

# August 2018 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 2017 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 23, Commitments and Contingencies; (2) Exelon's Second Quarter 2018 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 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, EDF's ownership of O&M expenses, and other items as set forth in the reconciliation in the Appendix
- **Total gross margin** is defined as operating revenues less purchased power and fuel expense, excluding revenue related to decommissioning, gross receipts tax, 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 46 of this presentation.

# Exelon: An Industry Leader

\$21B

Being invested  
in utilities  
through 2021

\$52M

In 2017, Exelon gave  
approx. \$52 million  
to charitable and  
community causes

#1

zero-carbon  
energy  
provider  
in America

210 TWh

Customer load  
served

35,200

Megawatts of  
total power  
generation  
capacity

10M

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

34,600

employees

11,470

transmission  
line miles for  
utilities

\$33.5B

Operating  
revenue in 2017

FORTUNE  
100

Exelon is a  
FORTUNE 100  
company

2M  
(Approx.)

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

9.5M

Smart meters  
installed

Note: All numbers reflect year-end 2017

# The Exelon Value Proposition

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- **Regulated Utility Growth** with utility EPS rising 6-8% annually from 2017-2021 and rate base growth of 7.4%, 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 2021 planning horizon
- **Capital allocation priorities targeting:**
  - Organic utility growth;
  - Return of capital to shareholders with 5% annual dividend growth through 2020<sup>(1)</sup>,
  - Debt reduction; and,
  - Modest contracted generation investments

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

# 2018 Business Priorities and Commitments

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**Maintain industry leading operational excellence**

**Effectively deploy ~\$5.4B of 2018 utility capex**

**Advance PJM power price formation changes in 2018**

**Prevail on legal challenges to the NY and IL ZEC programs**

**Seek fair compensation for at-risk plants in NJ and PA**

**Grow dividend at 5% rate**

**Continued commitment to corporate responsibility**

# Exelon Utilities Overview



16,300  
Employees

\$34.6B  
2017 Rate Base

\$16.3B  
In Revenue

25.6M mi<sup>2</sup>  
Combined  
Service Territory



10M  
Customers

9.5M  
Smart Meters  
Installed

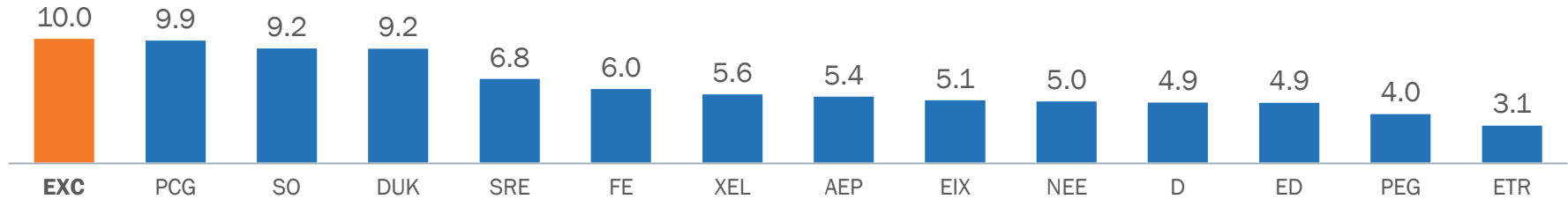


11,470  
Transmission line  
miles (circuit)

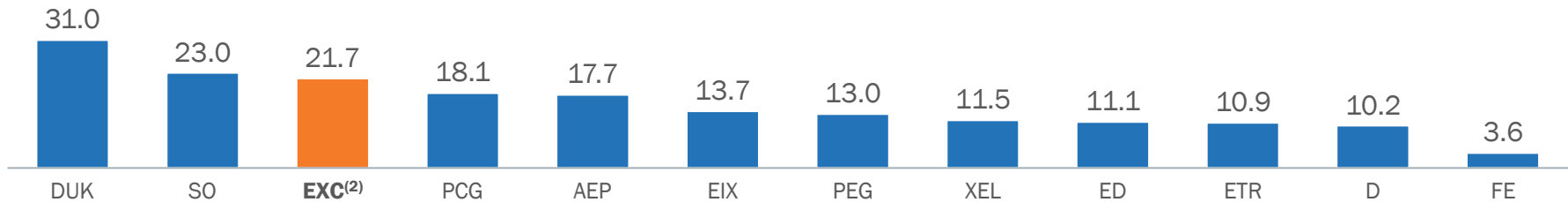
Note: All numbers reflect year-end 2017

# Exelon Utilities are an Industry Leader

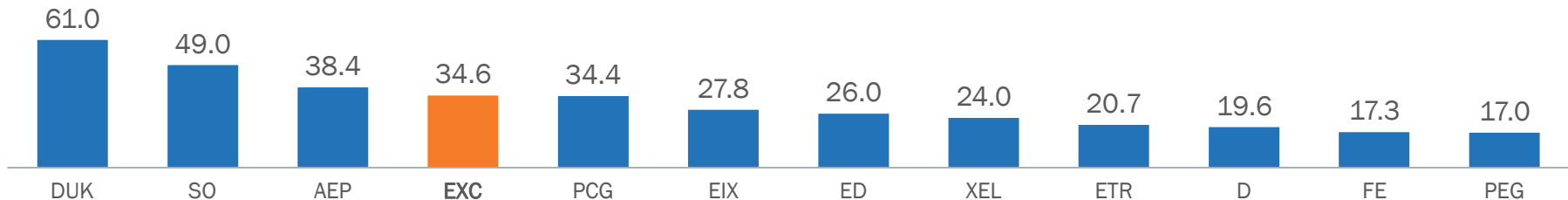
## US Utility Customers (millions)



## Total Capital Expenditures 2018-2020 (\$B)<sup>(1)</sup>



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



Source: Company Filings

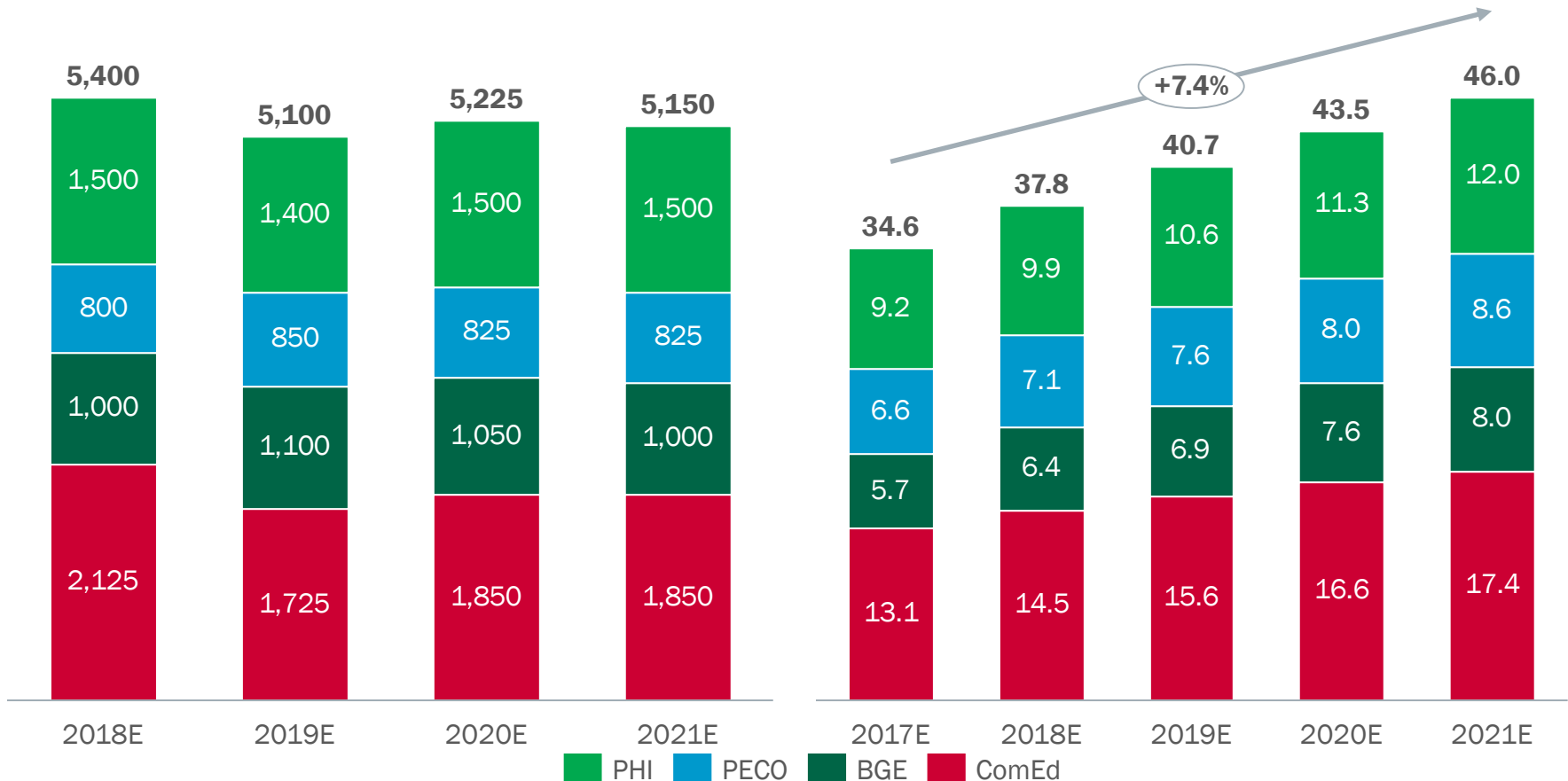
(1) Includes utility and generation

(2) Includes \$15.7B of utility capital expenditures and \$6.0B of generation capital expenditures

# Our Capital Plan Drives Leading Rate Base Growth

## Capital Expenditures (\$M)

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



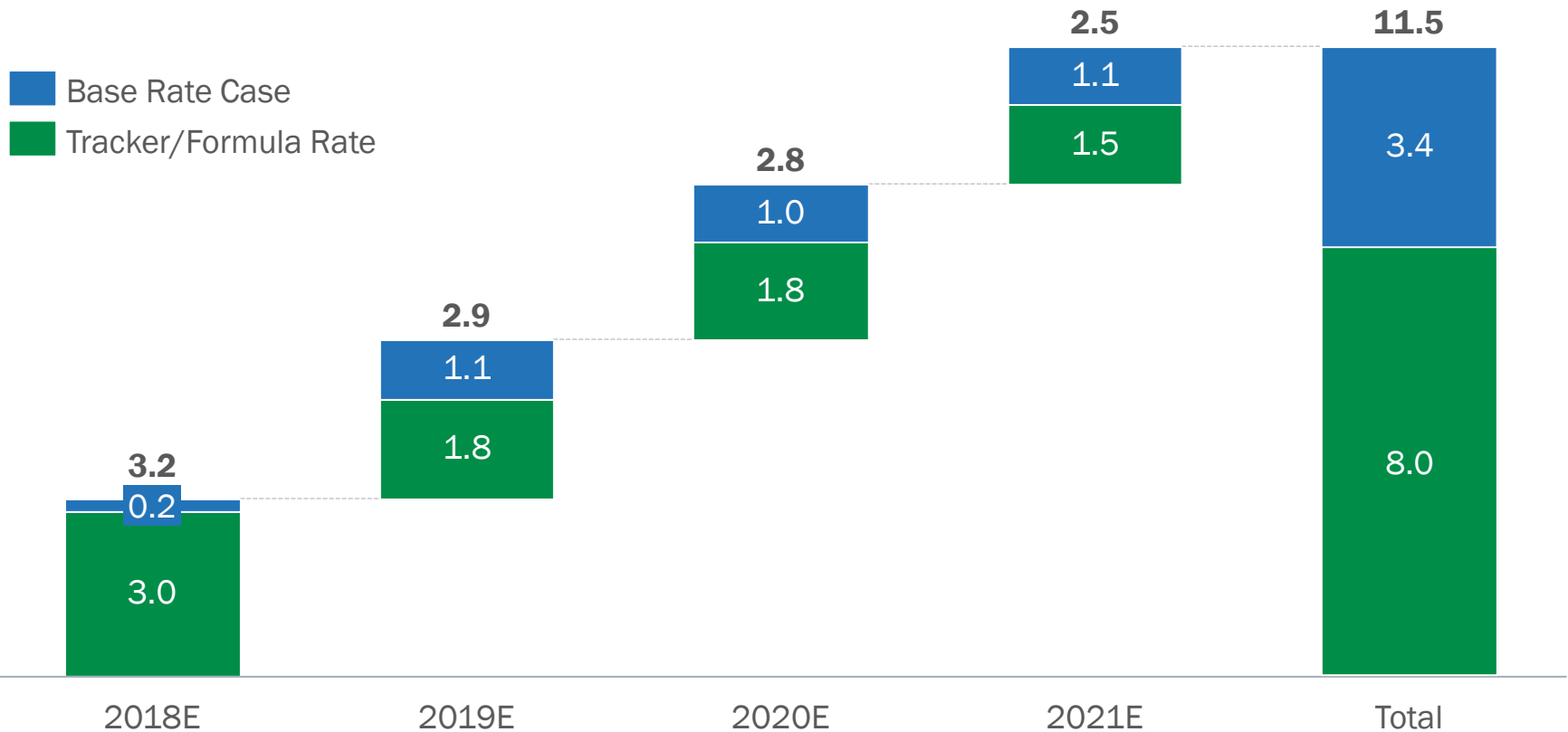
**\$21B of capital will be invested at Exelon utilities from 2018-2021 for grid modernization and customer satisfaction**

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

(1) Rate base reflects year-end estimates

# Mechanisms Cover Bulk of Rate Base Growth

## Rate Base Growth Breakout 2018-2021 (\$B)



**Of the approximately \$11.5 billion of rate base growth Exelon Utilities forecasts over the next 4 years, ~70% will be recovered through existing formula and tracker mechanisms**

Note: Numbers may not add due to rounding

# Operating Highlights

Operations	Metric	At CEG Merger (2012)			2015	Q2 2018			
		BGE	ComEd	PECO	PHI	BGE	ComEd	PECO	PHI
Electric Operations	OSHA Recordable Rate								
	2.5 Beta SAIFI (Outage Frequency) <sup>(1)</sup>								
	2.5 Beta CAIDI (Outage Duration)								
Customer Operations	Customer Satisfaction				N/A				
	Service Level % of Calls Answered in <30 sec								
	Abandon Rate								
Gas Operations	Percent of Calls Responded to in <1 Hour		No Gas Operations				No Gas Operations		
Overall Rank	Electric Utility Panel of 24 Utilities <sup>(2)</sup>	23 <sup>rd</sup>	2 <sup>nd</sup>	2 <sup>nd</sup>	18 <sup>th</sup>	Performance Quartiles			
						Q1	Q2	Q3	Q4

- Continued top tier reliability performance, with top decile performance in CAIDI and gas odor
- Customer performance metrics continue to be strong across all utilities

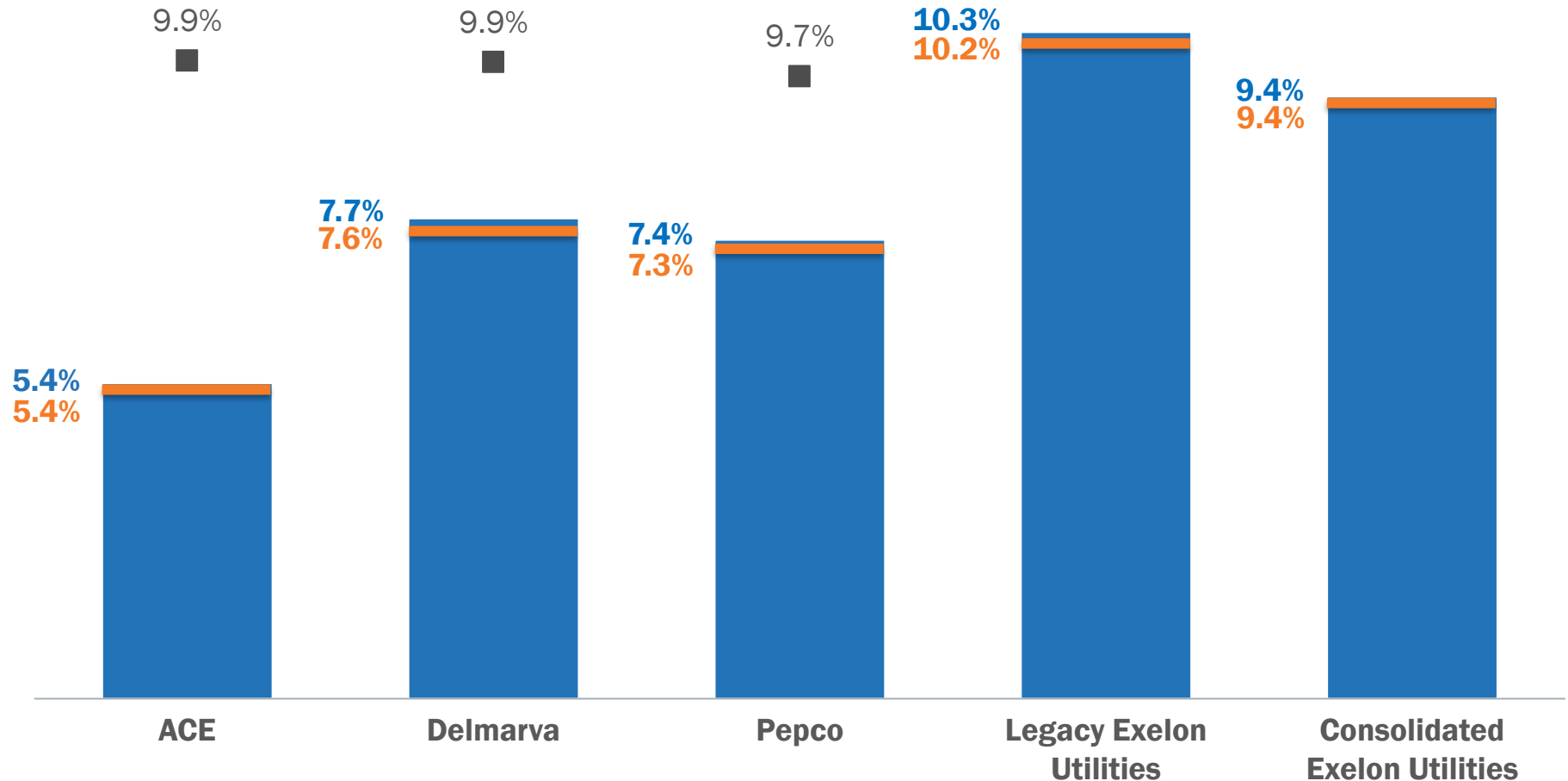
(1) 2.5 Beta SAIFI is YE projection

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

# Trailing 12 Month Earned ROEs\* vs Allowed ROE

## Trailing Twelve Month Earned ROEs\*

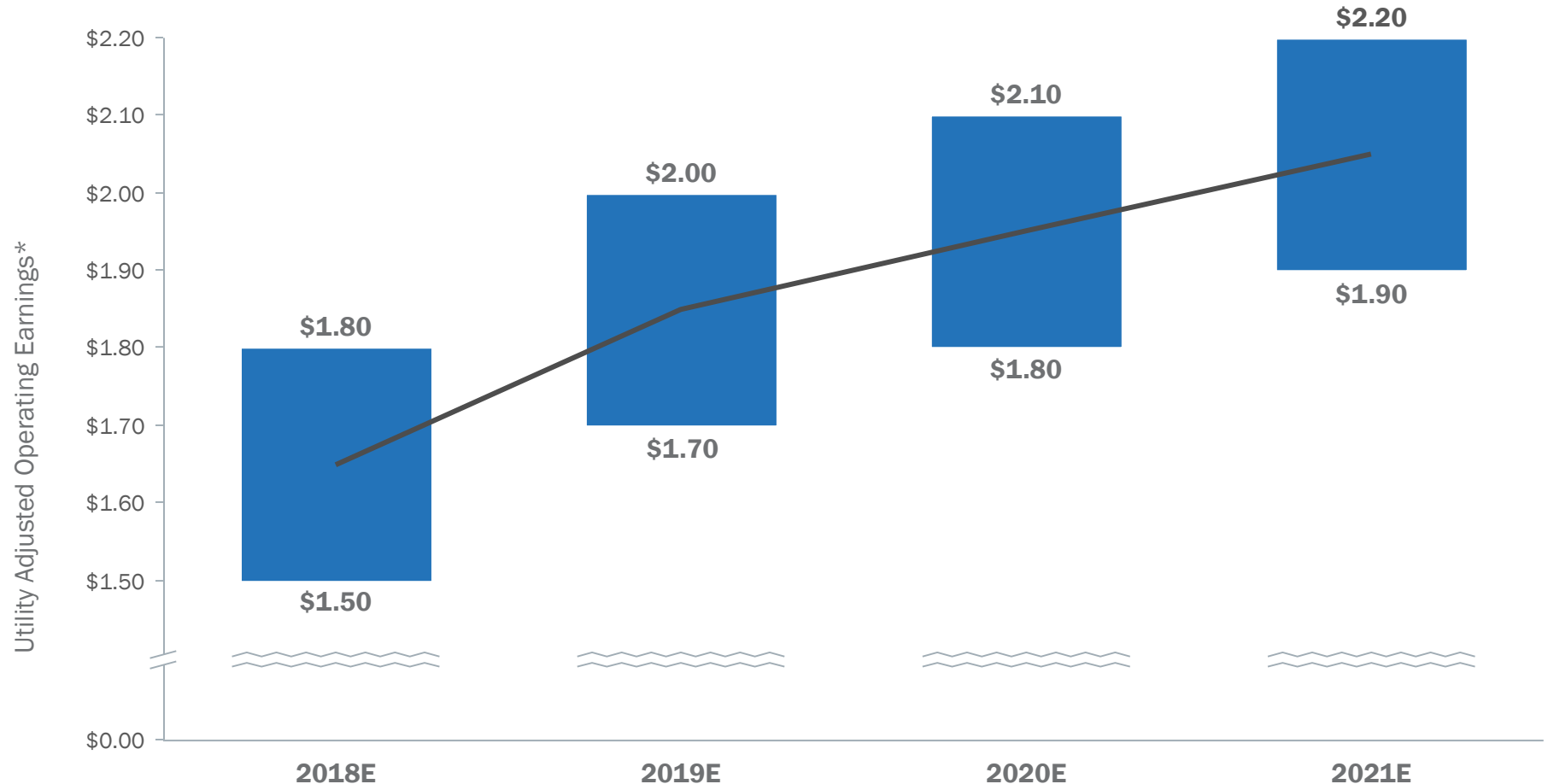
■ Allowed ROE    — Q1 2018 TTM Earned ROE    ■ Q2 2018 TTM Earned ROE



Note: Represents the 12-month periods ending 3/31/2018 and 6/30/2018, respectively. Earned ROEs\* represent weighted average across all lines of business (Electric Distribution, Gas Distribution and Electric Transmission).

# Exelon Utilities EPS\* Growth of 6-8% to 2021

## Exelon Utilities Operating Earnings\* 2018-2021



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

Note: Includes after-tax interest expense held at Corporate for debt associated with existing utility investment

# Exelon Utilities' Distribution Rate Case Updates

## Rate Case Schedule and Key Terms

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Revenue Requirement	Requested ROE / Equity Ratio	Expected Order
<b>ComEd</b>	CF		IT	RT	EH	IB RB			FO				(\$22.9M) <sup>(1)</sup>	8.69% / 47.11%	Dec 2018
<b>Delmarva Electric (DE)</b>		RT	SA EH			FO							(\$6.9M) <sup>(1,3)</sup>	9.70% / 50.52%	Q3 2018
<b>Delmarva Gas (DE)</b>		IT		RT		EH	IB RB		FO				\$3.8M <sup>(1,4)</sup>	10.10% / 50.52%	Q4 2018
<b>Pepco Electric (DC)</b>	SA		IB			FO							(\$24.1M) <sup>(1,5)</sup>	9.525% / 50.44%	Q3 2018
<b>Pepco Electric (MD)</b>	SA	EH FO											(\$15.0M) <sup>(1,5)</sup>	9.50% / 50.44%	May 31, 2018
<b>PECO Electric</b>			IT	RT	EH	IB RB			FO				\$82M <sup>(1)</sup>	10.95% / 53.39%	Dec 2018
<b>BGE<sup>(2)</sup> Gas</b>			CF			IT	RT	EH	IB	RB	FO		\$85M <sup>(6)</sup>	10.50% / 53.40%	Jan 2019

CF	Rate case filed	RT	Rebuttal testimony	IB	Initial briefs	FO	Final commission order
IT	Intervenor direct testimony	EH	Evidentiary hearings	RB	Reply briefs	SA	Settlement agreement

Note: Based on current schedules of Illinois Commerce Commission, Maryland Public Service Commission, Delaware Public Service Commission, Public Service Commission of the District of Columbia, New Jersey Board of Public Utilities, and Pennsylvania Public Utility Commission and are subject to change

- (1) Revenue requirement includes changes in depreciation and amortization expense and other costs where applicable, which have no impact on pre-tax earnings
- (2) BGE briefing schedule will be determined during or at the end of the evidentiary hearing
- (3) As permitted by Delaware law, Delmarva Power implemented interim rate increases of \$2.5M on October 16, 2017, and implemented \$5.8M full allowable rates on March 17, 2018, subject to refund. Per non-unanimous Settlement Agreement filed on June 27, 2018. Includes tax benefits from Tax Cuts and Jobs Act.
- (4) As permitted by Delaware law, Delmarva Power implemented interim rate increases of \$2.5M on November 1, 2017, and implemented \$3.9M full allowable rates on March 17, 2018, subject to refund. Includes tax benefits from Tax Cuts and Jobs Act.
- (5) Per non-unanimous Settlement Agreement filed on April 17, 2018, for Pepco DC and April 20, 2018, for Pepco MD. Includes tax benefits from Tax Cuts and Jobs Act.
- (6) Reflects \$63M increase and \$22M STRIDE reset

# Exelon Generation Overview

15,000  
Employees



#1

Lowest carbon  
intensity among large  
power generators

#1

Retail electricity  
provider in the  
country

210 TWh  
Customer Load  
Served

35,200 MW  
Capacity

94.1%<sup>1</sup>

Nuclear Capacity  
Factor in 2017

98.8%

Gas and Hydro  
Dispatch Match  
in 2017

Top 10  
gas marketer

213 TWh  
Generation Output

Note: All numbers reflect year-end 2017  
(1) Capacity factor excludes impacts of Salem

# Constellation Overview

2,200  
Employees

2 M  
(Approx.)  
Customers Served

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

1.7 TCF  
Gas Delivered

In 2017, procured  
2.8 million  
RECs for customers,  
enabling them to avoid  
approximately  
1.2 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

35,600  
Volunteer Hours

210 TWH  
Customer Load  
Served

Note: All numbers reflect year-end 2017

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

# Best in Class at ExGen and Constellation

## Exelon Generation Operational Metrics

- Continued best in class performance across our Nuclear fleet:
  - Capacity factor for Exelon owned and operated units was 94.1%<sup>(1)</sup>
  - This was the second consecutive year over 94% and the fourth out of the last five years topping 94%
  - Most nuclear power ever generated at 157 TWhs<sup>(2)</sup>
  - 2017 average refueling outage duration of 23 days, just over the Exelon record of 22 days set in 2016
- Strong performance across our Fossil and Renewable fleet:
  - Renewables energy capture: 95.8%
  - Power dispatch match: 98.8%

## Constellation Metrics

**74% retail power customer renewal rate**

**24% power new customer win rate**

**90% natural gas customer retention rate**

**25 month average power contract term**

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

**Stable Retail Margins**

Note: Statistics represent full year 2017 results

(1) 2017 capacity factor includes FitzPatrick for the Exelon period of ownership and operation (March 31 to December 31, 2017) and excludes impacts of Salem

(2) Reflects generation output at ownership

# Exelon Generation: Gross Margin Update

Gross Margin Category (\$M) <sup>(1)</sup>	June 30, 2018			Change from March 31, 2018		
	2018	2019	2020	2018	2019	2020
Open Gross Margin <sup>(2,5)</sup> (including South, West, Canada hedged gross margin)	\$4,700	\$4,050	\$3,800	\$100	\$100	-
Capacity and ZEC Revenues <sup>(2,5,6)</sup>	\$2,300	\$2,050	\$1,900	-	\$50	\$50
Mark-to-Market of Hedges <sup>(2,3)</sup>	\$400	\$400	\$300	\$100	\$(50)	\$50
Power New Business / To Go	\$150	\$600	\$800	\$(200)	\$(50)	\$(50)
Non-Power Margins Executed	\$350	\$150	\$100	\$50	-	-
Non-Power New Business / To Go	\$150	\$350	\$400	\$(50)	-	-
<b>Total Gross Margin*<sup>(4,5)</sup></b>	<b>\$8,050</b>	<b>\$7,600</b>	<b>\$7,300</b>	<b>-</b>	<b>\$50</b>	<b>\$50</b>

## Recent Developments

- Strong second quarter executing \$200M of Power New Business in 2018 and \$50M in both 2019 and 2020
- Capacity and ZEC Revenues include the favorable impact of NJ ZEC revenues in 2019 and 2020
- Behind ratable hedging position reflects the upside we see in power prices
  - ~10-13% behind ratable in 2019 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, 2018, market conditions

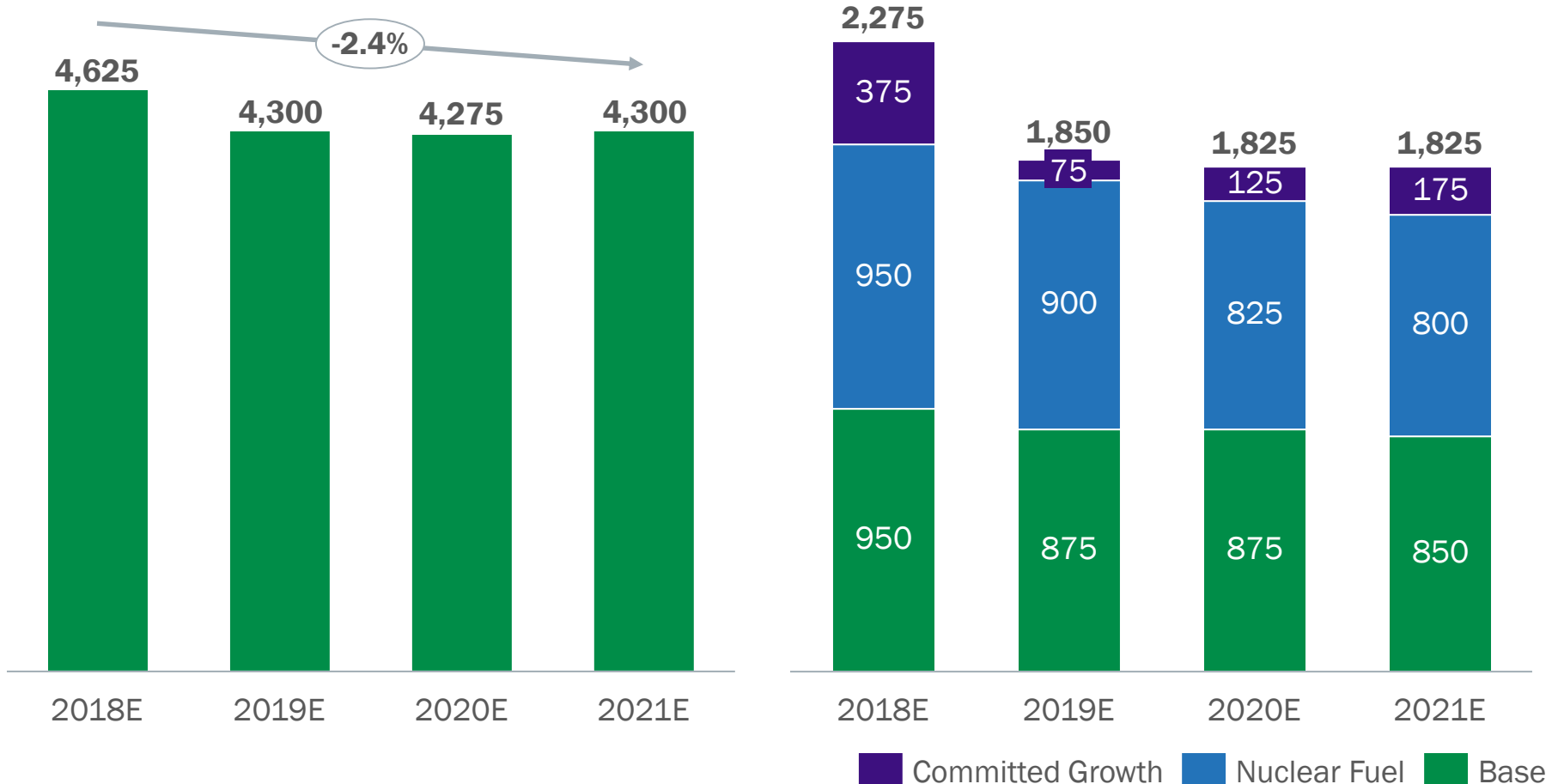
(5) Reflects Oyster Creek and TMI retirements by October 2018 and September 2019, respectively. 2018, 2019 and 2020 are adjusted for retaining Handley Generating Station.

(6) 2018 includes \$150M of IL ZEC revenues associated with 2017 production. 2019 and 2020 include the favorable impact of NJ ZEC revenues.

# Driving Costs and Capital Out of the Generation Business

## Adjusted O&M\* (\$M)<sup>(1,2)</sup>

## Capital Expenditures (\$M)<sup>(1,3,4)</sup>

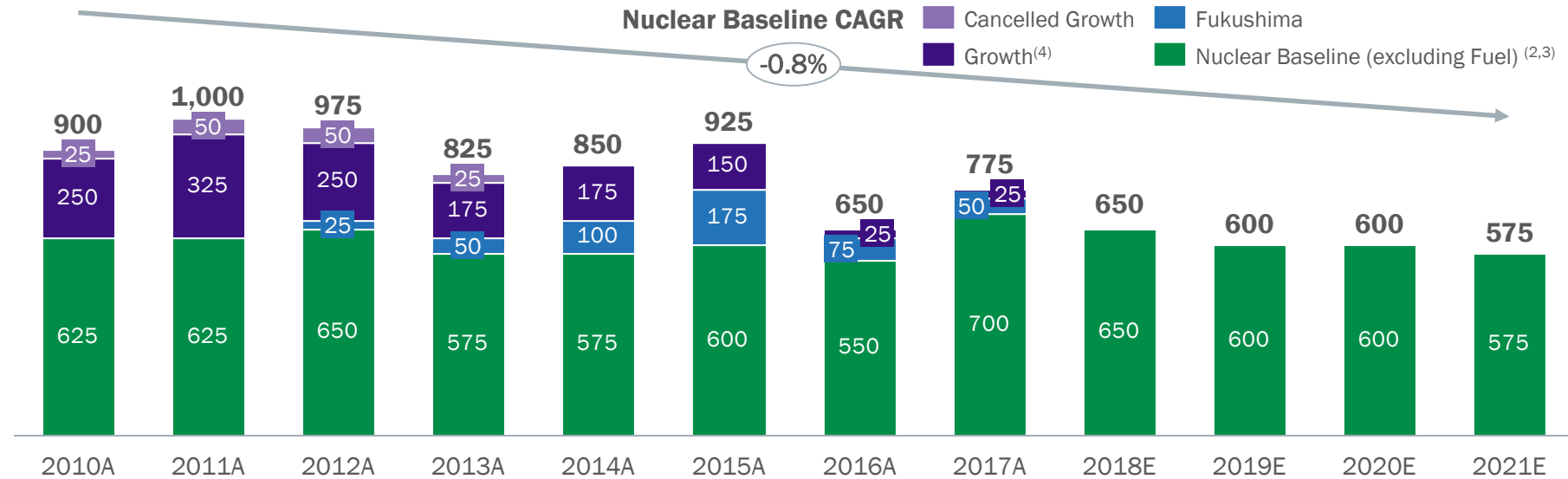


**Cost optimization programs and planned nuclear plant closures drive lower total O&M**

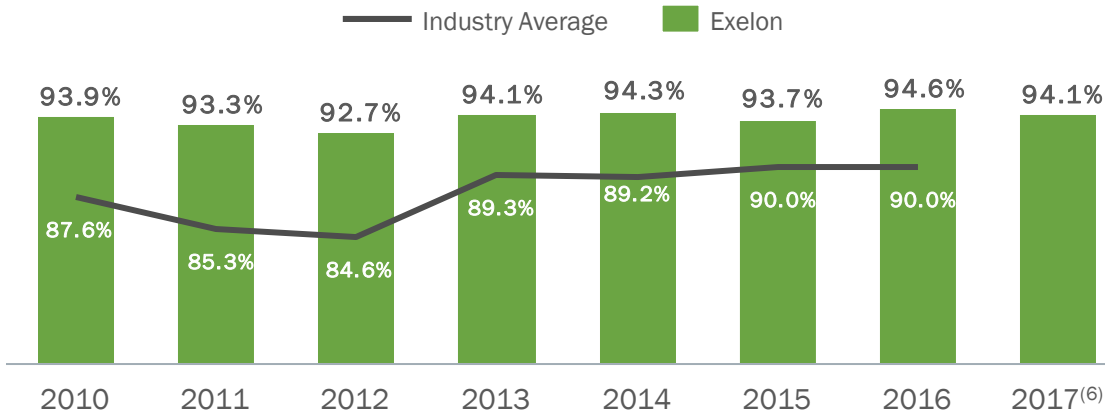
- (1) All amounts rounded to the nearest \$25M  
 (2) O&M and Capital Expenditures reflect removal of Oyster Creek and TMI in 2018 and 2019, respectively, and is adjusted for retaining Handley Generating Station  
 (3) Capital spend represents cash CapEx with CENG at 100% and excludes merger commitments  
 (4) 2018E growth capital expenditures reflects a ~\$175M shift of cash outlay from 2017A to 2018E related to timing of payments for the CCGT projects in Texas

# Historical Nuclear Capital Investment

## Nuclear Non-Fuel Capital Expenditures<sup>(1)</sup> (\$M)



## Nuclear Capacity Factor<sup>(5)</sup>



Significant historical investments have mitigated asset management issues and prepared sites for license extensions already received, reducing future capital needs. In addition, internal cost initiatives have found more cost efficient solutions to large CapEx spend, such as leveraging reverse engineering replacements rather than large system wide modifications, resulting in baseline CAGR of -0.8%, even with net addition of 2 sites.

- (1) Reflects accrual capital expenditures with CENG at 50% ownership. Assumes Oyster Creek and TMI retirements in October 2018 and September 2019, respectively. All numbers rounded to \$25M.  
 (2) Baseline includes ownership share of Salem all years. CENG is included at ownership share starting in 2014 (full year)  
 (3) FitzPatrick included starting in 2017 (9 months only)  
 (4) Growth represents capital that increases the capacity of the units (e.g., turbine upgrades, power uprates), and capital that extends the license of a site (e.g., License Renewals)  
 (5) Includes CENG beginning in April 2014 and FitzPatrick beginning in April of 2017, excludes Salem and Fort Calhoun  
 (6) 2017 industry average excluding Exelon was not available at time of publication

# ZEC & Energy Policy Updates

## ZEC Updates

### New Jersey:

- Governor Murphy signed the NJ ZEC bill into law on May 23<sup>rd</sup>
- Implementation of the program is scheduled to be completed around the end of Q1 2019

### Illinois:

- Oral arguments for the 7<sup>th</sup> Circuit occurred on January 3, 2018, with requests for supplemental briefings
- Supplemental briefings were filed on January 26, 2018
- Court issued order on February 21, 2018, inviting the U.S. Government to provide its views
- U.S. Solicitor General responded in support of the case on May 29<sup>th</sup>
- Currently awaiting court decision

### New York:

- Oral arguments for the 2<sup>nd</sup> Circuit occurred on March 12, 2018
- No outstanding items following oral arguments
- Currently awaiting court decision

## FERC Capacity Order

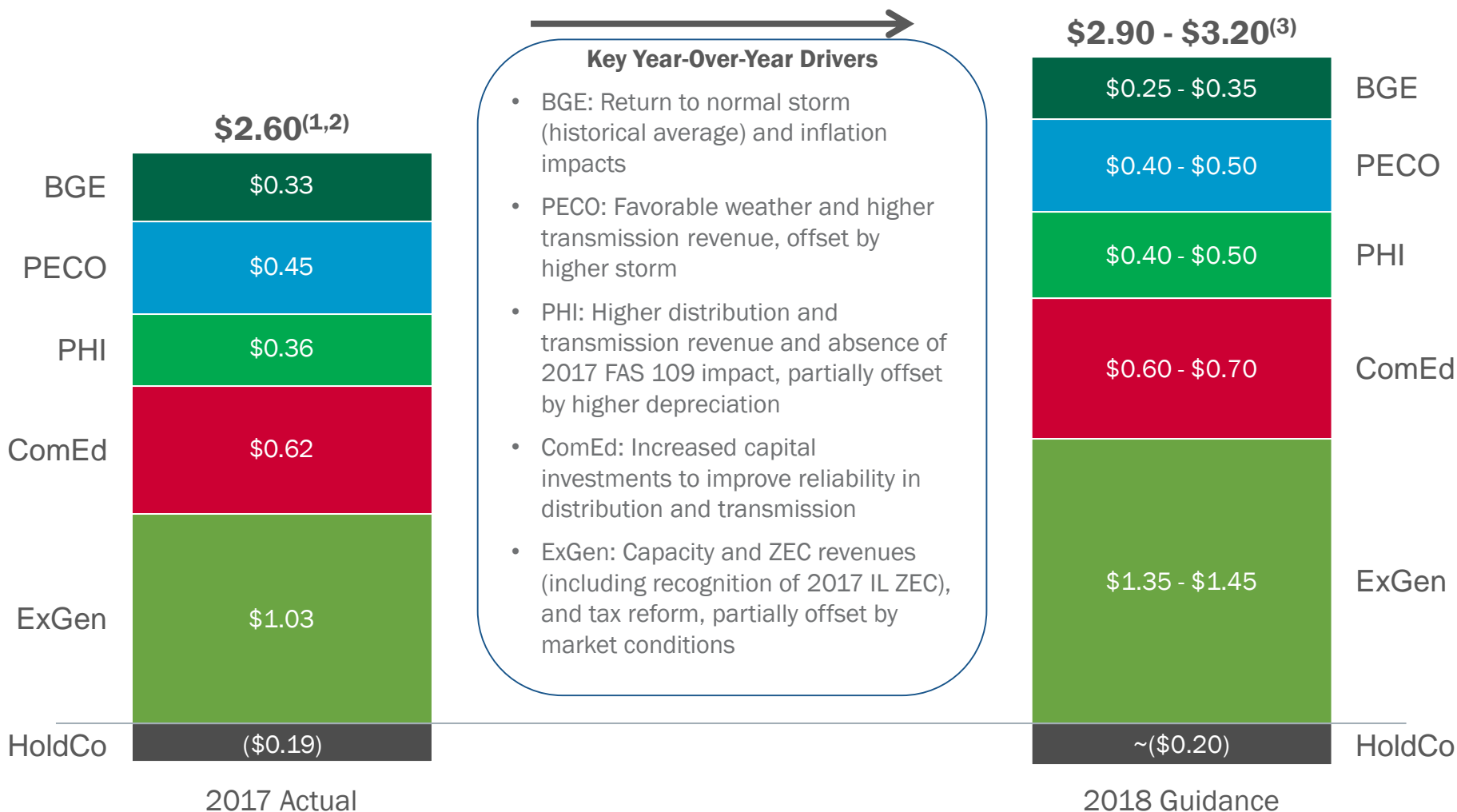
- On June 29, 2018, FERC issued an order rejecting both capacity repricing and MOPREx, but finding that the existing tariff is not just and reasonable
- FERC established a paper hearing proceeding to develop a new, two-part approach:
  - **Alternative FRR:** enables states to establish asset specific FRR arrangements that would allow them to compensate those assets directly and remove the associated load from the RPM auction
  - **MOPR:** if FRR is not elected, an expanded MOPR would apply to all existing and new resources with out-of-market support, with no or few exceptions
- FERC has required comments within 60 days, with replies 30 days later
- FERC aims to reach a final decision by January 4, 2019

## PJM Price Formation

- PJM fast start proceeding was initiated by FERC (Docket No. EL18-34) and has now been fully briefed
- FERC has committed to providing a decision in September 2018
  - If FERC approves in September, without changes, then PJM could implement the changes in winter 2018/2019
- After assessing FERC's fast start decision, PJM will determine path forward for full integer relaxation
  - PJM has not set a definitive timeline for stakeholder deliberations
- Deliberations regarding scarcity pricing and reserves reforms are ongoing in Q3 and Q4 for early 2019 action

# Financial Overview

# 2018 Adjusted Operating Earnings\* Guidance



**Expect Q3 2018 Adjusted Operating Earnings\* of \$0.80 - \$0.90 per share**

Note: Amounts may not add due to rounding

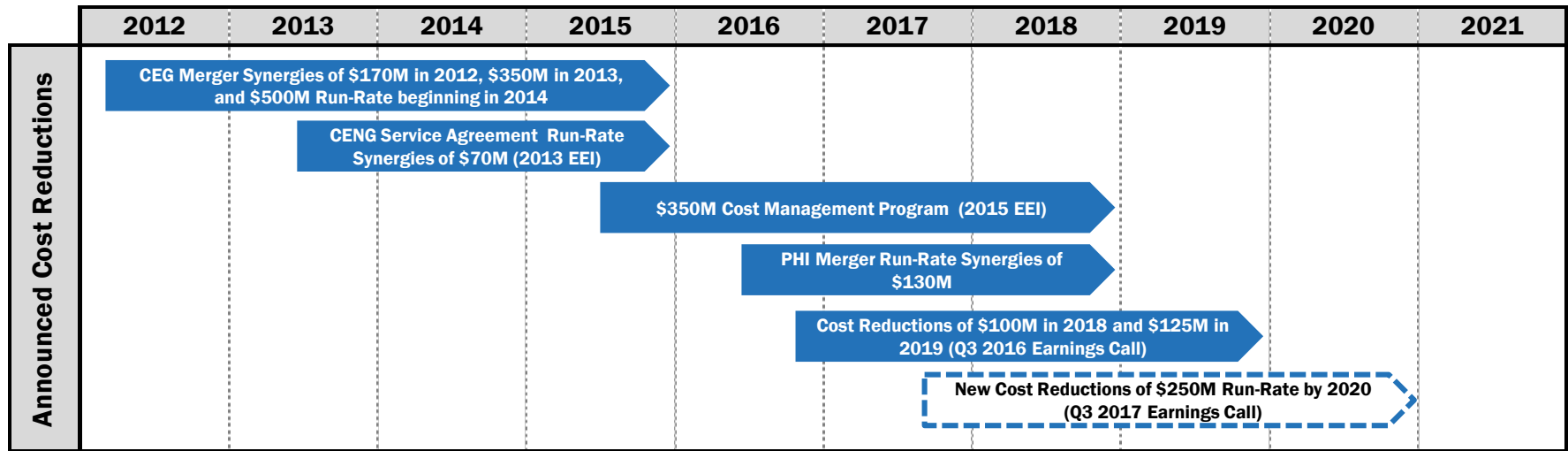
(1) 2017 results based on 2017 average outstanding shares of 949M

(2) The Registrants' 2017 Adjusted Operating Earnings\* have not been recast to reflect new accounting standards issued by the FASB and adopted as of January 1, 2018

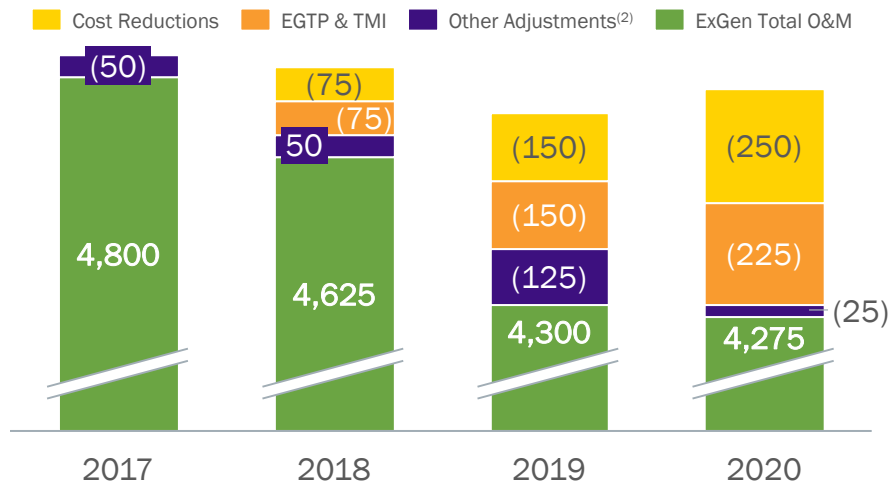
(3) 2018 earnings guidance based on expected average outstanding shares of 969M

# Cost Management is Integral to Our Business Strategy

## ExGen and BSC Cost Reductions Since Constellation Merger



### ExGen Forecast O&M\* Q4 2017 (\$M)<sup>(1)</sup>



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

ExGen O&M (\$M)	2017	2018	2019	2020	2017-2020 CAGR
Q4 2016 O&M	\$4,850	\$4,725	\$4,725	\$4,775	- 0.5%
EGTP & TMI	(\$0)	(\$75)	(\$150)	(\$225)	-
Other Adjustments <sup>(2)</sup>	(\$50)	\$50	(\$125)	(\$25)	-
<b>Q4 '17 O&amp;M before Cost Savings</b>	<b>\$4,800</b>	<b>\$4,700</b>	<b>\$4,450</b>	<b>\$4,525</b>	<b>-1.9%</b>
Cost Savings	(\$0)	(\$75)	(\$150)	(\$250)	-
<b>Q4 2017 O&amp;M</b>	<b>\$4,800</b>	<b>\$4,625</b>	<b>\$4,300</b>	<b>\$4,275</b>	<b>-3.8%</b>

(1) Adjusted for retaining Handley Generating Station and TMI retirement, net of other expenses

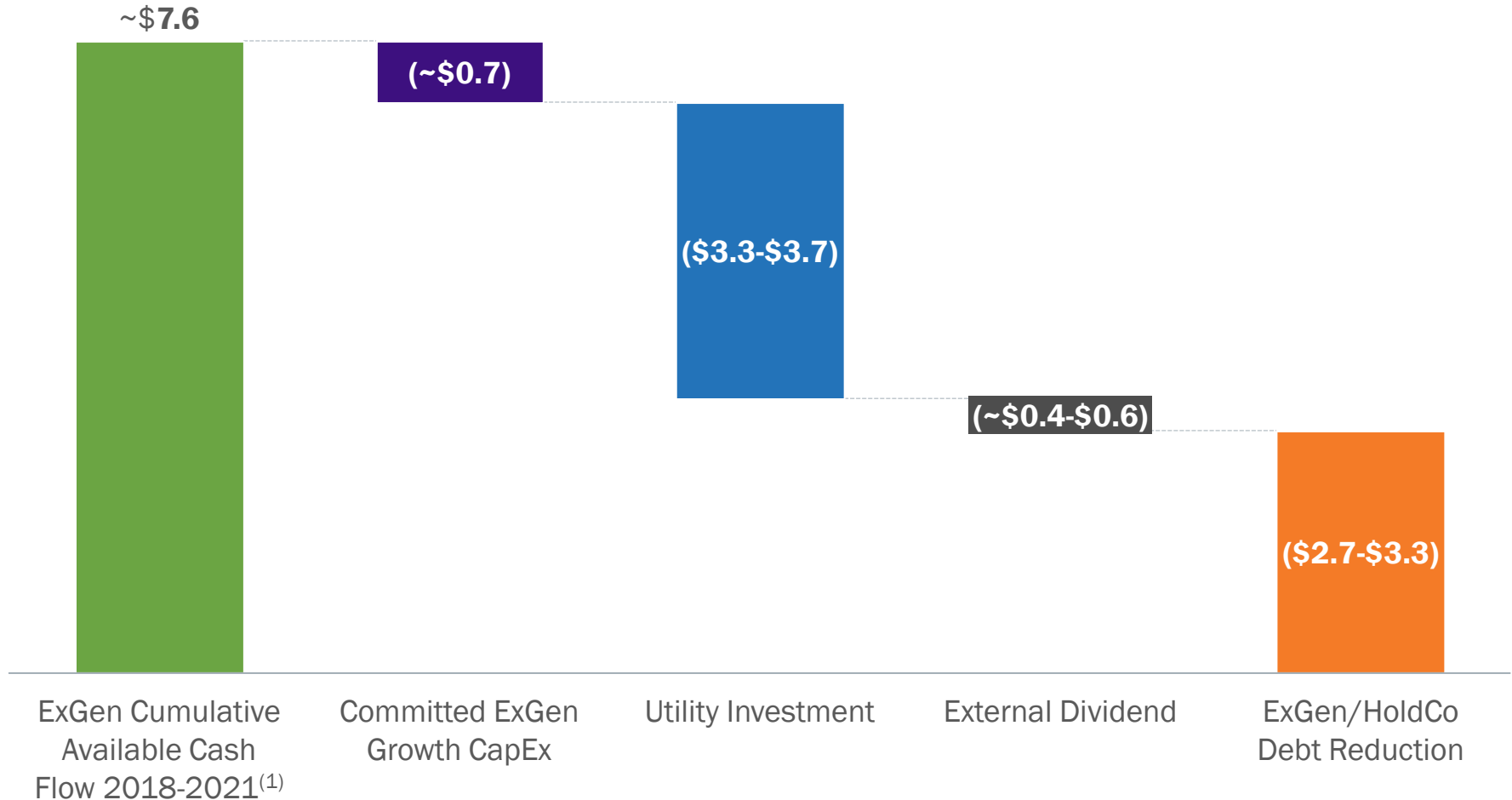
(2) Primarily includes adjustments for the early retirement of Oyster Creek (2018-2020) in addition to adjustments for retaining Handley Generating Station (2018-2020) and NEIL credits (2017).

# ExGen's Strong Available Cash Flow\* Supports Utility Growth and Debt Reduction

ZECJ-FIN-21

PUBLIC

## 2018-2021 Exelon Generation Available Cash Flow and Uses of Cash\* (\$B)



## Redeploying Exelon Generation's available cash flow\* to maximize shareholder value

(1) Cumulative Available Cash Flow\* is a midpoint of a range based on December 31, 2017, market prices. Sources include change in margin, tax sharing agreement, equity investments, equity distributions for renewables JV and Bluestem tax equity, and acquisitions and divestitures.

# Impacts from Tax Reform

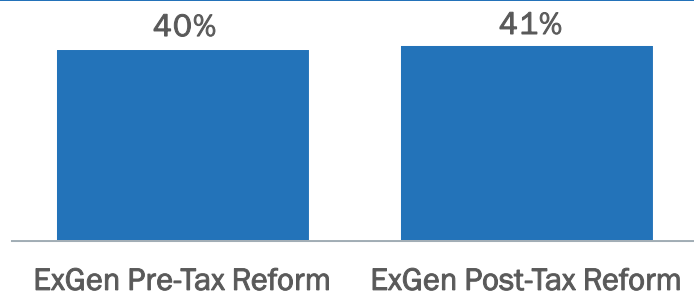
## Tax Impacts

	2018	2019	2020	2021
<b>Cumulative Incremental Rate Base from Tax Policy Changes</b>	\$0.9	\$1.4	\$1.7	\$2.0
<b>ExGen Effective Tax Rate</b>	22%	22%	22%	21%
<b>Consolidated Effective Tax Rate</b>	18%	19%	20%	20%
<b>Consolidated Cash Tax Rate</b>	1%	4%	3%	3%

## Key Takeaways

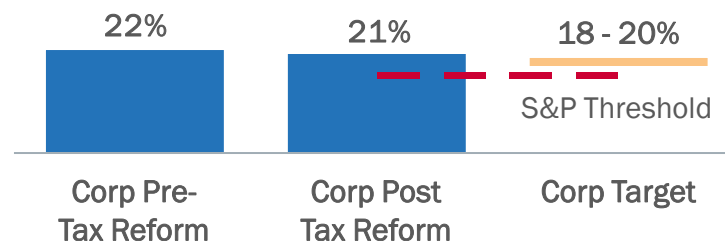
- Changes in federal tax policy are expected to increase run-rate EPS by \$0.10 per share in 2019
- Utility rate base is expected to be \$1.7B higher in 2020 than prior disclosures
- Generation cash flows will benefit from a lower tax rate and full expensing of capital with an effective tax rate of 22% in 2018-2020, and 21% in 2021
- Projected Exelon FFO/Debt is largely unchanged with ExGen metrics stronger and modest deterioration at the six regulated utilities, which remain at or above rating agency thresholds

## 2018 ExGen S&P FFO/Debt %\*



Reflects the increased free cash flow\* as a result of tax rates decreasing to 22% from an expected 33% in 2018

## 2018 Exelon S&P FFO/Debt %\*(1,2)

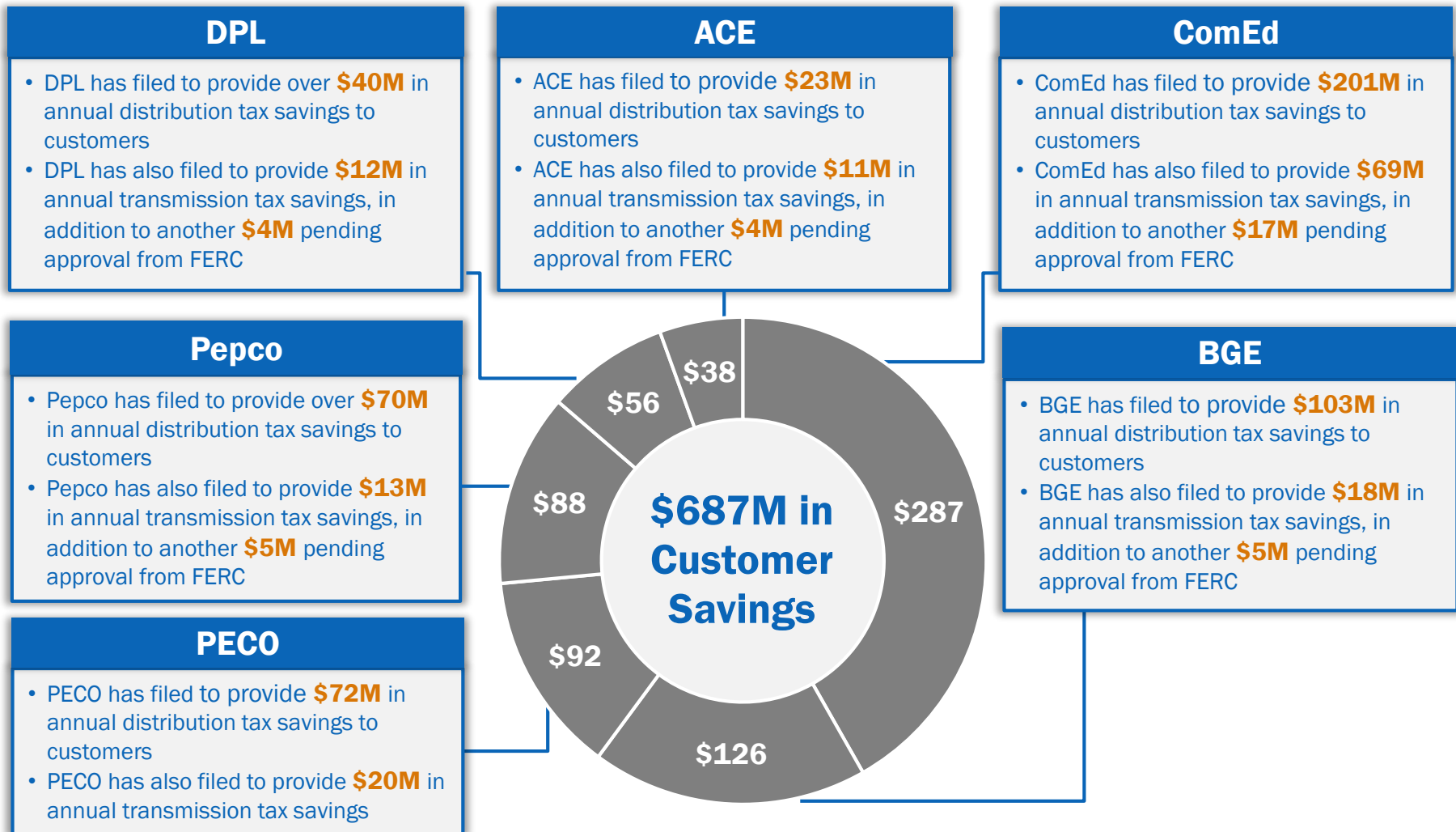


Impact of tax reform on Exelon's metrics is largely neutral given offsetting impacts between ExGen and utilities

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

(2) 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

# Tax Reform Producing Significant Customer Bill Savings



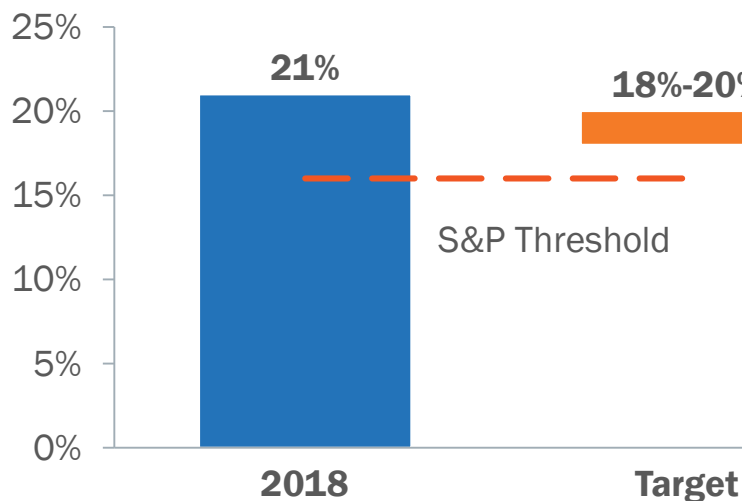
**Utility customers across our jurisdictions will benefit from tax reform, saving over \$675M annually through planned and approved transmission and distribution bill adjustments**

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

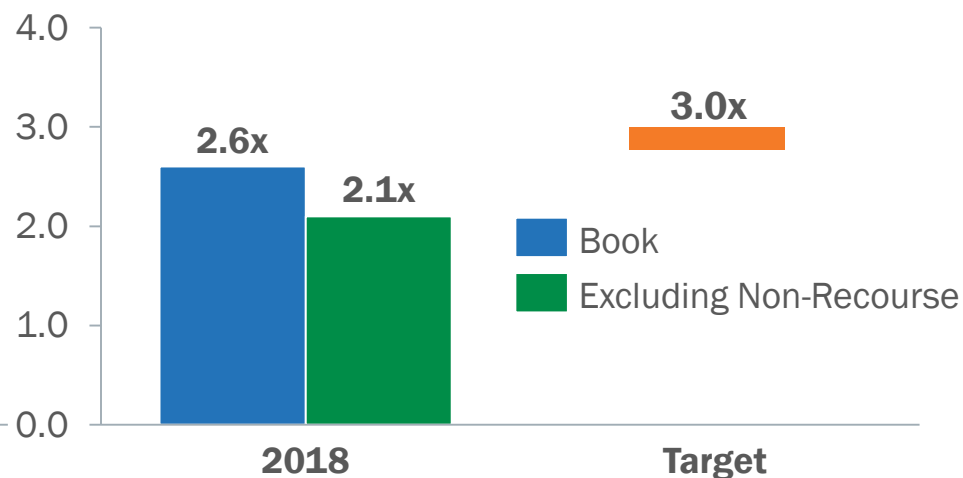
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## Exelon S&P FFO/Debt %<sup>\*(1,4)</sup>



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



## Credit Ratings by Operating Company

Current Ratings <sup>(2)</sup>	ExCorp	ExGen	ComEd	PECO	BGE	ACE	DPL	Pepco
<b>Moody's</b>	Baa2	Baa2	A1	Aa3	A3	A3 <sup>(3)</sup>	A2	A2
<b>S&amp;P</b>	BBB-	BBB	A-	A-	A-	A	A	A
<b>Fitch</b>	BBB <sup>(3)</sup>	BBB	A	A <sup>(3)</sup>	A- <sup>(3)</sup>	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 August 2, 2018, for Exelon, Exelon Generation and BGE and senior secured ratings for ComEd, PECO, ACE, DPL, and Pepco

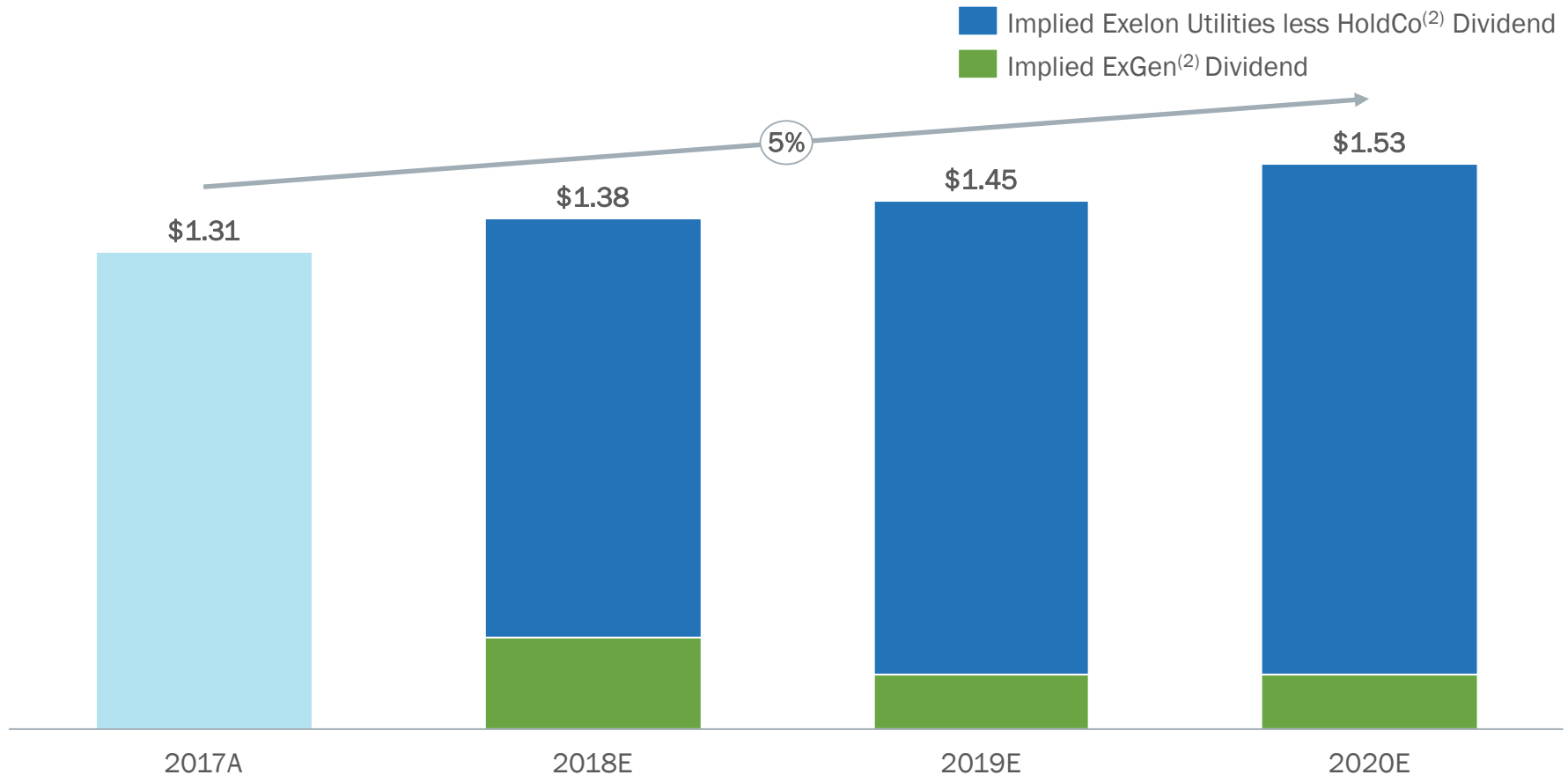
(3) Exelon, PECO, and BGE are on "Positive" outlook at Fitch, and ACE is on "Positive" outlook at Moody's; all other ratings have a "Stable" outlook

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

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

# Raising Dividend Growth Rate to 5% Annually through 2020

## Dividends per Share<sup>(1)</sup>



**Assuming a steady 70% payout ratio on Utility less HoldCo earnings, ExGen's contribution to the Exelon dividend represents a modest payout on earnings and free cash flow**

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

(2) Total projected Dividend per Share (DPS) figures are illustrative of a 5% growth annually applied to the 2017 dividend. Implied Exelon Utilities contribution is based on a 70% payout on the midpoint of the EPS guidance band for Exelon Utilities less HoldCo. Implied ExGen contribution is based on the remaining balance between the illustrative total annual DPS and the Implied Exelon Utilities contribution.

# 2017 Exelon Recognition and Partnerships

## Sustainability



### Dow Jones Sustainability Index

Exelon named to Dow Jones Sustainability Index for 12th consecutive year



### Newsweek Magazine's Green Rankings

Newsweek Magazine's Green Rankings recognized our leadership in sustainability, where we ranked third among utilities, No. 12 in the U.S. 500 and 24th among the Global 500



### Carbon Reduction

A recent U.S. Environmental Protection Agency report noted Exelon's generation fleet had the lowest rate of emissions among the 20 largest public or privately held energy producers. Fortune also recognized Exelon as the second-lowest carbon emitter of all Fortune 100 companies



### Land for People Award

Received the Trust for Public Land's national "Land for People Award" in recognition of Exelon's deep support of environmental stewardship, creating new parks and promoting conservation

## Corporate & Foundation Giving



### \$52.1 million

Last year, Exelon and its employees set all-time records, committing more than \$52.1 million to non-profit organizations and volunteering more than 210,000 hours



### Civic 50

Exelon was named for the first time to the Civic 50, recognizing the most community-minded companies by Points of Light, the world's largest organization dedicated to volunteer service

## Corporate Recognition



### 2017 Laurie D. Zelon Pro Bono Award

For exemplary pro bono service and leadership



### Kids in Need of Defense Innovation Award

Exelon's legal department and the Baltimore chapter of Organization of Latinos at Exelon (OLE) for their work with unaccompanied minors from Central America

## Diversity & Inclusion



### HeForShe

Exelon joined U.N. Women's HeForShe campaign, which is focused on gender equality. Pledge includes a \$3 million commitment to develop new STEM programs for girls and young women and improving the retention of women at Exelon by 2020



### Billion Dollar Roundtable

Exelon became the first energy company to join the Billion Dollar Roundtable, an organization that promotes supplier diversity for corporations achieving \$1 billion or more in annual direct spending with minority and women-owned businesses



### CEO Action for Diversity & Inclusion

Exelon joined 150 leading companies for the CEO Action for Diversity & Inclusion™, the largest CEO-driven commitment aimed at taking action to cultivate a workplace where diverse perspectives and experiences are welcomed and respected

## Workforce



### DiversityInc Top 50

DiversityInc. named Exelon as one of the Top 50 companies for excellence in diversity.



### Indeed.com "50 Best Places to Work"

Indeed.com ranked Exelon No. 18 on its "50 Best Places to Work."



**Human Rights Campaign "Best Places to Work"** For the third consecutive year, HRC's Corporate Equality Index gave Exelon a perfect rating on its best places to work for LGBTQ



### 2017 U.S. Veterans Magazine's "Best of the Best"

Most veteran-friendly companies



### Historically Black Engineering Schools

Top Supporter recognition for five consecutive years

# Appendix

# 2018 Projected Sources and Uses of Cash

(\$M)<sup>(1)</sup>

	BGE	ComEd	PECO	PHI	Total Utilities	ExGen	Corp <sup>(8)</sup>	Exelon 2018E	Cash Balance
<b>Beginning Cash Balance*</b> <sup>(2)</sup>									<b>1,450</b>
Adjusted Cash Flow from Operations* <sup>(2)</sup>	700	1,475	625	1,100	3,900	3,975	175	8,050	
Base CapEx and Nuclear Fuel <sup>(3)</sup>	0	0	0	0	0	(1,975)	(25)	(2,000)	
<b>Free Cash Flow*</b>	<b>700</b>	<b>1,475</b>	<b>625</b>	<b>1,100</b>	<b>3,900</b>	<b>2,000</b>	<b>150</b>	<b>6,050</b>	
Debt Issuances	300	1,300	700	750	3,050	0	0	3,050	
Debt Retirements	0	(850)	(500)	(275)	(1,625)	0	0	(1,625)	
Project Financing	n/a	n/a	n/a	n/a	n/a	(100)	n/a	(100)	
Equity Issuance/Share Buyback	0	0	0	0	0	0	0	0	
Contribution from Parent	125	450	50	350	975	0	(950)	0	
Other Financing <sup>(4)</sup>	100	450	50	(75)	550	25	(100)	475	
<b>Financing*</b> <sup>(5)</sup>	<b>525</b>	<b>1,375</b>	<b>300</b>	<b>750</b>	<b>2,925</b>	<b>(75)</b>	<b>(1,050)</b>	<b>1,800</b>	
<b>Total Free Cash Flow and Financing</b>	<b>1,225</b>	<b>2,825</b>	<b>925</b>	<b>1,850</b>	<b>6,825</b>	<b>1,950</b>	<b>(900)</b>	<b>7,875</b>	
Utility Investment	(1,000)	(2,125)	(850)	(1,550)	(5,525)	0	0	(5,525)	
ExGen Growth <sup>(3,6)</sup>	0	0	0	0	0	(375)	0	(375)	
Acquisitions and Divestitures	0	0	0	0	0	0	0	0	
Equity Investments	0	0	0	0	0	(25)	0	(25)	
Dividend <sup>(7)</sup>	0	0	0	0	0	0	(1,325)	(1,325)	
<b>Other CapEx and Dividend</b>	<b>(1,000)</b>	<b>(2,125)</b>	<b>(850)</b>	<b>(1,550)</b>	<b>(5,525)</b>	<b>(400)</b>	<b>(1,325)</b>	<b>(7,250)</b>	
<b>Total Cash Flow</b>	<b>225</b>	<b>700</b>	<b>75</b>	<b>300</b>	<b>1,300</b>	<b>1,550</b>	<b>(2,250)</b>	<b>600</b>	
<b>Ending Cash Balance*</b> <sup>(2)</sup>									<b>2,050</b>

- (1) All amounts rounded to the nearest \$25M. Figures may not add due to rounding
- (2) Gross of posted counterparty collateral
- (3) Figures reflect cash CapEx and CENG fleet at 100%
- (4) Other Financing primarily includes expected changes in tax sharing from the parent, money pool borrowings, debt issue costs, tax equity cash flows, capital leases, and renewable JV distributions
- (5) Financing cash flow excludes intercompany dividends
- (6) ExGen Growth CapEx primarily includes Texas CCGTs, W. Medway, and Retail Solar
- (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 \$6.1B of free cash flow\*, including \$2B at ExGen and \$3.9B at the Utilities

## Supported by a strong balance sheet

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

- ✓ \$1.4B of long-term debt at the utilities, net of refinancing, to support continued growth

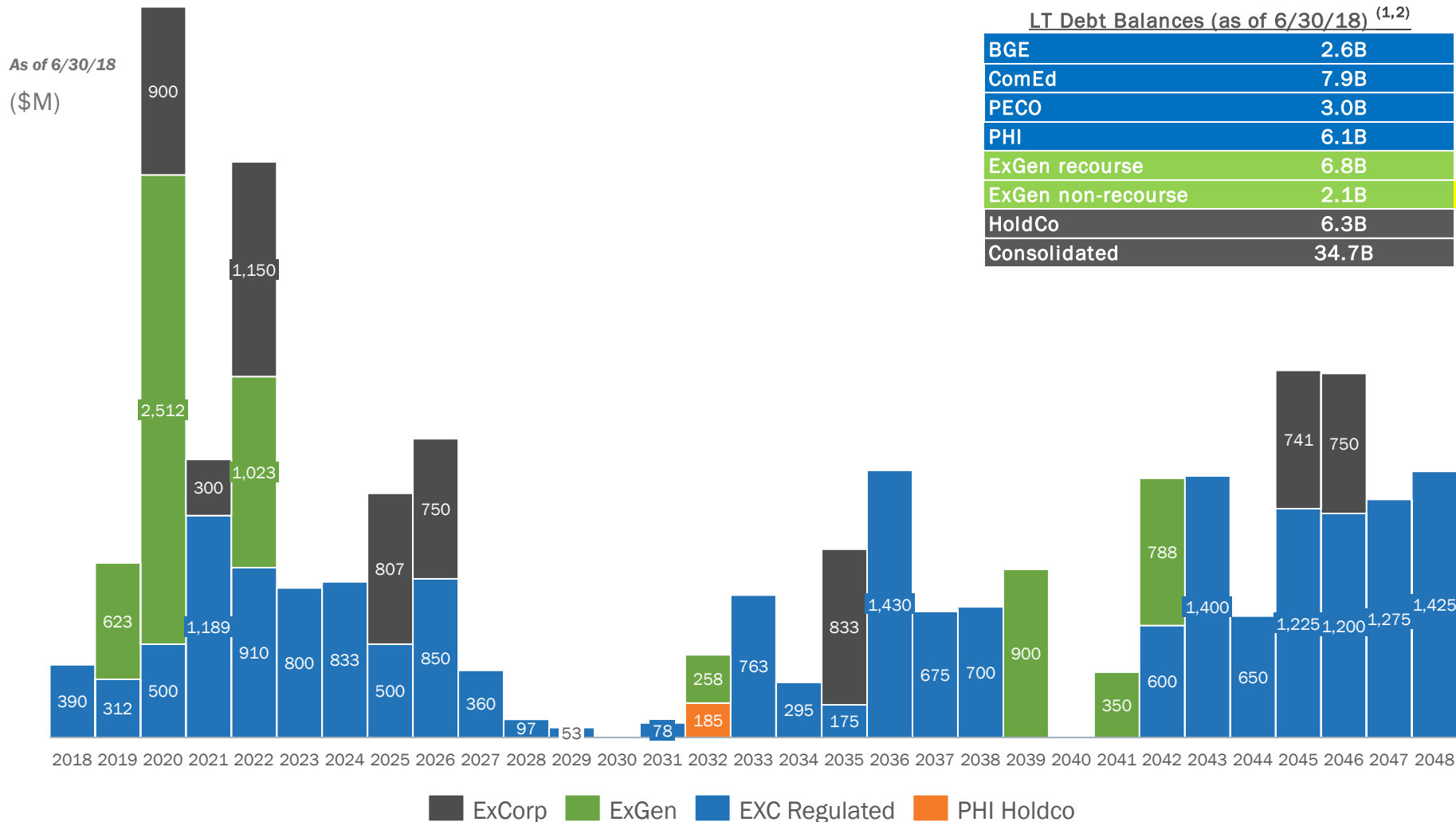
## Enable growth & value creation

*Creating value for customers, communities and shareholders*

- ✓ Investing \$5.9B of growth capex, with \$5.5B at the Utilities and \$0.4B at ExGen

Note: Numbers may not add due to rounding

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



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

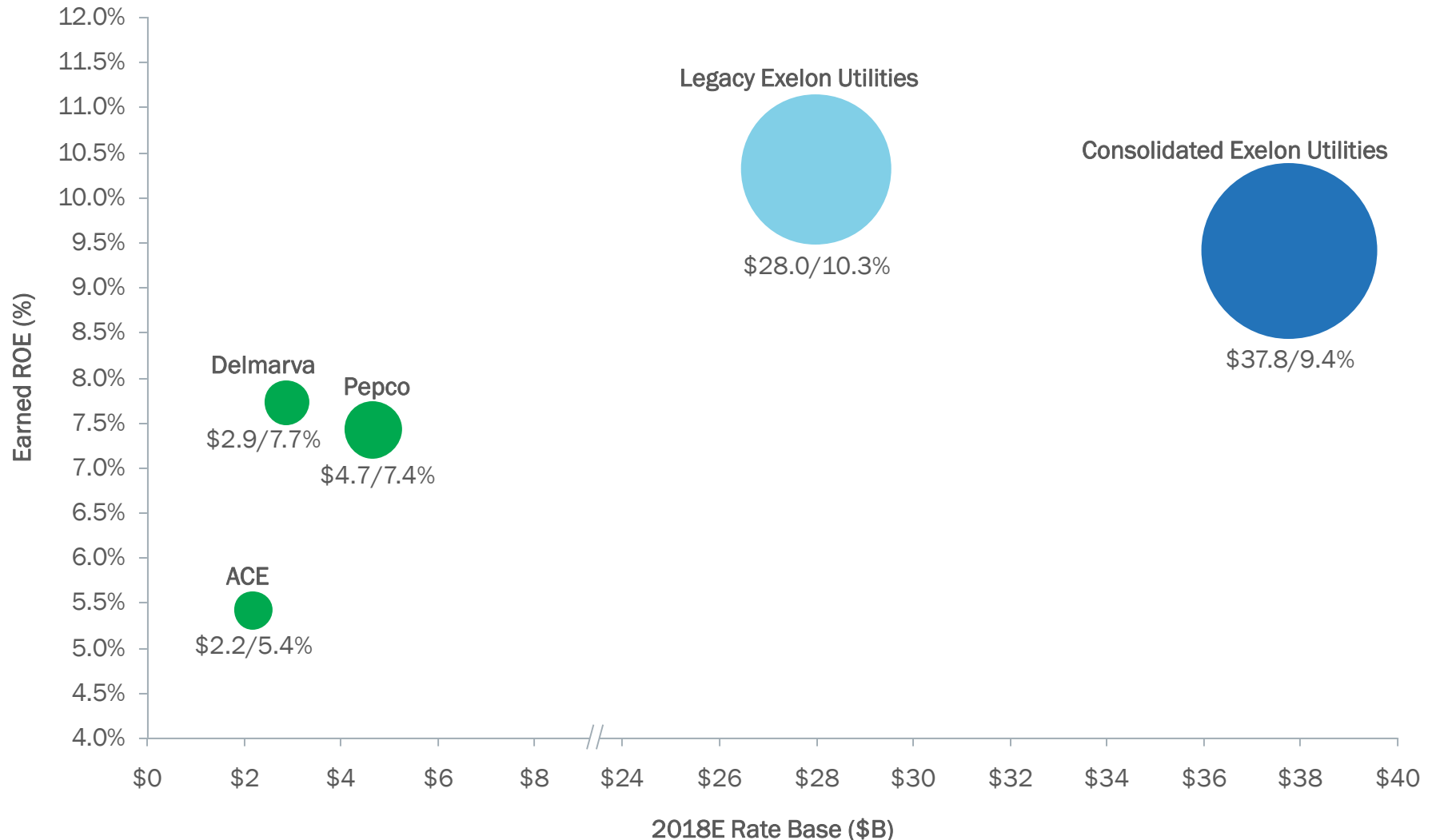
- (1) Maturity profile excludes non-recourse debt, securitized debt, capital leases, fair value adjustments, unamortized debt issuance costs and unamortized discount/premium  
 (2) Long-term debt balances reflect Q2 2018 10-Q GAAP financials; ExGen debt includes legacy CEG debt

	2018	2019	2020	
ExGen EPS Impact* <sup>(1)</sup>	Henry Hub Natural Gas			
	+ \$1/MMBtu	\$0.02	\$0.26	\$0.45
	- \$1/MMBtu	\$0.00	(\$0.23)	(\$0.41)
	NiHub ATC Energy Price			
	+ \$5/MWh	\$0.00	\$0.12	\$0.23
	- \$5/MWh	(\$0.00)	(\$0.12)	(\$0.23)
	PJM-W ATC Energy Price			
	+ \$5/MWh	(\$0.01)	\$0.05	\$0.10
	- \$5/MWh	\$0.01	(\$0.03)	(\$0.09)
Interest Rate Sensitivity to +50 BP	ComEd ROE	\$0.02	\$0.03	\$0.04
	Pension Expense	-	\$0.03	\$0.03
	Cost of Debt	(\$0.00)	(\$0.00)	(\$0.01)
Share count (millions)		968	972	975
Exelon Consolidated Effective Tax Rate		18%	19%	20%

(1) Based on June 30, 2018, 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 EPS impact calculated by aggregating individual sensitivities may not be equal to the EPS impact calculated when correlations between the various assumptions are also considered.

# Exelon Utilities Trailing 12 Month Earned ROEs\*

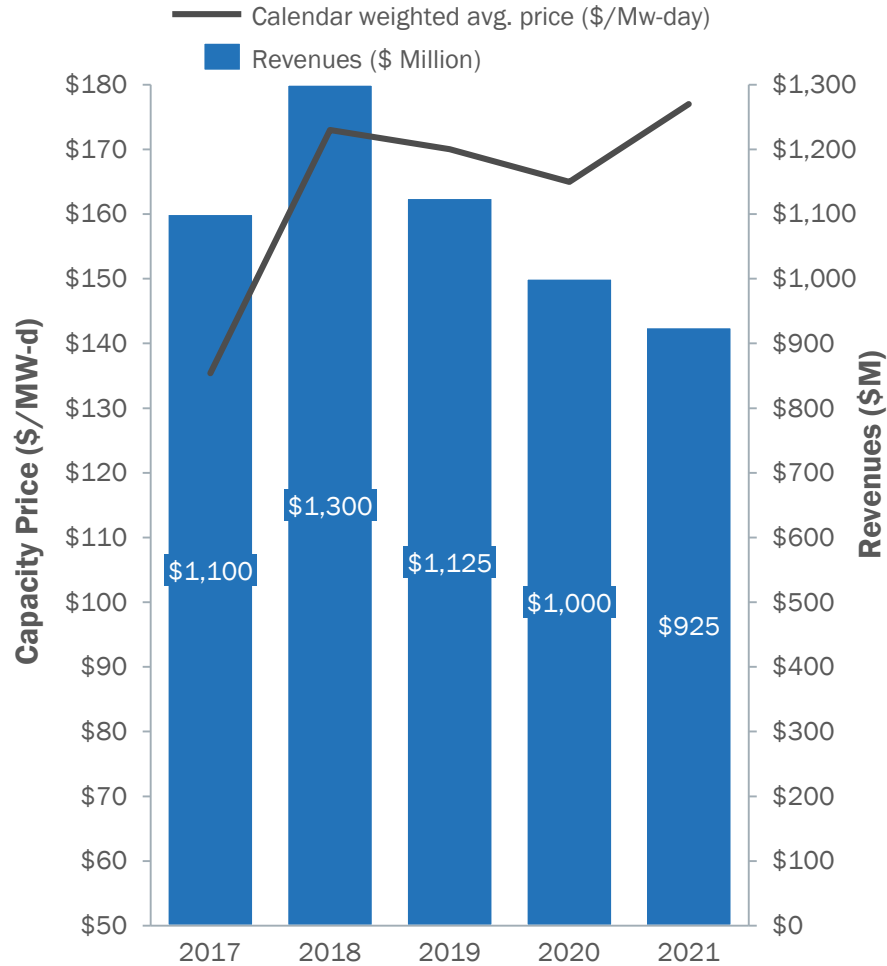
## Q2 2018: Trailing Twelve Month Earned ROEs\*



Note: Represents the 12-month period ending June 30, 2018. Earned ROEs\* represent weighted average across all lines of business (Electric Distribution, Gas Distribution, and Electric Transmission). Size of bubble based on rate base.

# Capacity Market: PJM

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



- (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

## Recent BRA Results

Cleared Volumes (MW) <sup>(4)</sup>	2020/2021		2021/2022	
	CP	Price	CP	Price
<b>ComEd</b>				
Nuclear	8,075	\$188	5,175	\$196
Fossil/Other	-	\$188	-	\$196
<b>Subtotal</b>	<b>8,075</b>		<b>5,175</b>	
<b>EMAAC</b>				
Nuclear	4,350	\$188	3,925	\$166
Fossil/Other	2,325	\$188	2,100	\$166
<b>Subtotal</b>	<b>6,675</b>		<b>6,025</b>	
<b>SWMAAC</b>				
Nuclear	850	\$86	850	\$140
Fossil/Other	-	\$86	-	\$140
<b>Subtotal</b>	<b>850</b>		<b>850</b>	
<b>MAAC</b>				
Nuclear	-	\$86	-	\$140
Fossil/Other	225	\$86	225	\$140
<b>Subtotal</b>	<b>225</b>		<b>225</b>	
<b>BGE</b>				
Nuclear	-	\$86	-	\$200
Fossil/Other	375	\$86	400	\$200
<b>Subtotal</b>	<b>375</b>		<b>400</b>	
<b>Rest of RTO</b>				
Nuclear	-	\$77	-	\$140
Fossil/Other	-	\$77	100	\$140
<b>Subtotal</b>	<b>-</b>		<b>100</b>	
<b>PJM Total</b>				
Nuclear	13,275		9,950	
Fossil/Other	2,925		2,825	
<b>Grand Total</b>	<b>16,200</b>		<b>12,775</b>	

# **Exelon Generation Disclosures**

**Data as of June 30, 2018**

**These disclosures were presented on August 2, 2018, and are not being updated at this time**

# 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

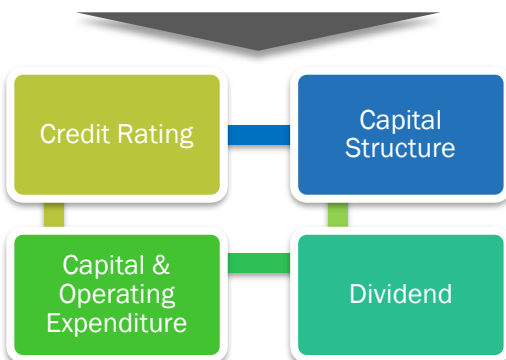
- Ensure stability in near-term cash flows and earnings
- Disciplined approach to hedging
- Tenor aligns with customer preferences and market liquidity
- Multiple channels to market that allow us to maximize margins
- Large open position in outer years to benefit from price upside

## Bull / Bear Program

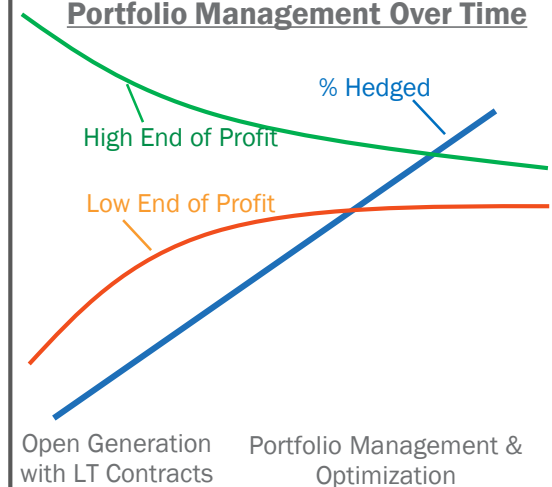
- Ability to exercise fundamental market views to create value within the ratable framework
- Modified timing of hedges versus purely ratable
- Cross-commodity hedging (heat rate positions, options, etc.)
- Delivery locations, regional and zonal spread relationships

## Align Hedging & Financials

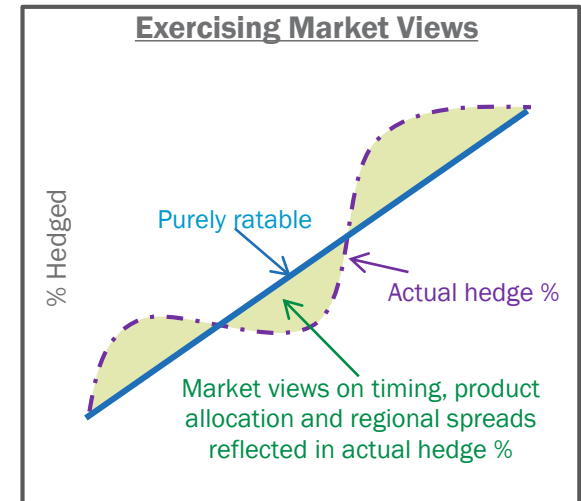
### Establishing Minimum Hedge Targets



## 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>	2018	2019	2020
Open Gross Margin (including South, West & Canada hedged GM) <sup>(2,5)</sup>	\$4,700	\$4,050	\$3,800
Capacity and ZEC Revenues <sup>(2,5,6)</sup>	\$2,300	\$2,050	\$1,900
Mark-to-Market of Hedges <sup>(2,3)</sup>	\$400	\$400	\$300
Power New Business / To Go	\$150	\$600	\$800
Non-Power Margins Executed	\$350	\$150	\$100
Non-Power New Business / To Go	\$150	\$350	\$400
<b>Total Gross Margin*<sup>(4,5)</sup></b>	<b>\$8,050</b>	<b>\$7,600</b>	<b>\$7,300</b>

Reference Prices <sup>(1)</sup>	2018	2019	2020
Henry Hub Natural Gas (\$/MMBtu)	\$2.93	\$2.81	\$2.68
Midwest: NiHub ATC prices (\$/MWh)	\$27.39	\$26.04	\$25.16
Mid-Atlantic: PJM-W ATC prices (\$/MWh)	\$35.93	\$31.38	\$30.36
ERCOT-N ATC Spark Spread (\$/MWh) <i>HSC Gas, 7.2HR, \$2.50 VOM</i>	\$8.91	\$9.70	\$8.43
New York: NY Zone A (\$/MWh)	\$30.80	\$28.21	\$28.55
New England: Mass Hub ATC Spark Spread (\$/MWh) <i>ALQN Gas, 7.5HR, \$0.50 VOM</i>	\$4.89	\$5.12	\$5.83

(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, 2018, market conditions

(5) Reflects Oyster Creek and TMI retirements by October 2018 and September 2019, respectively. 2018, 2019 and 2020 are adjusted for retaining Handley Generating Station.

(6) 2018 includes \$150M of IL ZEC revenues associated with 2017 production. 2019 and 2020 include the favorable impact of NJ ZEC revenues.

# ExGen Disclosures

Generation and Hedges	2018	2019	2020
<b>Exp. Gen (GWh)<sup>(1)</sup></b>	<b>199,000</b>	<b>202,400</b>	<b>193,100</b>
Midwest	96,700	97,100	96,700
Mid-Atlantic <sup>(2,6)</sup>	60,100	54,100	48,600
ERCOT	20,000	25,900	23,600
New York <sup>(2,6)</sup>	15,900	16,600	15,500
New England	6,300	8,700	8,700
<b>% of Expected Generation Hedged<sup>(3)</sup></b>	<b>97%-100%</b>	<b>71%-74%</b>	<b>41%-44%</b>
Midwest	95%-98%	68%-71%	35%-38%
Mid-Atlantic <sup>(2,6)</sup>	102%-105%	81%-84%	50%-53%
ERCOT	98%-101%	74%-77%	45%-48%
New York <sup>(2,6)</sup>	97%-100%	75%-78%	52%-55%
New England	77%-80%	33%-36%	27%-30%
<b>Effective Realized Energy Price (\$/MWh)<sup>(4)</sup></b>			
Midwest	\$30.00	\$29.00	\$29.00
Mid-Atlantic <sup>(2,6)</sup>	\$39.50	\$38.00	\$38.00
ERCOT <sup>(5)</sup>	\$1.00	\$3.50	\$2.50
New York <sup>(2,6)</sup>	\$37.00	\$33.00	\$30.00
New England <sup>(5)</sup>	\$6.00	\$1.50	\$12.00

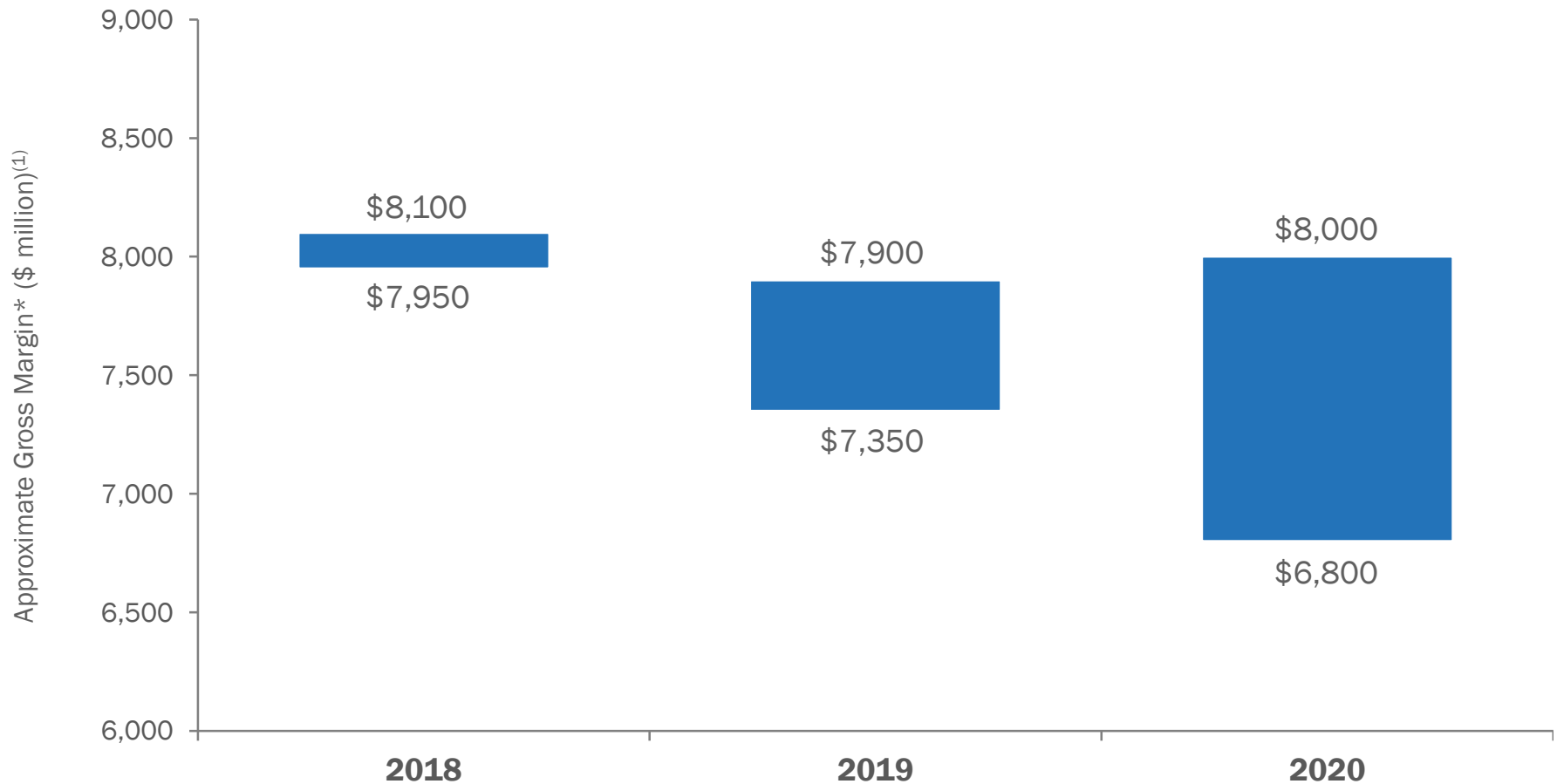
- (1) Expected generation is the volume of energy that best represents our commodity position in energy markets from owned or contracted for capacity based upon a simulated dispatch model that makes assumptions regarding future market conditions, which are calibrated to market quotes for power, fuel, load following products, and options. Expected generation assumes 14 refueling outages in 2018, 11 in 2019, and 14 in 2020 at Exelon-operated nuclear plants and Salem. Expected generation assumes capacity factors of 94.2%, 94.9% and 93.9% in 2018, 2019, and 2020, respectively at Exelon-operated nuclear plants, at ownership. These estimates of expected generation in 2019 and 2020 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 Oyster Creek and TMI retirements by October 2018 and September 2019, respectively. 2018, 2019 and 2020 are adjusted for retaining Handley Generating Station.

# ExGen Hedged Gross Margin\* Sensitivities

Gross Margin* Sensitivities (with existing hedges) <sup>(1)</sup>	2018	2019	2020
<b>Henry Hub Natural Gas (\$/MMBtu)</b>			
+ \$1/MMBtu	\$25	\$335	\$580
- \$1/MMBtu	-	\$(295)	\$(535)
<b>NiHub ATC Energy Price</b>			
+ \$5/MWh	\$5	\$155	\$305
- \$5/MWh	\$(5)	\$(155)	\$(305)
<b>PJM-W ATC Energy Price</b>			
+ \$5/MWh	\$(10)	\$60	\$125
- \$5/MWh	\$15	\$(40)	\$(115)
<b>NYPP Zone A ATC Energy Price</b>			
+ \$5/MWh	-	\$10	\$35
- \$5/MWh	-	\$(15)	\$(35)
<b>Nuclear Capacity Factor</b>			
+/- 1%	+/- \$20	+/- \$35	+/- \$30

(1) Based on June 30, 2018, 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 2019 and 2020 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, 2018. Gross Margin Upside/Risk based on commodity exposure which includes open generation and all committed transactions. Reflects Oyster Creek and TMI retirements by October 2018 and September 2019, respectively. 2018, 2019 and 2020 are adjusted for retaining Handley Generating Station.

# Illustrative Example of Modeling Exelon Generation 2019 Total 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	←————— \$4.05 billion —————→					
(B)	Capacity and ZEC	←————— \$2.05 billion —————→					
(C)	Expected Generation (TWh)	97.1	54.1	25.9	16.6	8.7	
(D)	Hedge % (assuming mid-point of range)	69.5%	82.5%	75.5%	76.5%	34.5%	
(E=C*D)	Hedged Volume (TWh)	67.5	44.6	19.6	12.7	3.0	
(F)	Effective Realized Energy Price (\$/MWh)	\$29.00	\$38.00	\$3.50	\$33.00	\$1.50	
(G)	Reference Price (\$/MWh)	\$26.04	\$31.38	\$9.70	\$28.21	\$5.12	
(H=F-G)	Difference (\$/MWh)	\$2.96	\$6.62	(\$6.20)	\$4.79	(\$3.62)	
(I=E*H)	Mark-to-Market value of hedges (\$ million) <sup>(1)</sup>	\$200	\$295	(\$120)	\$60	(\$10)	
(J=A+B+I)	Hedged Gross Margin (\$ million)			\$6,500			
(K)	Power New Business / To Go (\$ million)			\$600			
(L)	Non-Power Margins Executed (\$ million)			\$150			
(M)	Non-Power New Business / To Go (\$ million)			\$350			
(N=J+K+L+M)	<b>Total Gross Margin*</b>			<b>\$7,600 million</b>			

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

# Additional ExGen Modeling Data

<b>Total Gross Margin Reconciliation (in \$M)<sup>(1)</sup></b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Revenue Net of Purchased Power and Fuel Expense<sup>*(2,3)</sup></b>	<b>\$8,500</b>	<b>\$8,075</b>	<b>\$7,750</b>
Other Revenues <sup>(4)</sup>	\$(200)	\$(175)	\$(200)
Direct cost of sales incurred to generate revenues for certain Constellation and Power businesses	\$(250)	\$(300)	\$(250)
<b>Total Gross Margin* (Non-GAAP)</b>	<b>\$8,050</b>	<b>\$7,600</b>	<b>\$7,300</b>

<b>Key ExGen Modeling Inputs (in \$M)<sup>(1,5)</sup></b>	<b>2018</b>
Other <sup>(6)</sup>	\$250
Adjusted O&M*	\$(4,625)
Taxes Other Than Income (TOTI) <sup>(7)</sup>	\$(375)
Depreciation & Amortization <sup>*(8)</sup>	\$(1,125)
Interest Expense	\$(400)
<b>Effective Tax Rate</b>	<b>22.0%</b>

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

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

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

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

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

(6) Other reflects Other Revenues excluding gross receipts tax revenues, includes nuclear decommissioning trust fund earnings from unregulated sites, and includes the minority interest in ExGen Renewables JV and Bloom. Other for 2018 is favorable due to NDTF realized gains that may not occur in 2019 and 2020.

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

(8) 2019 Depreciation & Amortization is flat to 2018 and 2020 is favorable \$50M due to nuclear plant retirements

# **Appendix**

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

# Projected GAAP to Operating Adjustments

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- **Exelon's projected 2018 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
  - Certain merger and integration costs
  - Impairments of certain wind projects at Generation
  - Certain costs related to plant retirements
  - Costs incurred related to a cost management program
  - Generation's noncontrolling interest, primarily related to CENG exclusion items
  - One-time impacts of adopting new accounting standards
  - Other unusual items

# GAAP to Non-GAAP Reconciliations<sup>(1)</sup>

$$\text{Exelon FFO/Debt}^{(2)} = \frac{\text{FFO (a)}}{\text{Adjusted Debt (b)}}$$

## Exelon FFO Calculation<sup>(2)</sup>

GAAP Operating Income  
 + Depreciation & Amortization  
 = EBITDA  
 - GAAP Interest Expense  
 +/- GAAP Current Income Tax (Expense)/Benefit  
 + Nuclear Fuel Amortization  
 +/- GAAP to Operating Adjustments  
 +/- Other S&P Adjustments  
 = **FFO (a)**

## Exelon Adjusted Debt Calculation<sup>(1)</sup>

Long-Term Debt (including current maturities)  
 + Short-Term Debt  
 + Purchase Power Agreement and Operating Lease Imputed Debt  
 + Pension/OPEB Imputed Debt (after-tax)  
 - Off-Credit Treatment of Non-Recourse Debt  
 - Cash on Balance Sheet \* 75%  
 +/- Other S&P Adjustments  
 = **Adjusted Debt (b)**

(1) 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; therefore, management is unable to reconcile these measures

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

# GAAP to Non-GAAP Reconciliations<sup>(1)</sup>

$$\text{ExGen Debt/EBITDA} = \frac{\text{Net Debt (a)}}{\text{Operating EBITDA (b)}}$$

$$\text{ExGen Debt/EBITDA Excluding Non-Recourse} = \frac{\text{Net Debt (c)}}{\text{Operating EBITDA (d)}}$$

## ExGen Net Debt Calculation

Long-Term Debt (including current maturities)  
 + Short-Term Debt  
- Cash on Balance Sheet  
**= Net Debt (a)**

## ExGen Net Debt Calculation Excluding Non-Recourse

Long-Term Debt (including current maturities)  
 + Short-Term Debt  
- Cash on Balance Sheet  
- Non-Recourse Debt  
**= Net Debt Excluding Non-Recourse (c)**

## ExGen Operating EBITDA Calculation

GAAP Operating Income  
+ Depreciation & Amortization  
 = EBITDA  
+/- GAAP to Operating Adjustments  
**= Operating EBITDA (b)**

## ExGen Operating EBITDA Calculation Excluding Non-Recourse

GAAP Operating Income  
+ Depreciation & Amortization  
 = EBITDA  
+/- GAAP to Operating Adjustments  
- EBITDA from Projects Financed by Non-Recourse Debt  
**= Operating EBITDA Excluding Non-Recourse (d)**

(1) 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; therefore, management is unable to reconcile these measures

# GAAP to Non-GAAP Reconciliations

2018 Adjusted Cash from Ops Calculation (\$M) <sup>(1)</sup>	BGE	ComEd	PECO	PHI	ExGen	Other	Exelon
Net cash flows provided by operating activities (GAAP)	\$700	\$1,475	\$625	\$1,100	\$4,250	\$175	\$8,325
Other cash from investing activities	-	-	-	-	(\$275)	-	(\$275)
Counterparty collateral activity	-	-	-	-	-	-	-
<b>Adjusted Cash Flow from Operations</b>	<b>\$700</b>	<b>\$1,475</b>	<b>\$625</b>	<b>\$1,100</b>	<b>\$3,975</b>	<b>\$175</b>	<b>\$8,050</b>

2018 Cash From Financing Calculation (\$M) <sup>(1)</sup>	BGE	ComEd	PECO	PHI	ExGen	Other	Exelon
Net cash flow provided by financing activities (GAAP)	\$325	\$900	(\$0)	\$450	(\$1,075)	(\$125)	\$475
Dividends paid on common stock	\$200	\$450	\$300	\$300	\$1,000	(\$950)	\$1,325
<b>Financing Cash Flow</b>	<b>\$525</b>	<b>\$1,375</b>	<b>\$300</b>	<b>\$750</b>	<b>(\$75)</b>	<b>(\$1,050)</b>	<b>\$1,800</b>

Exelon Total Cash Flow Reconciliation <sup>(1)</sup>	2018
<b>GAAP Beginning Cash Balance</b>	<b>\$900</b>
Adjustment for Cash Collateral Posted	\$550
Adjusted Beginning Cash Balance <sup>(3)</sup>	\$1,450
Net Change in Cash (GAAP) <sup>(2)</sup>	\$600
Adjusted Ending Cash Balance <sup>(3)</sup>	\$2,050
Adjustment for Cash Collateral Posted	(\$550)
<b>GAAP Ending Cash Balance</b>	<b>\$1,525</b>

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

(2) Represents the GAAP measure of net change in cash, which is the sum of cash flow from operations, cash from investing activities, and cash from financing activities. Figures reflect cash capital expenditures and CENG fleet at 100%.

(3) Adjusted Beginning and Ending cash balances reflect GAAP Beginning and End Cash Balances excluding counterparty collateral activity

# GAAP to Non-GAAP Reconciliations

Q2 2018 Operating ROE Reconciliation (\$M)	ACE	Delmarva	Pepco	Legacy EXC	Consolidated EU
Net Income (GAAP)	\$57	\$102	\$189	\$1,384	\$1,731
Operating Exclusions	\$0	\$8	\$3	\$2	\$13
Adjusted Operating Earnings	\$57	\$109	\$192	\$1,386	\$1,744
Average Equity	\$1,044	\$1,425	\$2,577	\$13,439	\$18,485
<b>Operating ROE (Adjusted Operating Earnings/Average Equity)</b>	<b>5.4%</b>	<b>7.7%</b>	<b>7.4%</b>	<b>10.3%</b>	<b>9.4%</b>

Q1 2018 Operating ROE Reconciliation (\$M)	ACE	Delmarva	Pepco	Legacy EXC	Consolidated EU
Net Income (GAAP)	\$56	\$94	\$178	\$1,321	\$1,650
Operating Exclusions	\$0	\$7	(\$1)	\$26	\$32
Adjusted Operating Earnings	\$56	\$101	\$177	\$1,347	\$1,682
Average Equity	\$1,046	\$1,341	\$2,433	\$13,164	\$17,985
<b>Operating ROE (Adjusted Operating Earnings/Average Equity)</b>	<b>5.4%</b>	<b>7.6%</b>	<b>7.3%</b>	<b>10.2%</b>	<b>9.4%</b>

ExGen Adjusted O&M Reconciliation (\$M) <sup>(1)</sup>	2018
<b>GAAP O&amp;M</b>	<b>\$5,375</b>
Decommissioning <sup>(2)</sup>	50
Direct cost of sales incurred to generate revenues for certain Constellation and Power businesses <sup>(3)</sup>	(275)
O&M for managed plants that are partially owned	(400)
Other	(125)
<b>Adjusted O&amp;M (Non-GAAP)</b>	<b>\$4,625</b>

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

(2) Reflects earnings neutral O&M

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

# GAAP to Non-GAAP Reconciliations

ExGen Adjusted O&M Reconciliation (\$M) <sup>(1)</sup>	2018	2019	2020	2021
<b>GAAP O&amp;M</b>	<b>\$5,375</b>	<b>\$5,000</b>	<b>\$4,925</b>	<b>\$4,950</b>
Decommissioning <sup>(2)</sup>	50	-	-	-
TMI Retirement	-	-	-	-
Oyster Creek Retirement	-	-	-	-
Direct cost of sales incurred to generate revenues for certain Constellation and Power businesses <sup>(3)</sup>	(275)	(300)	(250)	(250)
O&M for managed plants that are partially owned	(400)	(400)	(425)	(425)
Other	(125)	-	25	25
<b>Adjusted O&amp;M (Non-GAAP)</b>	<b>\$4,625</b>	<b>\$4,300</b>	<b>\$4,275</b>	<b>\$4,300</b>

## 2018-2021 ExGen Available Cash Flow and Uses of Cash Calculation (\$M)<sup>(1)</sup>

Cash from Operations (GAAP)	\$15,975
Other Cash from Investing and Financing Activities	(\$1,200)
Baseline Capital Expenditures <sup>(4)</sup>	(\$3,675)
Nuclear Fuel Capital Expenditures	(\$3,450)
<b>Free Cash Flow before Growth CapEx and Dividend</b>	<b>\$7,625</b>

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

(2) Reflects earnings neutral O&M

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

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