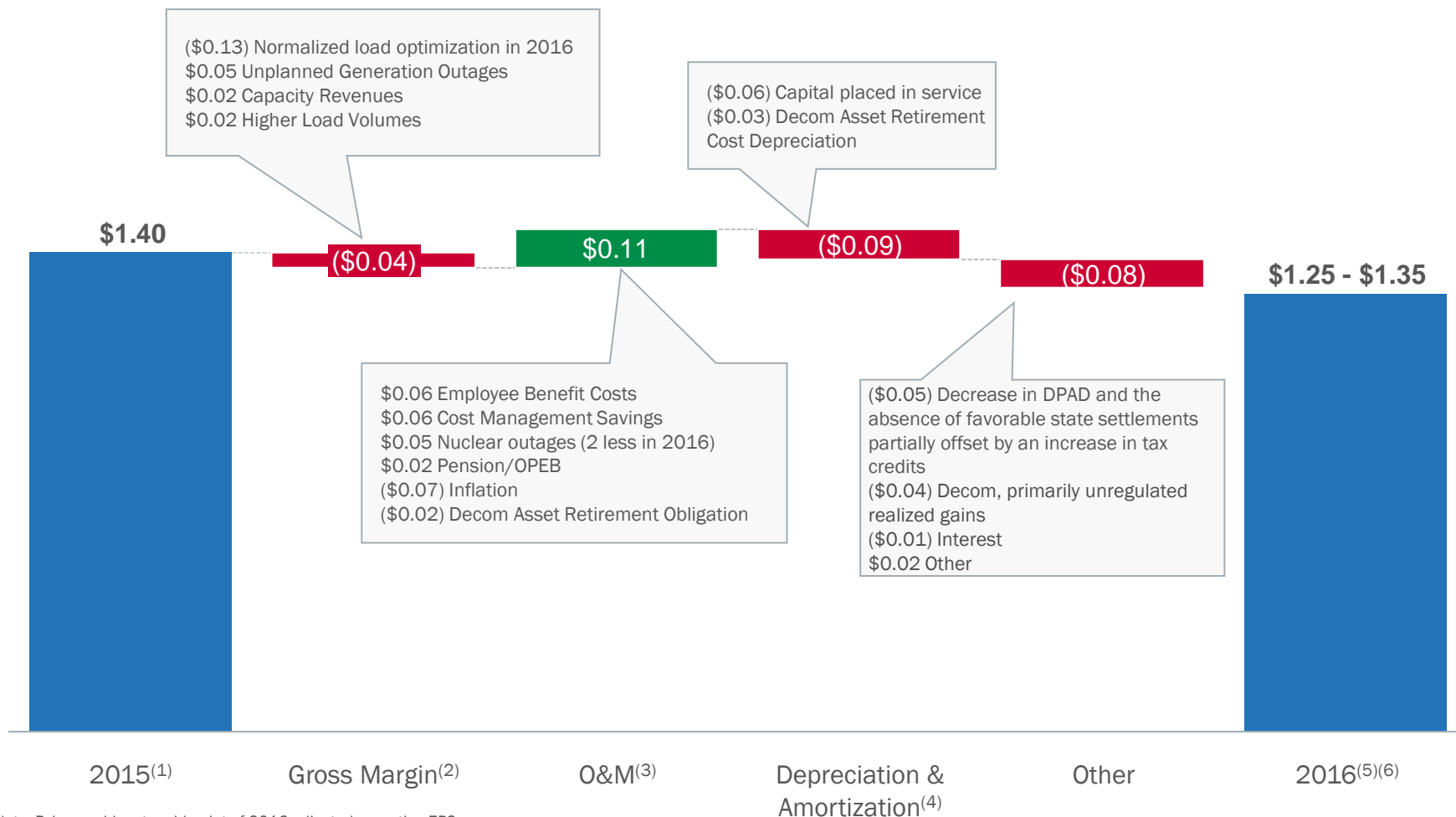
(2) Revenue net fuel (RNF) is defined as operating revenues less purchased power and fuel expense.

(3) O&M excludes regulatory items that are P&L neutral.

(4) Shares Outstanding (diluted) are 893M in 2015 and 890M in 2016. Refer to slide 38 for a reconciliation of adjusted (non-GAAP) operating EPS guidance to GAAP EPS.

(5) Guidance assumes an effective tax rate for 2016 of 39.5%.

# ExGen Adjusted Operating EPS Bridge 2015 to 2016



Note: Drivers add up to mid-point of 2016 adjusted operating EPS range.

(1) Refer to the Earnings Release Attachments for additional details and to the Appendix for a reconciliation of adjusted (non-GAAP) operating EPS to GAAP EPS.

(2) Gross Margin (Non-GAAP) is defined as operating revenues less purchased power and fuel expense, excluding revenue related to decommissioning, gross receipts tax, Exelon Nuclear Partners, operating services agreement with Fort Calhoun and variable interest entities. Total Gross Margin is also net of direct cost of sales for certain Constellation businesses. See Slide 29 for a Non-GAAP to GAAP reconciliation of Total Gross Margin.

(3) O&M excludes items that are P&L neutral (including decommissioning costs and variable interest entities) and direct cost of sales for certain Constellation businesses.

(4) Depreciation & Amortization excludes cost of sales for certain Constellation businesses, which are included in gross margin

(5) Shares Outstanding (diluted) are 893M in 2015 and 890M in 2016. Refer to slide 38 for a reconciliation of adjusted (non-GAAP) operating EPS guidance to GAAP EPS.

(6) Guidance assumes an effective tax rate for 2016 of 34%.

# 2016 Projected Sources and Uses of Cash

(\$ in millions) <sup>(1)</sup>	BGE	ComEd	PECO	Total Utilities	ExGen	Corp <sup>(8)</sup>	Exelon 2016E	Cash Balance
<b>Beginning Cash Balance<sup>(2)</sup></b>								<b>7,750</b>
Adjusted Cash Flow from Operations <sup>(2,3)</sup>	650	1,575	700	2,925	3,725	(425)	6,225	
Base CapEx and Nuclear Fuel <sup>(4)</sup>	0	0	0	0	(2,475)	(100)	(2,550)	
<b>Free Cash Flow</b>	<b>650</b>	<b>1,575</b>	<b>700</b>	<b>2,925</b>	<b>1,250</b>	<b>(525)</b>	<b>3,650</b>	
Debt Issuances	750	950	450	2,150	0	0	2,150	
Debt Retirements	(300)	(675)	(300)	(1,275)	0	(1,875)	(3,150)	
Project Financing	n/a	n/a	n/a	n/a	100	n/a	100	
Equity Buyback	0	0	0	0	0	(1,600)	(1,600)	
Contribution from Parent	0	475	0	475	0	(475)	0	
Other Financing <sup>(5)</sup>	(75)	450	25	400	0	1,075	1,475	
<b>Financing</b>	<b>375</b>	<b>1,200</b>	<b>175</b>	<b>1,750</b>	<b>100</b>	<b>(2,875)</b>	<b>(1,025)</b>	
<b>Total Free Cash Flow and Financing Growth</b>	<b>1,025</b>	<b>2,775</b>	<b>850</b>	<b>4,675</b>	<b>1,375</b>	<b>(3,400)</b>	<b>2,625</b>	
Utility Investment	(825)	(2,425)	(675)	(3,950)	0	0	(3,950)	
ExGen Growth <sup>(4)</sup>	0	0	0	0	(1,325)	0	(1,325)	
Acquisitions and Divestitures <sup>(6)</sup>	0	0	0	0	0	0	0	
Equity Investments <sup>(6)</sup>	0	0	0	0	(125)	0	(125)	
Dividend <sup>(7)</sup>	0	0	0	0	0	(1,150)	(1,150)	
<b>Other CapEx and Dividend</b>	<b>(825)</b>	<b>(2,425)</b>	<b>(675)</b>	<b>(3,950)</b>	<b>(1,450)</b>	<b>(1,150)</b>	<b>(6,550)</b>	
<b>Total Cash Flow, excl. Collateral</b>	<b>200</b>	<b>350</b>	<b>175</b>	<b>725</b>	<b>(100)</b>	<b>(4,550)</b>	<b>(3,900)</b>	
<b>Ending Cash Balance<sup>(2)</sup></b>								<b>3,850</b>

- (1) All amounts rounded to the nearest \$25M. Figures may not add due to rounding.
- (2) Excludes counterparty collateral activity.
- (3) Adjusted Cash Flow from Operations (non-GAAP) primarily includes net cash flows from operating activities and net cash flows from investing activities excluding capital expenditures.
- (4) Figures reflect cash CapEx and CENG fleet at 100%
- (5) Other Financing primarily includes expected changes in short-term debt and tax sharing from the parent.
- (6) Acquisitions and Divestitures and Equity Investments previously captured in Adjusted Cash Flow from Operations
- (7) Dividends are subject to declaration by the Board of Directors.
- (8) Includes cash flow activity from Holding Company, eliminations, and other corporate entities.

## Consistent and reliable free cash flows

*Operational excellence and financial discipline drives free cash flow reliability*

- ✓ Generating ~\$3.7B of free cash flow in 2016, including \$1.3B at ExGen and \$2.9B at the Utilities

## Supported by a strong balance sheet

*Strong balance sheet enables flexibility to raise and deploy capital for growth*

- ✓ Exelon intends to return capital to shareholders and bondholders, if the merger is not approved

## Enable growth & value creation

*Creating value for customers, communities and shareholders*

- ✓ Investing \$5.3B, with \$4.0B at the Utilities and \$1.3B at ExGen

# Pension and OPEB Contributions and Expense

	2015		2016	
(in \$M)	Pre-Tax Expense <sup>(1)</sup>	Contributions	Pre-Tax Expense <sup>(1)</sup>	Contributions <sup>(2)</sup>
Qualified Pension <sup>(3)(4)</sup>	\$425	\$450	\$370	\$250
Non-Qualified Pension	15	15	15	20
OPEB <sup>(3)(4)</sup>	30	40	5	35
<b>Total</b>	<b>\$470</b>	<b>\$505</b>	<b>\$390</b>	<b>\$305</b>

(1) Pension and OPEB expenses assume a ~26% and ~28% capitalization rate in 2015 and 2016, respectively

(2) The Balanced Funding Strategy for the Qualified Plans provides pension funding of the greater of \$250M or minimum required contributions plus amounts required to avoid benefit restrictions and at-risk status

(3) Expected return on assets for pension is 7.00% and for OPEB is 6.70% for 2016

(4) Pension and OPEB discount rates are 4.29% for the majority of plans at 12/31/15

# Additional ExGen Modeling Data

Total Gross Margin Reconciliation (in \$M) <sup>(1)</sup>	2016	2017	2018
Revenue Net of Purchased Power and Fuel Expense <sup>(2)(3)</sup>	\$8,475	\$8,475	\$8,525
Other Revenues <sup>(4)</sup>	\$(325)	\$(325)	\$(325)
Direct cost of sales incurred to generate revenues for certain Constellation businesses <sup>(5)</sup>	\$(350)	\$(300)	\$(300)
<b>Total Gross Margin (Non-GAAP, as shown on slide 11)</b>	<b>\$7,800</b>	<b>\$7,850</b>	<b>\$7,900</b>

Key ExGen Modeling Inputs (in \$M) <sup>(1)(6)</sup>	2016
Other Revenues (excluding Gross Receipts Tax) <sup>(4)</sup>	\$200
O&M <sup>(7)</sup>	\$(4,475)
Taxes Other Than Income (TOTI) <sup>(8)</sup>	\$(350)
Depreciation & Amortization <sup>(9)</sup>	\$(1,075)
Interest Expense	\$(375)
<b>Effective Tax Rate</b>	<b>34.0%</b>

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

(2) Revenue net of purchased power and fuel expense (RNF), a non-GAAP measure, is calculated as the GAAP measure of operating revenue less the GAAP measure of purchased power and fuel expense. ExGen does not forecast the GAAP components of RNF separately. 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 operating services agreement with Fort Calhoun, 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 and depreciation expense of certain Constellation businesses of Generation.

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

(7) ExGen adjusted O&M excludes direct cost of sales for certain Constellation business, P&L neutral decommissioning costs and the impact from O&M related to variable interest entities. Refer to the Appendix for a reconciliation of adjusted (non-GAAP) O&M to GAAP O&M

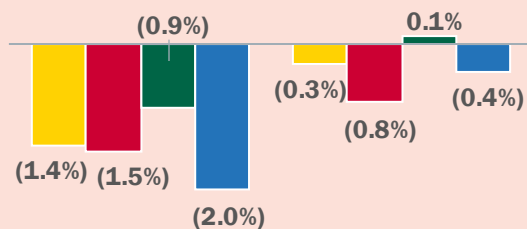
(8) TOTI excludes gross receipts tax of \$125M

(9) Depreciation & Amortization excludes the cost of sales impact of ExGen's non-power businesses of \$25M

# Exelon Utilities Load

■ All Customers 
 ■ Residential 
 ■ Small C&I 
 ■ Large C&I

## ComEd



2015

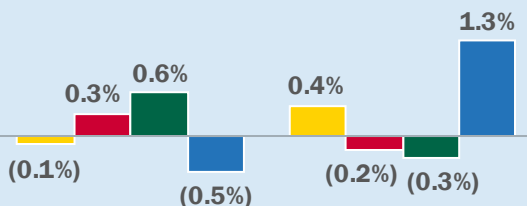
2016E

Chicago GMP 2.3%

Chicago Unemployment 5.8%

2016 load is driven by impacts of energy efficiency partially offset by slowly improving economy that result in 2016 usage being lower than 2015

## PECO



2015

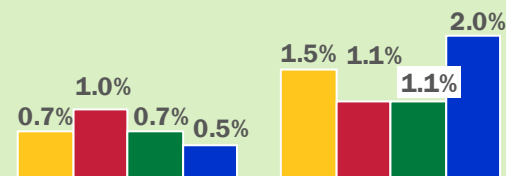
2016E

Philadelphia GMP 1.4%

Philadelphia Unemployment 5.3%

2016 load growth is driven by slowly improving economic conditions coupled with solid residential customer growth, partially offset by energy efficiency

## BGE



2015

2016E

Baltimore GMP 2.4%

Baltimore Unemployment 5.3%

2016 load growth is greater than 2015, attributed to improving economic conditions and moderate customer growth, partially offset by energy efficiency

Notes: Data is weather normalized and not adjusted for leap year. Source of economic outlook data is IHS (December 2015). Assumes 2015 GDP of 2.5% and U.S. unemployment of 5.0%. ComEd has the ROE collar as part of the distribution formula rate and BGE is decoupled which mitigates the load risk. QTD and YTD actual data can be found in earnings release tables. BGE amounts have been adjusted for prior quarter true-ups.

# ComEd April 2015 Distribution Formula Rate

The 2015 distribution formula rate filing established the net revenue requirement used to set the rates that took effect in January 2016 after the Illinois Commerce Commission's (ICC's) review. There are two components to the annual distribution formula rate filing:

- **Filing Year:** Based on 2014 costs and 2015 projected plant additions.
- **Annual Reconciliation:** For 2014, this amount reconciles the revenue requirement reflected in rates in effect during 2014 to the actual costs for that year. The annual reconciliation impacts cash flow in 2016 but the earnings impact has been recorded in 2014 as a regulatory asset.

<b>Docket #</b>	<b>15-0287</b>
<b>Filing Year</b>	<b>2014 Calendar Year Actual Costs and 2015 Projected Net Plant Additions</b> are used to set the rates for calendar year 2016. Rates currently in effect (docket 14-0312) for calendar year 2015 were based on 2013 actual costs and 2014 projected net plant additions
<b>Reconciliation Year</b>	<b>Reconciles Revenue Requirement reflected in rates during 2014 to 2014 Actual Costs Incurred.</b> Revenue requirement for 2014 is based on docket 13-0318 (2012 actual costs and 2013 projected net plant additions) approved in December 2013 and reflects the impacts of PA 98-0015 (SB9)
<b>Common Equity Ratio</b>	<b>~ 46%</b> for both the filing and reconciliation year
<b>ROE</b>	<b>9.14%</b> for the filing year (2014 30-yr Treasury Yield of 3.34% + 580 basis point risk premium) and <b>9.09%</b> for the reconciliation year (2014 30-yr Treasury Yield of 3.34% + 580 basis point risk premium – 5 basis points performance metrics penalty). For 2015 and 2016, the actual allowed ROE reflected in net income will ultimately be based on the average of the 30-year Treasury Yield during the respective years plus 580 basis point spread, absent any metric penalties
<b>Requested Rate of Return</b>	<b>~ 7%</b> for both the filing and reconciliation years
<b>Rate Base</b>	<b>\$8,277 million</b> – Filing year (represents projected year-end rate base using 2014 actual plus 2015 projected capital additions). 2015 and 2016 earnings will reflect 2015 and 2016 year-end rate base respectively. \$7,082 million - Reconciliation year (represents year-end rate base for 2014)
<b>Revenue Requirement Decrease</b>	<b>\$67M decrease</b> (\$152M decrease due to the 2014 reconciliation offset by a \$85M increase related to the filing year). The 2014 reconciliation impact on net income was recorded in 2014 as a regulatory asset.
<b>Timeline</b>	<ul style="list-style-type: none"> <li>• 04/15/15 Filing Date</li> <li>• 240 Day Proceeding</li> </ul>

**Given the retroactive ratemaking provision in the Energy Infrastructure Modernization Act (EIMA) legislation, ComEd net income during the year will be based on actual costs with a regulatory asset/liability recorded to reflect any under/over recovery reflected in rates. Revenue Requirement in rate filings impacts cash flow.**

# PECO Electric Distribution Rate Case & Settlement

<b>Docket #</b>	R-2015-2468981
<b>Test Year</b>	2016 Calendar Year
<b>Requested Revenue Requirement</b>	\$190M
<b>Requested Common Equity Ratio <sup>(1)</sup></b>	53.36%
<b>Requested Rate of Return</b>	ROE: 10.95%; ROR: 8.19%
<b>Proposed Rate Base</b>	\$4.1B
<b>Revenue Requirement Settlement Increase</b>	\$127M
<b>Authorized Returns <sup>(2)</sup></b>	N/A
<b>System Average Increase as % of overall bill</b>	2.9%
<b>Timeline</b>	<ul style="list-style-type: none"> <li>• 3/27/15 – PECO filed electric distribution rate case with PaPUC</li> <li>• 12/17/15 – PaPUC Final Order</li> <li>• Increased rates effective on January 1, 2016</li> </ul>

**The Revenue Requirement increase of \$127M represents 67% of the Company's original proposal**

(1) Reflects PECO's expected capital structure as of 12/31/2016

(2) Due to the "black box" nature of the settlement, Authorized Return was not agreed upon by the parties in determining the ultimate revenue requirement increase.



# BGE Electric and Gas Distribution Rate Case

	Electric	Gas
<b>Docket #</b>	<b>9406</b>	
<b>Test Year</b>	<b>December 2014- November 2015</b>	
<b>Common Equity Ratio <sup>(1)</sup></b>	<b>53.7%</b>	
<b>Requested ROE</b>	<b>10.60%</b>	<b>10.50%</b>
<b>Requested Rate of Return</b>	<b>7.95%</b>	<b>7.90%</b>
<b>Rate Base (adjusted)</b>	<b>\$3.0B</b>	<b>\$1.2B</b>
<b>Revenue Requirement Increase <sup>(1)</sup></b>	<b>\$120.9M</b>	<b>\$79.5M</b>
<b>Proposed Distribution Increase as % of overall bill</b>	<b>3.2%</b>	<b>8.8%</b>
<b>Notes</b>	<ul style="list-style-type: none"> <li>• 11/06/15 BGE filed application with the MDPSC seeking increases in electric &amp; gas distribution base rates</li> <li>• \$140M or ~70% of the total \$200M distribution rate increase is for recovery of Smart Grid investment</li> <li>• Requested incremental conduit fees of \$31M be recovered through a rider</li> <li>• 210 Day Proceeding</li> <li>• 06/03/2016 - PSC order expected</li> <li>• New rates are in effect shortly after the final order</li> </ul>	

(1) Based on the 12 months ended 11/30/2015.

# **Appendix**

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

# 4Q GAAP EPS Reconciliation

<b>Three Months Ended December 31, 2014</b>	<b>ExGen</b>	<b>ComEd</b>	<b>PECO</b>	<b>BGE</b>	<b>Other</b>	<b>Exelon</b>
<b>2014 Adjusted (non-GAAP) Operating Earnings (Loss) Per Share</b>	<b>\$0.27</b>	<b>\$0.09</b>	<b>\$0.11</b>	<b>\$0.06</b>	<b>\$(0.04)</b>	<b>\$0.48</b>
Mark-to-market impact of economic hedging activities	(0.08)	-	-	-	-	(0.08)
Unrealized gains related to NDT fund investments	0.03	-	-	-	-	0.03
Merger and integration costs	(0.01)	-	-	-	(0.02)	(0.03)
Mark-to-market impact of PHI merger related interest rate swaps	-	-	-	-	(0.06)	(0.06)
Reassessment of state deferred income taxes	0.04	-	-	-	(0.01)	0.03
Amortization of commodity contract intangibles	(0.03)	-	-	-	-	(0.03)
Plant retirements and divestitures	0.06	-	-	-	-	0.06
Long-Lived asset impairments	(0.39)	-	-	-	-	(0.39)
Bargain-Purchase gain	0.03	-	-	-	-	0.03
Tax settlements	0.01	-	-	-	-	0.01
CENG non-controlling interest	(0.03)	-	-	-	-	(0.03)
<b>4Q 2014 GAAP Earnings (Loss) Per Share</b>	<b>\$(0.11)</b>	<b>\$0.09</b>	<b>\$0.11</b>	<b>\$0.06</b>	<b>\$(0.13)</b>	<b>\$0.02</b>
<b>Three Months Ended December 31, 2015</b>	<b>ExGen</b>	<b>ComEd</b>	<b>PECO</b>	<b>BGE</b>	<b>Other</b>	<b>Exelon</b>
<b>2015 Adjusted (non-GAAP) Operating Earnings (Loss) Per Share</b>	<b>\$0.15</b>	<b>\$0.09</b>	<b>\$0.09</b>	<b>\$0.08</b>	<b>\$(0.04)</b>	<b>\$0.38</b>
Unrealized gains related to NDT fund investments	0.05	-	-	-	-	0.05
Merger and integration costs	-	-	-	-	(0.01)	(0.01)
Amortization of commodity contract intangibles	(0.01)	-	-	-	-	(0.01)
Long-Lived asset impairments	(0.01)	-	-	-	-	(0.01)
Reassessment of state deferred income taxes	(0.01)	-	-	-	(0.03)	(0.05)
Reduction in state income tax reserve	0.01	-	-	-	-	0.01
PHI merger related redeemable debt exchange	-	-	-	-	(0.01)	(0.01)
CENG non-controlling interest	(0.02)	-	-	-	-	(0.02)
<b>4Q 2015 GAAP Earnings (Loss) Per Share</b>	<b>\$0.17</b>	<b>\$0.09</b>	<b>\$0.09</b>	<b>\$0.08</b>	<b>\$(0.09)</b>	<b>\$0.33</b>

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

# 4Q YTD GAAP EPS Reconciliation

<u>Year Ended December 31, 2014</u>	<u>ExGen</u>	<u>ComEd</u>	<u>PECO</u>	<u>BGE</u>	<u>Other</u>	<u>Exelon</u>
<b>2014 Adjusted (non-GAAP) Operating Earnings (Loss) Per Share</b>	<b>\$1.34</b>	<b>\$0.47</b>	<b>\$0.41</b>	<b>\$0.23</b>	<b>\$(0.06)</b>	<b>\$2.39</b>
Mark-to-market impact of economic hedging activities	(0.42)	-	-	-	-	(0.42)
Unrealized gains related to NDT fund investments	0.10	-	-	-	-	0.10
Asset retirement obligation	0.02	-	-	-	-	0.02
Plant retirements and divestitures	0.28	-	-	-	-	0.28
Long-Lived asset impairment	(0.49)	-	-	-	(0.02)	(0.50)
Gain on CENG integration	0.18	-	-	-	-	0.18
Merger and integration costs	(0.10)	-	-	-	(0.04)	(0.14)
Mark-to-market impact of PHI merger related interest swaps	-	-	-	-	(0.07)	(0.07)
Amortization of commodity contract intangibles	(0.07)	-	-	-	-	(0.07)
Tax settlements	0.12	-	-	-	-	0.12
Reassessment of state deferred income taxes	0.04	-	-	-	(0.01)	0.03
Bargain-Purchase gain	0.03	-	-	-	-	0.03
CENG non-controlling interest	(0.07)	-	-	-	-	(0.07)
<b>4Q 2014 GAAP Earnings Per Share</b>	<b>\$0.97</b>	<b>\$0.47</b>	<b>\$0.41</b>	<b>\$0.23</b>	<b>\$(0.20)</b>	<b>\$1.88</b>

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

# 4Q YTD GAAP EPS Reconciliation (continued)

<u>Year Ended December 31, 2015</u>	<u>ExGen</u>	<u>ComEd</u>	<u>PECO</u>	<u>BGE</u>	<u>Other</u>	<u>Exelon</u>
<b>2015 Adjusted (non-GAAP) Operating Earnings (Loss) Per Share</b>	<b>\$1.40</b>	<b>\$0.48</b>	<b>\$0.43</b>	<b>\$0.31</b>	<b>\$(0.13)</b>	<b>\$2.49</b>
Mark-to-market impact of economic hedging activities	0.18	-	-	-	-	0.18
Unrealized losses related to NDT fund investments	(0.13)	-	-	-	-	(0.13)
Merger and integration costs	(0.02)	(0.01)	-	-	(0.03)	(0.07)
Mark-to-market impact of PHI merger related interest rate swaps	-	-	-	-	(0.02)	(0.02)
Long-lived asset impairment	(0.01)	-	-	-	(0.02)	(0.02)
Asset retirement obligation	0.01	-	-	-	-	0.01
Tax settlements	0.06	-	-	-	-	0.06
Midwest generation bankruptcy recoveries	0.01	-	-	-	-	0.01
PHI merger related redeemable debt exchange	-	-	-	-	(0.01)	(0.01)
Reassessment of state deferred income taxes	(0.01)	-	-	-	(0.03)	(0.05)
Reduction in state income tax reserve	0.01	-	-	-	-	0.01
CENG non-controlling interest	0.04	-	-	-	-	0.04
<b>4Q 2015 GAAP Earnings (Loss) Per Share</b>	<b>\$1.54</b>	<b>\$0.48</b>	<b>\$0.42</b>	<b>\$0.31</b>	<b>\$(0.20)</b>	<b>\$2.54</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

---

- **Exelon's 2016 adjusted (non-GAAP) operating earnings excludes the earnings effects of the following:**
  - Mark-to-market adjustments from economic hedging activities
  - Unrealized gains and losses from NDT fund investments to the extent not offset by contractual accounting as described in the notes to the consolidated financial statements
  - Certain costs incurred associated with the pending Pepco Holdings, Inc. acquisitions
  - Non-cash amortization of intangible assets, net, related to commodity contracts recorded at fair value at the date of acquisition of Integrys in 2014
  - Generation's non-controlling interest related to CENG exclusion items
  - Other unusual items

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

# Adjusted O&M Reconciliations to GAAP

2015 Adjusted O&M Reconciliation (in \$M) <sup>(3)</sup>	ExGen	ComEd	PECO	BGE	Other	Exelon
<b>GAAP O&amp;M</b>	<b>\$5,300</b>	<b>\$1,575</b>	<b>\$800</b>	<b>\$675</b>	<b>\$(25)</b>	<b>\$8,325</b>
PHI Acquisition Costs	(25)	-	-	-	(25)	(50)
Long-Lived Asset Impairment	-	-	-	-	(25)	(25)
Regulatory O&M <sup>(1)</sup>	-	(275)	(125)	-	-	(400)
Decommissioning <sup>(1)</sup>	50	-	-	-	-	50
Direct cost of sales incurred to generate revenues for certain Constellation businesses <sup>(2)</sup>	(250)	-	-	-	-	(250)
O&M for managed plants that are partially owned	(425)	-	-	-	-	(425)
Other	25	-	-	-	-	25
<b>Adjusted O&amp;M (Non-GAAP, as shown on slide 10)</b>	<b>\$4,675</b>	<b>\$1,300</b>	<b>\$675</b>	<b>\$675</b>	<b>\$(75)</b>	<b>\$7,250</b>

(1) Reflects P&L neutral O&M.

(2) Reflects the direct cost of sales of certain Constellation businesses of Generation, which are included in Total Gross Margin.

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

# Adjusted O&M Reconciliations to GAAP

2016 Adjusted O&M Reconciliation (in \$M) <sup>(3)</sup>	ExGen	ComEd	PECO	BGE	Other	Exelon
<b>GAAP O&amp;M</b>	<b>\$5,175</b>	<b>\$1,600</b>	<b>\$875</b>	<b>\$750</b>	<b>\$(100)</b>	<b>\$8,300</b>
Regulatory O&M <sup>(1)</sup>	-	(300)	(100)	-	-	(400)
Decommissioning <sup>(1)</sup>	50	-	-	-	-	50
Direct cost of sales incurred to generate revenues for certain Constellation businesses <sup>(2)</sup>	(300)	-	-	-	-	(300)
O&M for managed plants that are partially owned	(400)	-	-	-	-	(400)
Other	(50)	(25)	-	-	-	(75)
<b>Adjusted O&amp;M (Non-GAAP, as shown on slide 10)</b>	<b>\$4,475</b>	<b>\$1,275</b>	<b>\$775</b>	<b>\$750</b>	<b>\$(100)</b>	<b>\$7,175</b>

(1) Reflects P&L neutral O&M.

(2) Reflects the direct cost of sales of certain Constellation businesses of Generation, which are included in Total Gross Margin.

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