

# Earnings Conference Call 4<sup>th</sup> Quarter 2013

February 6<sup>th</sup>, 2014

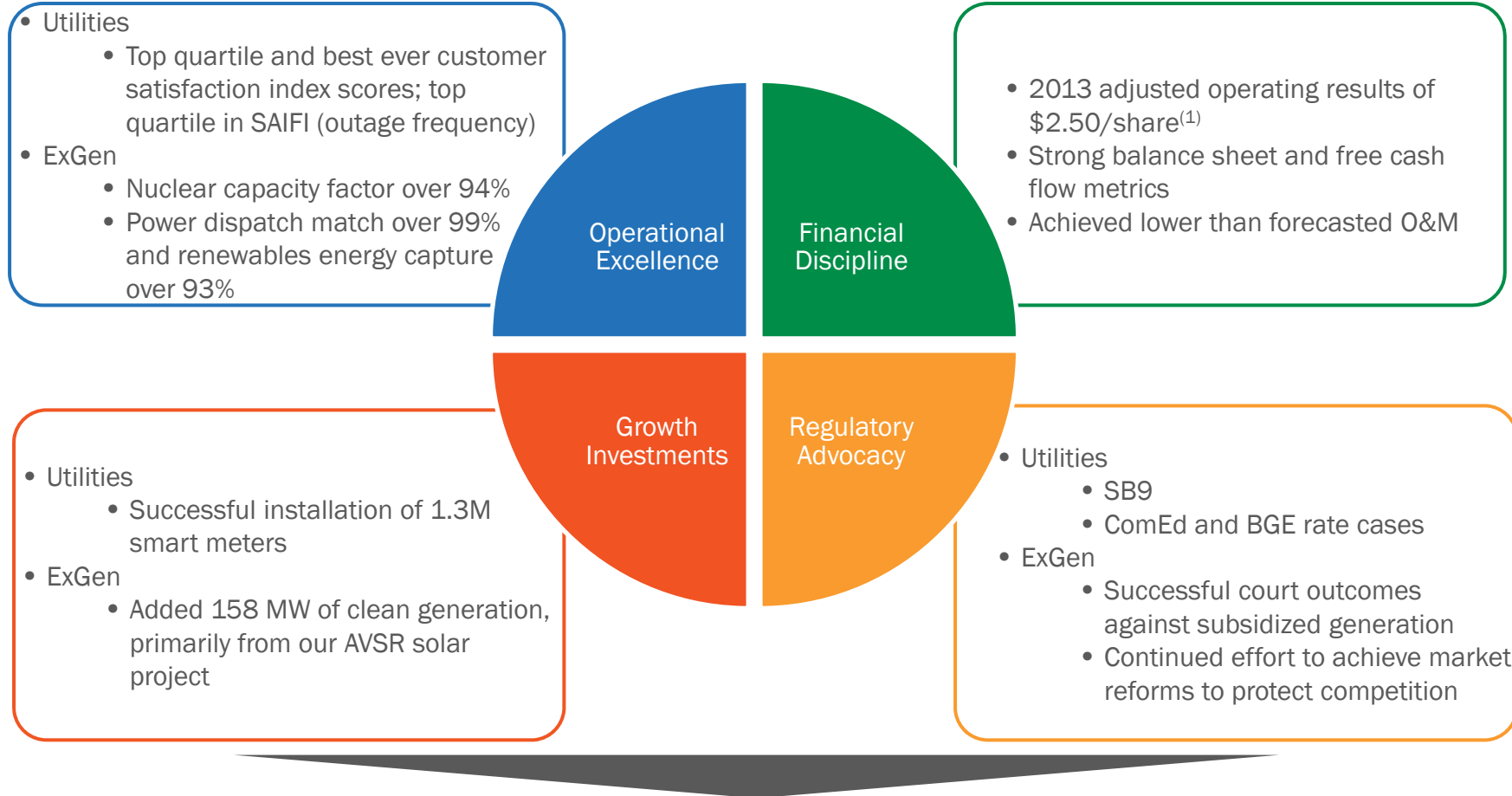


# Cautionary Statements Regarding Forward-Looking Information

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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, Commonwealth Edison Company, PECO Energy Company, Baltimore Gas and Electric Company and Exelon Generation Company, LLC (Registrants) include those factors discussed herein, as well as the items discussed in (1) Exelon's 2012 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 19; (2) Exelon's Third Quarter 2013 Quarterly Report on Form 10-Q in (a) Part II, Other Information, ITEM 1A. Risk Factors; (b) Part 1, Financial Information, ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations and (c) Part I, Financial Information, ITEM 1. Financial Statements: Note 18; and (3) 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 presentation. 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.

# 2013 In Review



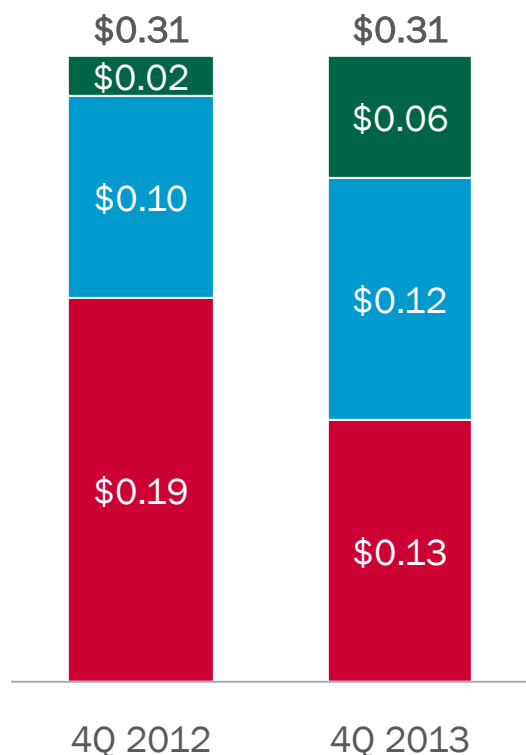
- **Delivered solid 2013 results in the middle of our guidance range**
- **Providing initial 2014 adjusted operating earnings guidance of \$2.25-\$2.55/share<sup>(2)</sup>**

(1) Represents adjusted (non-GAAP) operating EPS. 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) 2014 earnings guidance based on expected average outstanding shares of ~860M. Refer to the Appendix for a reconciliation of adjusted (non-GAAP) operating EPS guidance to GAAP EPS.

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

■ BGE ■ PECO ■ ComEd



## Key Drivers – 4Q13 vs. 4Q12:

### BGE (+0.04):

- Decreased storm costs: \$0.02
- Distribution revenue due to rate cases: \$0.02

### PECO (+0.02):

- Decreased storm costs: \$0.03
- Income taxes: \$(0.01)

### ComEd (-0.06):

- Discrete impacts of the 2012 distribution formula rate order<sup>(2)</sup>: \$(0.09)
- Weather, load and customer mix<sup>(3)</sup>: \$0.02

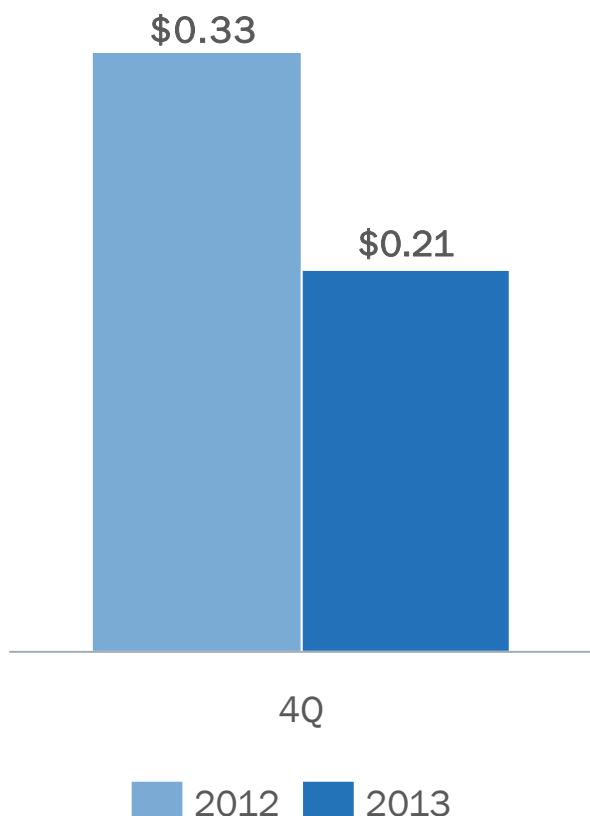
Numbers may not add due to rounding.

(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) The discrete impacts include \$(0.05) related to the reinstatement of the 2011 return on pension asset and \$(0.04) related to 2012 pension asset costs recorded in the fourth quarter of 2012.

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

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



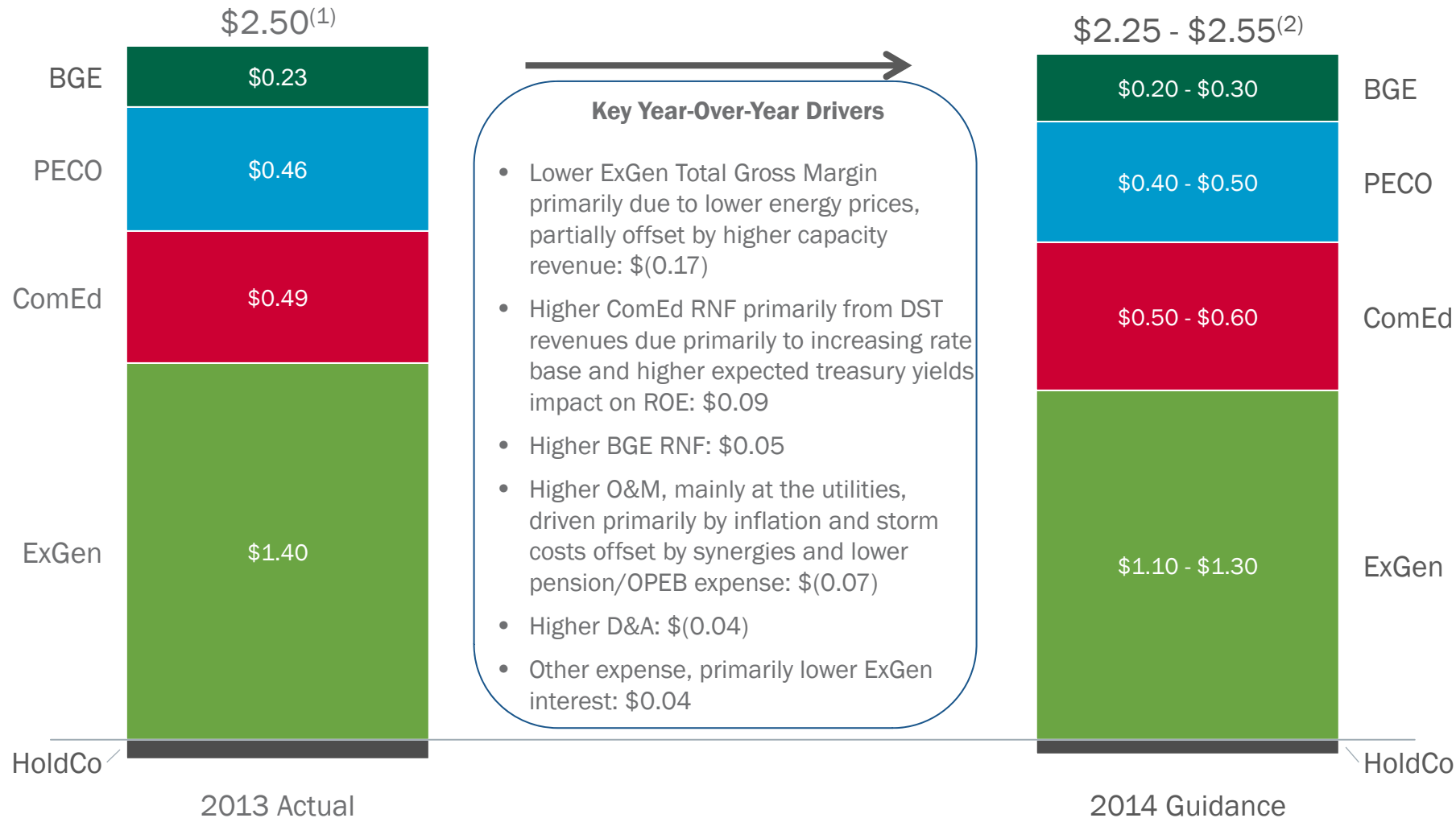
## Key Drivers – 4Q13 vs. 4Q12

- Lower gross margin, primarily due to lower realized energy prices, partially offset by increased capacity pricing: \$(0.11)
- Higher other expense, primarily due to lower realized NDT fund gains: \$(0.02)
- Lower O&M costs, primarily due to merger synergies: \$0.02

(excludes Salem and CENG)	<u>4Q12 Actual</u>	<u>4Q13 Actual</u>
Planned Refueling Outage Days	113	94
Non-refueling Outage Days	1	33
Nuclear Capacity Factor	93.0%	92.3%

(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.

# 2014 Adjusted Operating Earnings Guidance



**Expect Q1 2014 Adjusted Operating Earnings of \$0.60 - \$0.70 per share**

(1) 2013 results based on 2013 average outstanding shares of 860M. 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) 2014 earnings guidance based on expected average outstanding shares of ~860M. 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.

# Exelon Consolidated Cash Flow: 2014 Expected vs 2013

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## Actuals

### Projected Sources & Uses<sup>(6)</sup>

#### 2014 Projected Sources and Uses of Cash<sup>(7)</sup>

(\$ in millions)	BGE	ComEd	PECO	ExGen	Exelon <sup>(5)</sup> 2014E	Exelon <sup>(5)</sup> 2013A	Delta
<b>Beginning Cash Balance<sup>(1)</sup></b>					<b>1,475</b>	<b>1,575</b>	<b>(100)</b>
Adjusted Cash Flow from Operations <sup>(2)</sup>	650	1,525	600	3,175	6,100	6,025	75
CapEx (excluding other items below):	(525)	(1,575)	(450)	(1,050)	(3,675)	(3,250)	(425)
Nuclear Fuel	n/a	n/a	n/a	(900)	(900)	(1,000)	100
Dividend <sup>(3)</sup>					(1,075)	(1,250)	175
Nuclear Upgrades	n/a	n/a	n/a	(150)	(150)	(150)	–
Wind	n/a	n/a	n/a	(75)	(75)	(25)	(50)
Solar	n/a	n/a	n/a	(200)	(200)	(450)	250
Upstream	n/a	n/a	n/a	(25)	(25)	(50)	25
Utility Smart Grid/Smart Meter	(75)	(200)	(175)	n/a	(450)	(425)	(25)
Net Financing (excluding Dividend):							
Debt Issuances	–	900	300	–	1,200	1,200	–
Debt Retirements	–	(625)	(250)	(525)	(1,375)	(1,600)	225
Project Finance/Federal Financing Bank Loan	n/a	n/a	n/a	675	675	725	(50)
Other <sup>(4)</sup>	(50)	300	100	(375)	(250)	150	(400)
<b>Ending Cash Balance<sup>(4)</sup></b>					<b>1,275</b>	<b>1,475</b>	<b>(200)</b>

(1) Excludes counterparty collateral of \$(28) million and \$134 million at 12/31/12 and 12/31/13. In addition, the 12/31/14 ending cash balance does not include collateral.

(2) 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 of \$5.5B and \$5.4B for 2014 and 2013, respectively.

(3) Dividends are subject to declaration by the Board of Directors.

(4) "Other" includes CENG distribution to EDF, proceeds from stock options, redemption of PECO preferred stock and expected changes in short-term debt.

(5) Includes cash flow activity from Holding Company, eliminations, and other corporate entities.

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

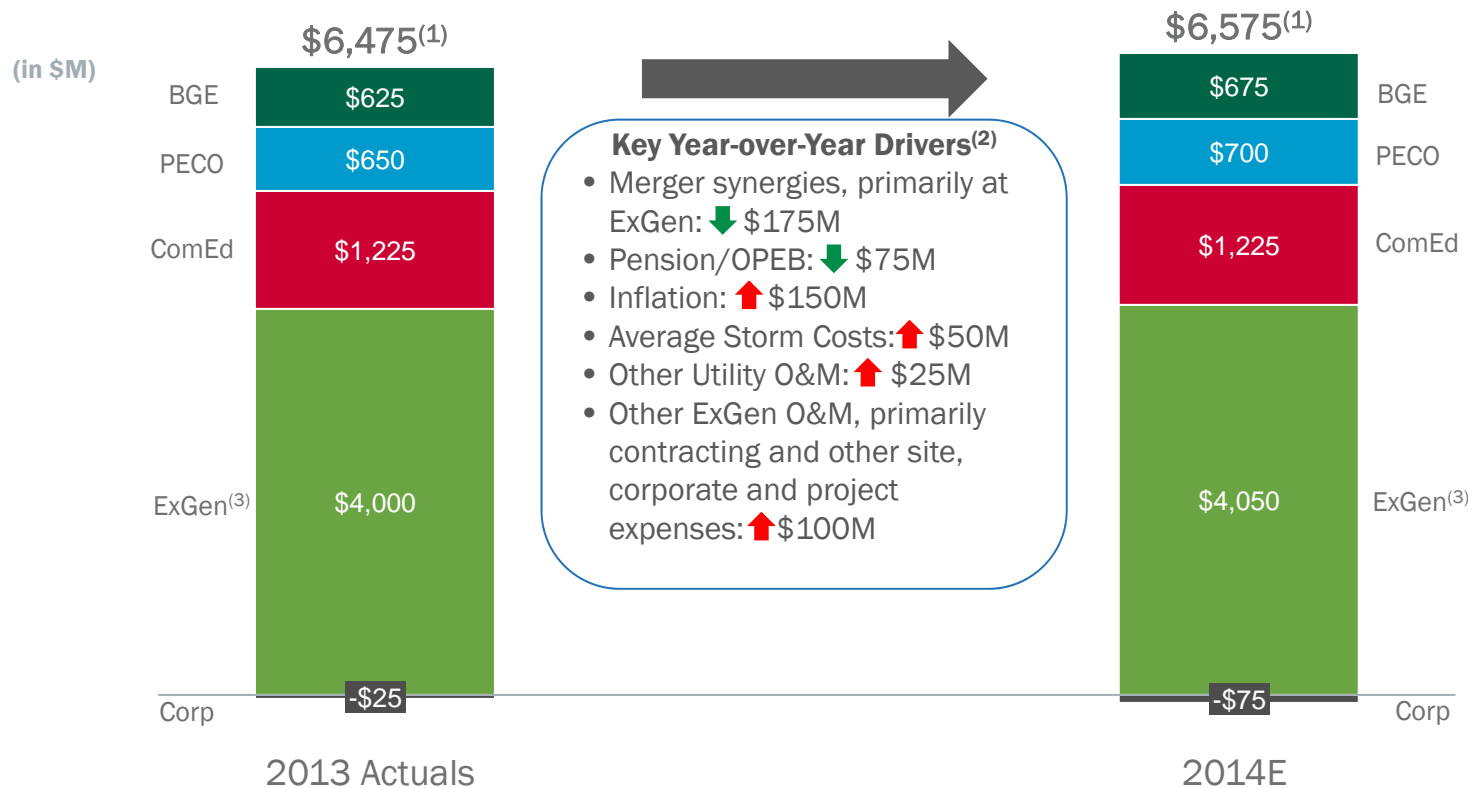
(7) Net 2014 sources and uses for each operating company are expected to be \$0M, \$325M, \$125M and \$550M for BGE, ComEd, PECO and ExGen, respectively.

### Key Messages<sup>(6)</sup>

- Adjusted Cash from Operations<sup>(2)</sup> is projected to be \$6,100M vs 2013A of \$6,025M for a \$75M variance. This variance is primarily driven by:
  - \$350M Increase in ComEd's 2014 distribution rates
  - \$125M Income Taxes and Settlements
  - (\$150M) Higher working capital at the utilities
  - (\$225M) Lower ExGen Gross Margin
- CapEx is projected to be \$5,475M vs 2013A \$5,350M for a (\$125M) variance. This variance is primarily driven by:
  - (\$350M) Higher ComEd investment in transmission, distribution and Smart Grid / Smart Meter
  - \$225M AVSR due to majority of work being completed in 2013
  - \$100M Lower nuclear fuel expenditures
  - (\$75M) Maryland commitments
- Cash from Financing activities is projected to be (\$825M) vs 2013A of (\$775M) for a (\$50M) variance. This variance is primarily driven by:
  - (\$400M) CENG distribution to EDF
  - \$175M Increased ComEd LTD requirements primarily to fund incremental capital investment
  - \$175M Reduced dividend to common shareholders

# Adjusted O&M Forecast<sup>(2)</sup>

- 2014 forecast of \$6.6B<sup>(1)</sup>
  - \$550M run-rate Constellation merger synergies in 2014
  - Excludes costs to achieve which are considered non-operating
- Expect CAGR of ~(-0.6%) for 2014-2016



(1) 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 business, P&L neutral decommissioning costs and the impact from O&M related to variable interest entities.

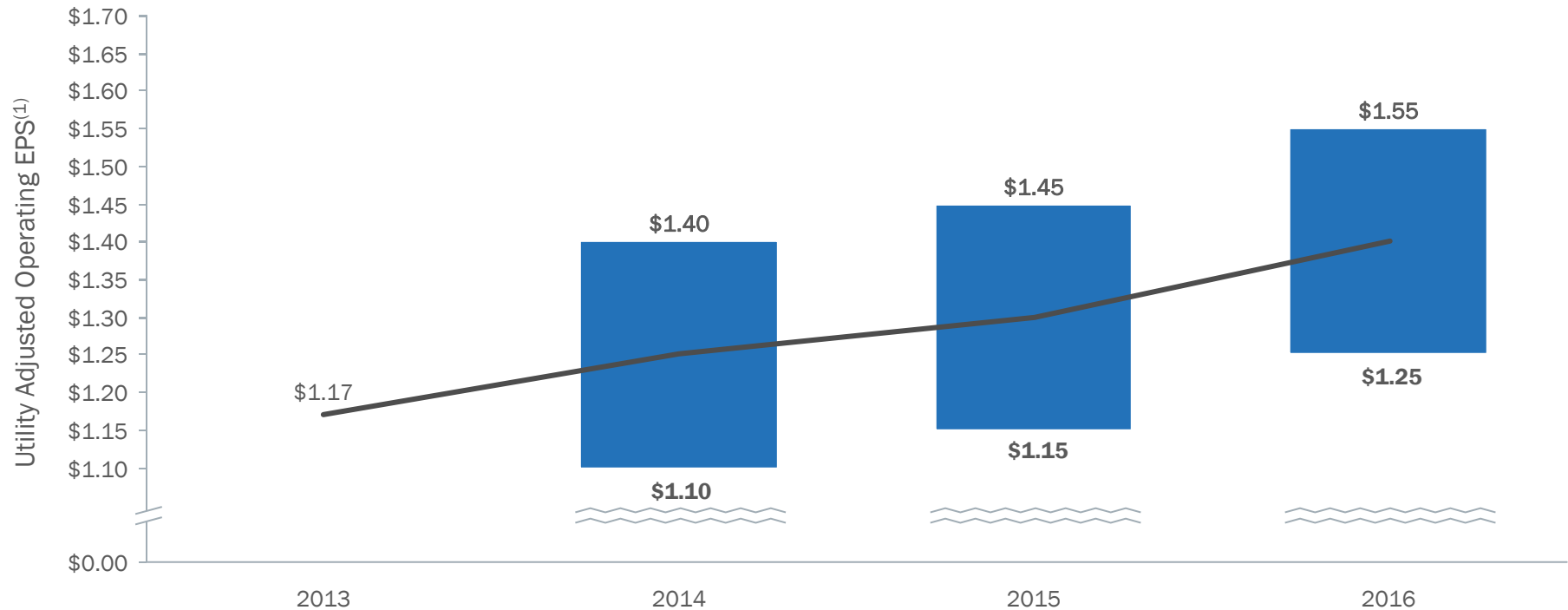
(2) All amounts rounded to the nearest \$25M.

(3) Excludes CENG.



# Exelon Utility 2014-16 Adjusted Operating EPS Guidance

- \$15 billion of investment from 2014-2018 to upgrade aging infrastructure and invest in new technologies to achieve rate base growth of 5-7%
- Long-term target of 10% ROE at each utility by 2017
- Managing the regulatory environment to achieve a fair rate of return at all utilities



**Exelon Utilities provide stable earnings growth based on sound investment and strong operational performance**

(1) Refer to Earnings Release Attachments and to the Appendix for a 2013 reconciliation of adjusted (non-GAAP) operating EPS to GAAP EPS and to the Appendix for a reconciliation of adjusted (non-GAAP) Operating EPS guidance to GAAP EPS.

# Exelon Generation: Gross Margin Update

	December 31, 2013			Change from Sept 30, 2013 <sup>(7)</sup>		
Gross Margin Category (\$M) <sup>(1)</sup>	2014	2015	2016	2014	2015	2016
Open Gross Margin <sup>(3)</sup> (including South, West, Canada hedged gross margin)	5,850	5,700	5,650	250	(50)	(50)
Mark-to-Market of Hedges <sup>(3,4)</sup>	750	500	250	(150)	50	-
Power New Business / To Go	350	650	700	(150)	(100)	(50)
Non-Power Margins Executed	100	50	50	-	-	-
Non-Power New Business / To Go <sup>(5)</sup>	300	350	350	-	-	-
<b>Total Gross Margin<sup>(2)</sup></b>	<b>7,350</b>	<b>7,250</b>	<b>7,000</b>	<b>(50)</b>	<b>(100)</b>	<b>(100)</b>

## Recent Developments

- Severe weather in our load serving regions led to significant power and gas volatility
- Our balanced generation to load strategy, as well as our geographic and commodity diversity, allowed us to navigate through several offsetting issues such as gas curtailments and nuclear outages
- The return of volatility to the markets may lead to more appropriate pricing of risk premiums

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 and variable interest entities. Total Gross Margin is also net of direct cost of sales for certain Constellation businesses. See Slide 35 for a Non-GAAP to GAAP reconciliation of Total Gross Margin.

3) Includes Exelon's proportionate ownership share of the CENG Joint Venture.

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

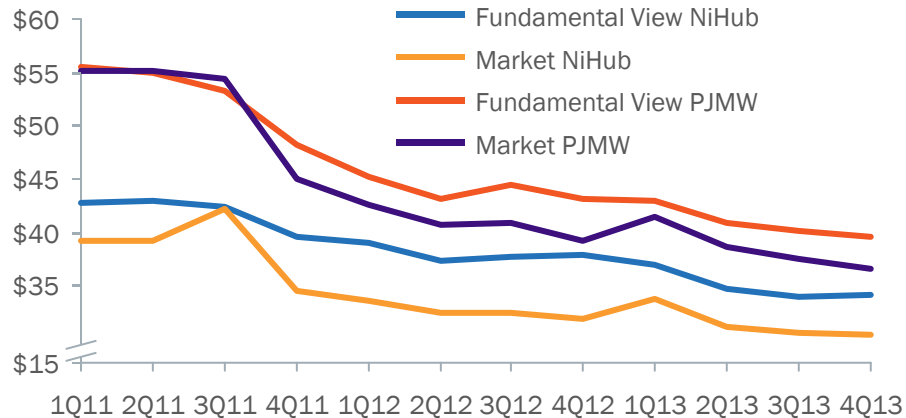
5) Any changes to new business estimates for our non-power business are presented as revenue less costs of sales.

6) Based on December 31, 2013 market conditions

7) Adjusted gross margin based on 8-K issued on December 9, 2013. Refer to slide 41 for details.

# Hedging Activity and Market Fundamentals

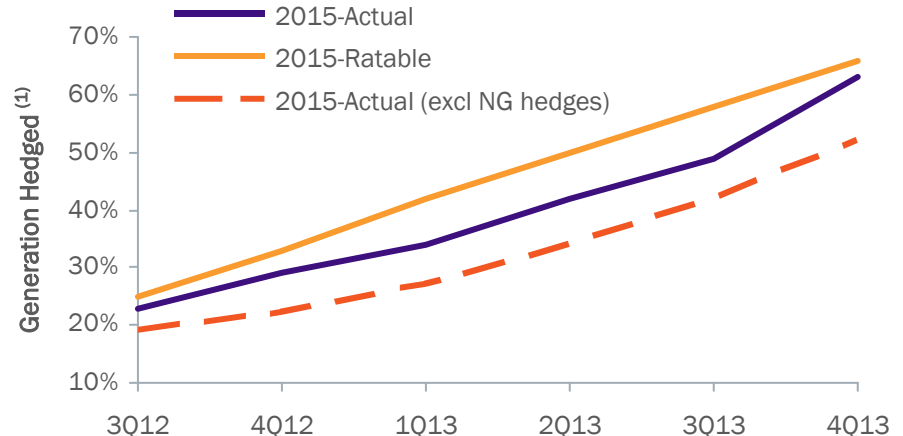
## Fundamental View vs. Market - 2015



### Impacts of our view on our hedging activity

- Structural changes in the stack are expected to increase volatility in the spot energy market and drive prices higher than current market
- Continue to see a disconnect in forward heat rates compared to our fundamental forecast given current natural gas prices, expected retirements, new generation resources, and load assumptions

## 2015: Rotating into a Large Heat Rate Strategy



### Impacts of our view on our hedging activity

- We align our hedging strategies with our fundamental views
- As of 12/31/2013 we were 2-3% behind ratable in PJM and are relying on an even larger amount of cross-commodity hedges to capture our view that heat rates will expand
- As of 12/31/2013, Natural gas sales represented 12-15% of our hedges in 2015 and 2016
- Late in Q4, as Cal 2015-2016 gas prices increased and heat rates declined, we shifted our strategy from fixed-price length to a longer cross-commodity position

(1) Mid-point of disclosed total portfolio hedge % range was used

**We have shifted our strategy from fixed-price length to a larger cross-commodity position leaving our exposure to power upside**

# ExGen's Financial Flexibility

## Balance Sheet Focus

### Robust Balance Sheet

- Strong cash flow metrics to maintain investment grade ratings and fund incremental growth opportunities

### Declining Base CapEx

- Management model process prioritizes safety and reliability
- Prior investment largely to prepare for license extensions and mitigate asset management issues
- Cost initiatives to reduce capital including reverse engineering

## Free Cash Flow Benefits

### Pension Improvements

- Rising interest rate environment results in lower pension expense and contributions
- 2015 forecast of just under \$100M lower contributions than expense<sup>(2)</sup>

### Tax Position

- Use of NOLs and various tax credits provide substantial near-term cash tax favorability compared to book taxes
- Longer term tax position shows tax capacity for growth opportunities

## Resulting 2014 Metrics

### Key Cash Metrics<sup>(1)</sup>

- 2013 FFO/Debt<sup>(3)</sup> = 37%
  - Improving for 2014
  - Well above threshold for investment grade
- Adjusted EBITDA – Base CapEx = \$1,500M - \$1,800M
  - Reducing base CapEx by \$200M from 2013-16 mitigates declining RNF
- \$1,225M of FCF before Growth CapEx and Dividend
  - Positive FCF in excess of planned growth CapEx and ExGen dividend

**Declining base CapEx, cash vs. earnings differences and balance sheet capacity result in significant financial flexibility and robust metrics when evaluating ExGen on a cash basis**

(1) See Slides 36-37 for a Non-GAAP to GAAP reconciliation of cash flow metrics.

(2) Reflects Exelon consolidated forecast with the majority of the difference due to the expected ExGen amounts.

(3) FFO/Debt for ExGen is shown using S&P's methodology and includes parent company debt and interest. Final 2013 calculation is still pending agency review.

# Long-Term EPS Growth Potential comes from controllable actions, opportunistic investments and market upside

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## Controllable

- Continued investments in utilities for stable earnings and growth
- **Aggressive cost management** – in addition to our merger synergies of \$550M, we expect to pursue incremental cost cutting measures across the organization
- **Operational efficiencies** – productivity enhancements and portfolio optimization efforts to reduce operational costs
- **Asset rationalization** – potential sale or retirement of unprofitable assets
- **Capital deployment** – pursue growth and investments opportunities

## Market/Advocacy Upside

- **Power market upside** – manage our portfolio in line with our fundamental view to maximize the benefit to our asset value
- **Regulatory policies** – continue to pursue capacity market design changes, GHG policy implementation and other policies to get fair compensation for our nuclear fleet

**We are committed to drive shareholder value by streamlining operations, cutting costs, optimizing our generation portfolio and deploying capital to drive growth. We firmly believe that our controllable efforts coupled with market upside should help us deliver a positive earnings CAGR by end of our planning period**

# **Exelon Generation Disclosures**

**December 31, 2013**

# 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

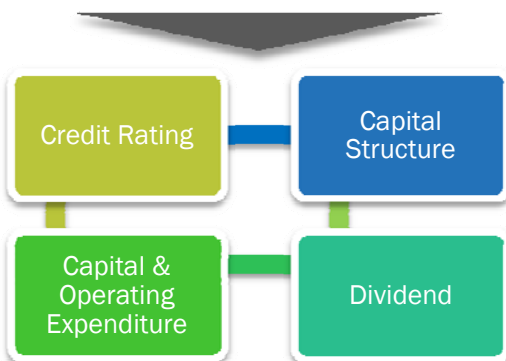
- Ensure stability in near-term cash flows and earnings
- Disciplined approach to hedging
- Tenor aligns with customer preferences and market liquidity
- Multiple channels to market that allow us to maximize margins
- Large open position in outer years to benefit from price upside

## Bull / Bear Program

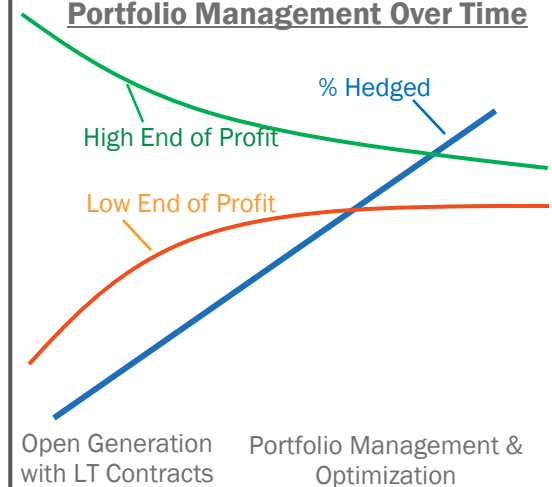
- Ability to exercise fundamental market views to create value within the ratable framework
- Modified timing of hedges versus purely ratable
- Cross-commodity hedging (heat rate positions, options, etc.)
- Delivery locations, regional and zonal spread relationships

## Align Hedging & Financials

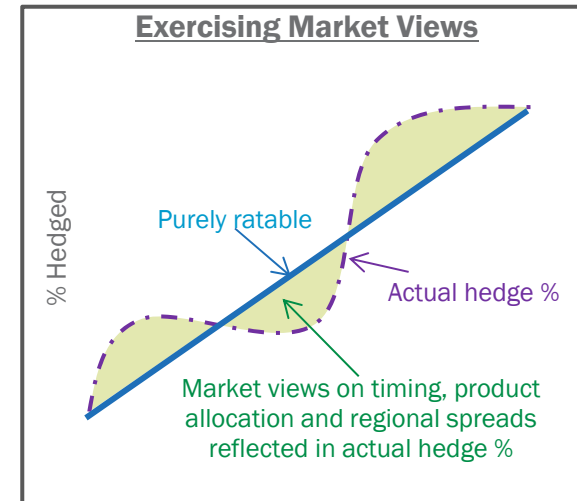
### Establishing Minimum Hedge Targets



## Portfolio Management Over Time



## Exercising Market Views



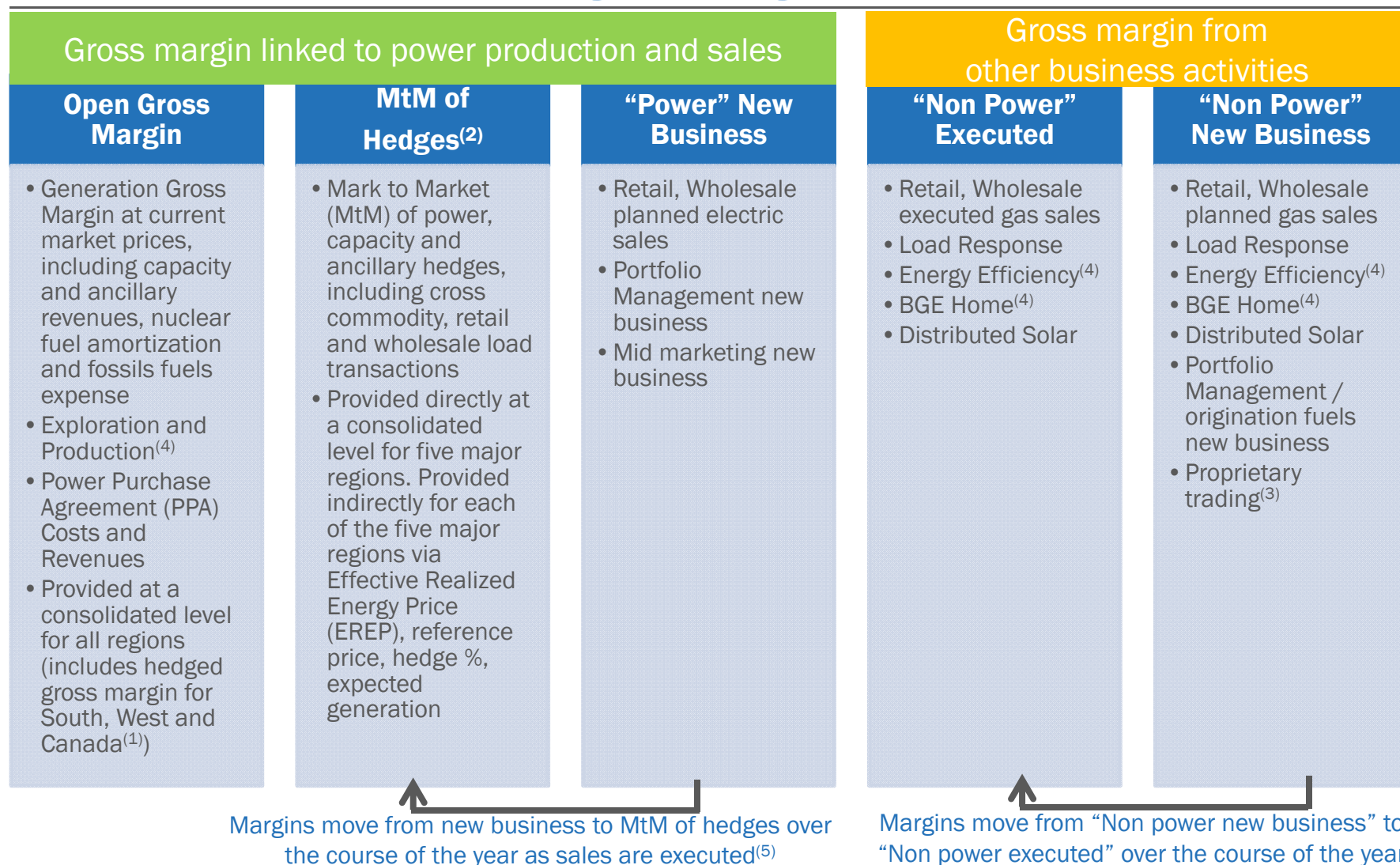
**Protect Balance Sheet**

**Ensure Earnings Stability**

**Create Value**



# Components of Gross Margin Categories



(1) Hedged gross margins for South, West and Canada region 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 remain within "Non Power" New Business category and not move to "Non Power" Executed category.

(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>	2014	2015	2016
Open Gross Margin (including South, West & Canada hedged GM) <sup>(3)</sup>	5,850	5,700	5,650
Mark to Market of Hedges <sup>(3,4)</sup>	750	500	250
Power New Business / To Go	350	650	700
Non-Power Margins Executed	100	50	50
Non-Power New Business / To Go <sup>(5)</sup>	300	350	350
<b>Total Gross Margin<sup>(2)</sup></b>	<b>7,350</b>	<b>7,250</b>	<b>7,000</b>

Reference Prices <sup>(6)</sup>	2014	2015	2016
Henry Hub Natural Gas (\$/MMbtu)	\$4.19	\$4.14	\$4.13
Midwest: NiHub ATC prices (\$/MWh)	\$31.45	\$30.27	\$30.32
Mid-Atlantic: PJM-W ATC prices (\$/MWh)	\$37.90	\$36.45	\$36.53
ERCOT-N ATC Spark Spread (\$/MWh) <i>HSC Gas, 7.2HR, \$2.50 VOM</i>	\$6.56	\$7.43	\$6.79
New York: NY Zone A (\$/MWh)	\$38.25	\$35.85	\$35.61
New England: Mass Hub ATC Spark Spread(\$/MWh) <i>ALQN Gas, 7.5HR, \$0.50 VOM</i>	\$5.16	\$2.86	\$0.75

(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 and variable interest entities. Total Gross Margin is also net of direct cost of sales for certain Constellation businesses. See Slide 35 for a Non-GAAP to GAAP reconciliation of Total Gross Margin.

(3) Includes Exelon's proportionate ownership share of the CENG Joint Venture.

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

(5) Any changes to new business estimates for our non-power business are presented as revenue less costs of sales.

(6) Based on December 31, 2013 market conditions.

# ExGen Disclosures

Generation and Hedges	2014	2015	2016
<u>Exp. Gen (GWh) <sup>(1)</sup></u>	<b>208,800</b>	<b>201,700</b>	<b>203,600</b>
Midwest	96,900	96,600	97,600
Mid-Atlantic <sup>(2)</sup>	74,200	70,200	71,400
ERCOT	17,100	18,700	19,200
New York <sup>(2)</sup>	12,700	9,300	9,300
New England	7,900	6,900	6,100
<u>% of Expected Generation Hedged <sup>(3)</sup></u>	<b>91-94%</b>	<b>62-65%</b>	<b>30-33%</b>
Midwest	88-91%	62-65%	29-32%
Mid-Atlantic <sup>(2)</sup>	92-95%	64-67%	33-36%
ERCOT	99-102%	51-54%	33-36%
New York <sup>(2)</sup>	95-98%	58-61%	25-28%
New England	96-99%	64-67%	14-17%
<u>Effective Realized Energy Price (\$/MWh) <sup>(4)</sup></u>			
Midwest	\$33.50	\$32.00	\$32.50
Mid-Atlantic <sup>(2)</sup>	\$45.00	\$44.50	\$45.50
ERCOT <sup>(5)</sup>	\$10.50	\$7.00	\$5.00
New York <sup>(2)</sup>	\$37.00	\$43.00	\$38.50
New England <sup>(5)</sup>	\$4.00	\$2.50	\$5.00

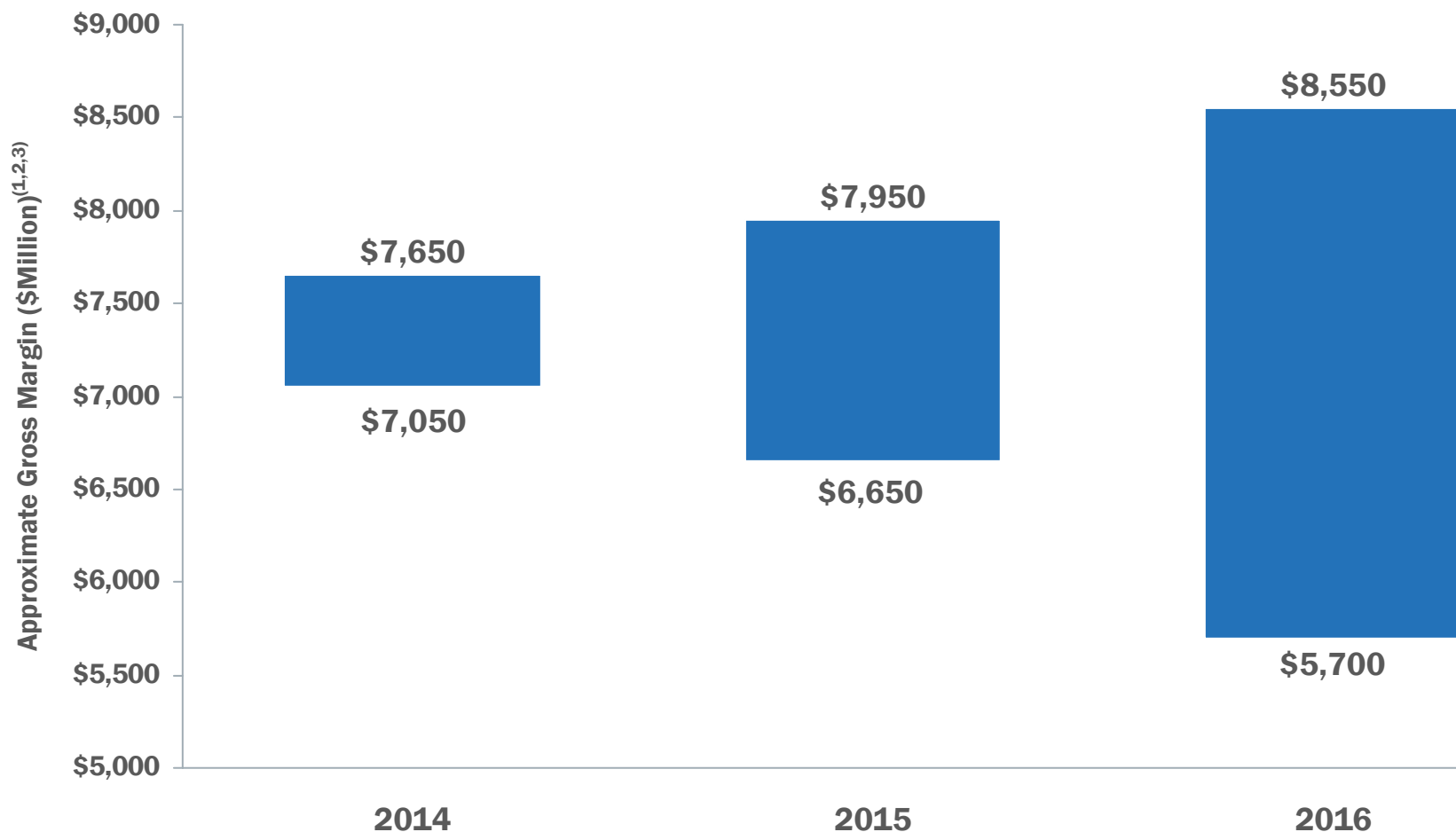
(1) Expected generation represents the amount of energy estimated to be generated or purchased through owned or contracted for capacity. Expected generation is based upon a simulated dispatch model that makes assumptions regarding future market conditions, which are calibrated to market quotes for power, fuel, load following products, and options. Expected generation assumes 14 refueling outages in 2014 and 2015 and 12 refueling outages in 2016 at Exelon-operated nuclear plants, Salem and CENG. Expected generation assumes capacity factors of 93.7%, 93.3% and 94.4% in 2014, 2015 and 2016 at Exelon-operated nuclear plants excluding Salem and CENG. These estimates of expected generation in 2014, 2015 and 2016 do not represent guidance or a forecast of future results as Exelon has not completed its planning or optimization processes for those years. (2) Includes Exelon's proportionate 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. Uses expected value on options. (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, 2)</sup>	2014	2015	2016
Henry Hub Natural Gas (\$/Mmbtu)			
+ \$1/Mmbtu	\$110	\$305	\$515
- \$1/Mmbtu	\$(40)	\$(235)	\$(480)
NiHub ATC Energy Price			
+ \$5/MWh	\$30	\$290	\$430
- \$5/MWh	\$(30)	\$(285)	\$(430)
PJM-W ATC Energy Price			
+ \$5/MWh	\$20	\$175	\$270
- \$5/MWh	\$(15)	\$(165)	\$(260)
NYPP Zone A ATC Energy Price			
+ \$5/MWh	\$5	\$20	\$35
- \$5/MWh	\$(5)	\$(20)	\$(35)
Nuclear Capacity Factor <sup>(3)</sup>			
+/- 1%	+/- \$45	+/- \$40	+/- \$40

(1) Based on December 31, 2013 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. (2) Sensitivities based on commodity exposure which includes open generation and all committed transactions. (3) Includes Exelon's proportionate ownership share of the CENG Joint Venture.

# Exelon Generation 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 2014, 2015 and 2016 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, 2013 (2) Gross Margin Upside/Risk based on commodity exposure which includes open generation and all committed transactions. (3) Gross margin is defined as operating revenues less purchased power and fuel expense, excluding revenue related to decommissioning, gross receipts tax, Exelon Nuclear Partners and variable interest entities. See Slide 35 for a Non-GAAP to GAAP reconciliation of Gross Margin.

# Illustrative Example of Modeling Exelon Generation 2015 Gross Margin

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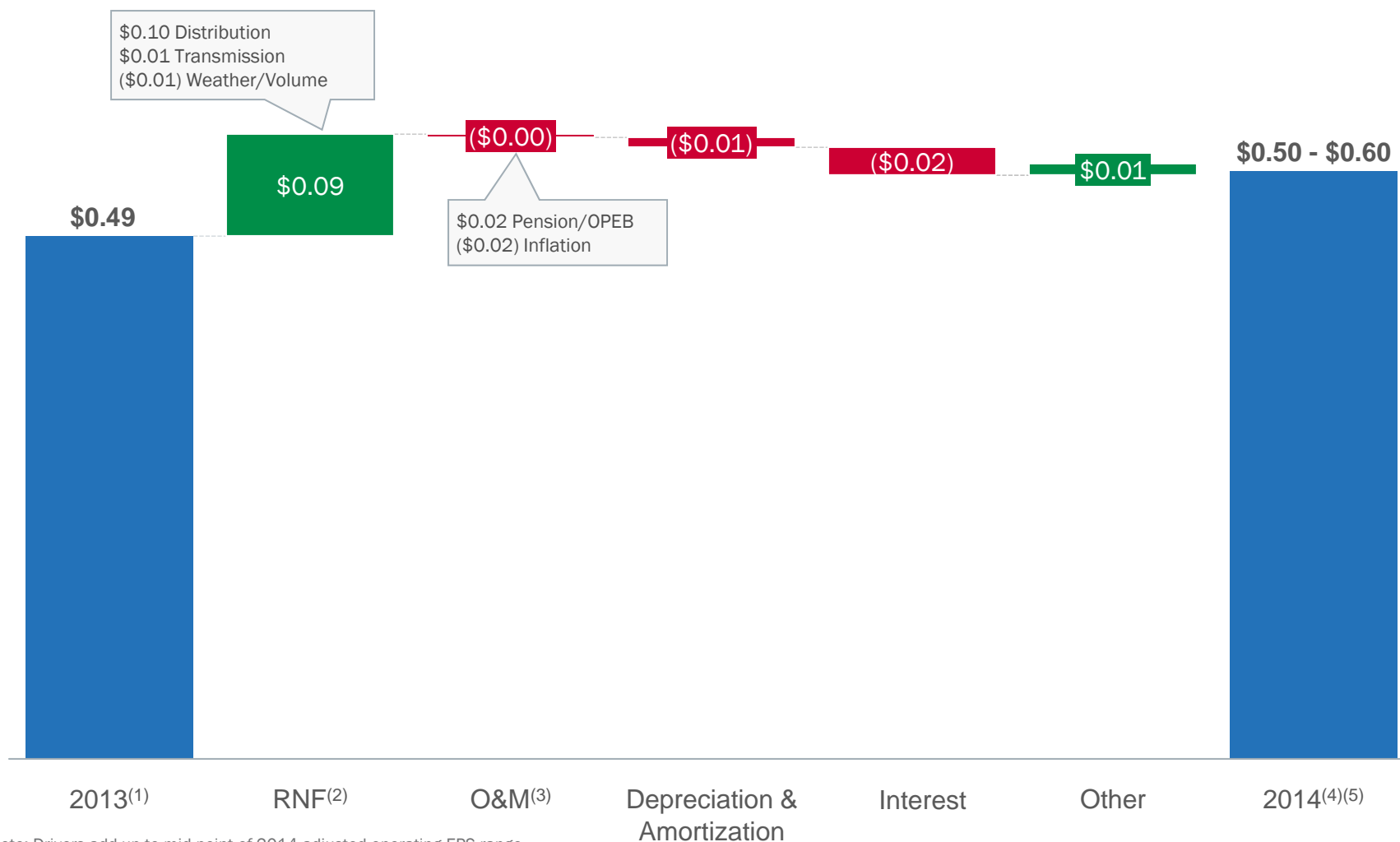
Row	Item	Midwest	Mid-Atlantic	ERCOT	New York	New England	South, West & Canada
(A)	Start with fleet-wide open gross margin	<div>← \$5.70 billion →</div>					
(B)	Expected Generation (TWh)	96.6	70.2	18.7	9.3	6.9	
(C)	Hedge % (assuming mid-point of range)	63.5%	65.5%	52.5%	59.5%	65.5%	
(D=B*C)	Hedged Volume (TWh)	61.3	46.0	9.8	5.5	4.5	
(E)	Effective Realized Energy Price (\$/MWh)	\$32.00	\$44.50	\$7.00	\$43.00	\$2.50	
(F)	Reference Price (\$/MWh)	\$30.27	\$36.45	\$7.43	\$35.85	\$2.86	
(G=E-F)	Difference (\$/MWh)	\$1.73	\$8.05	\$(0.43)	\$7.15	\$(0.36)	
(H=D*G)	Mark-to-market value of hedges (\$ million) <sup>(1)</sup>	\$110 million	\$370 million	\$(5) million	\$40 million	\$0 million	
(I=A+H)	Hedged Gross Margin (\$ million)	\$6,200 million					
(J)	Power New Business / To Go (\$ million)	\$650 million					
(K)	Non-Power Margins Executed (\$ million)	\$50 million					
(L)	Non- Power New Business / To Go (\$ million)	\$350 million					
(N=I+J+K+L)	Total Gross Margin <sup>(2)</sup>	\$7,250 million					

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

(2) Total Gross Margin is defined as operating revenues less purchased power and fuel expense, excluding revenue related to decommissioning, gross receipts tax, Exelon Nuclear Partners and variable interest entities. See Slide 35 for a Non-GAAP to GAAP reconciliation of Total Gross Margin.

# **Additional Disclosures**

# ComEd Adjusted Operating EPS Bridge 2013 to 2014



Note: Drivers add up to mid-point of 2014 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.

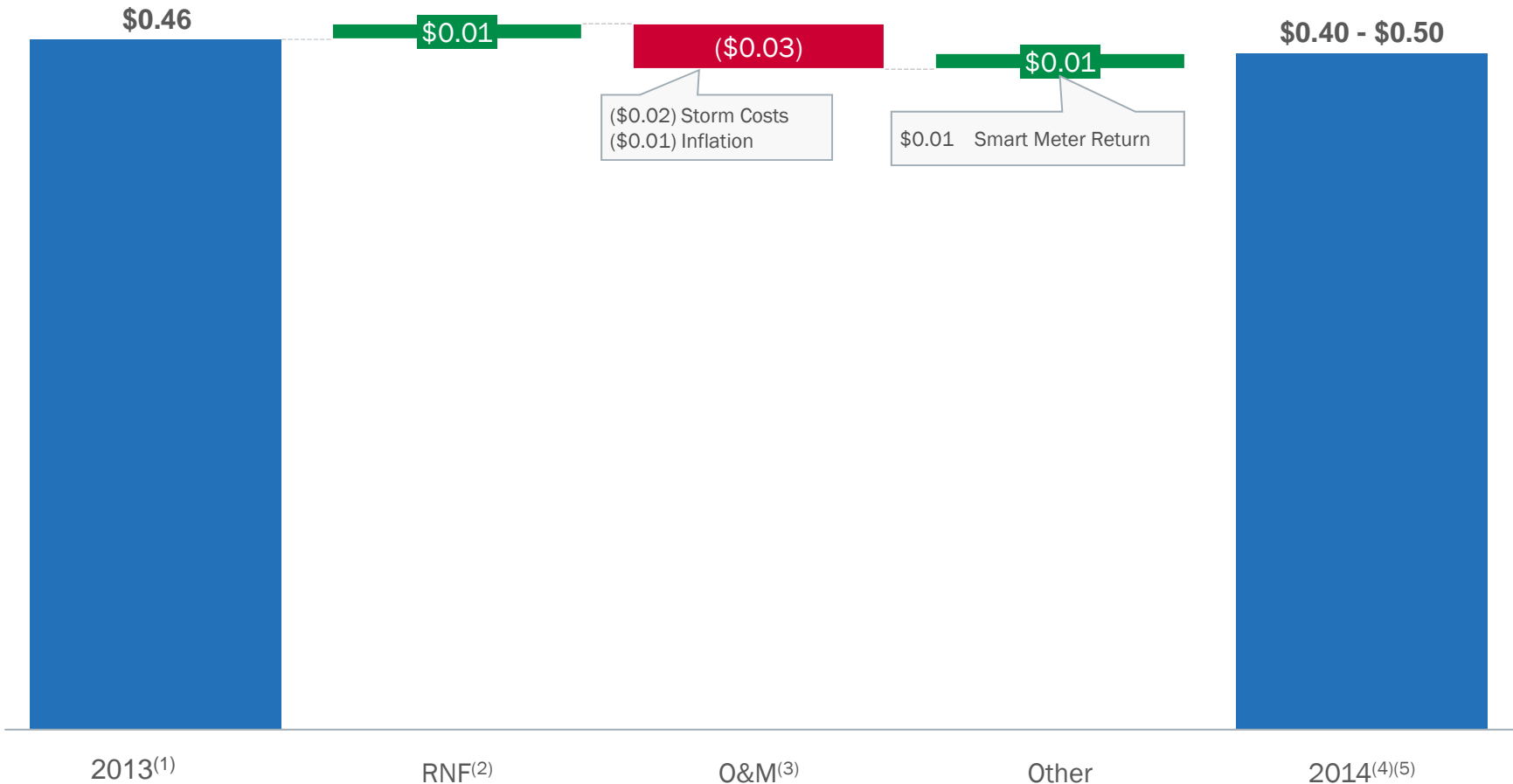
(2) Revenue net fuel (RNF) is defined as operating revenues less purchased power and fuel expense.

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

(4) Shares Outstanding (diluted) are 860M in 2013 and ~860M in 2014. Refer to slide 33 for a reconciliation of adjusted (non-GAAP) operating EPS guidance to GAAP EPS.

(5) Guidance assumes an effective tax rate for 2014 of 39.9%.

# PECO Adjusted Operating EPS Bridge 2013 to 2014



Note: Drivers add up to mid-point of 2014 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.

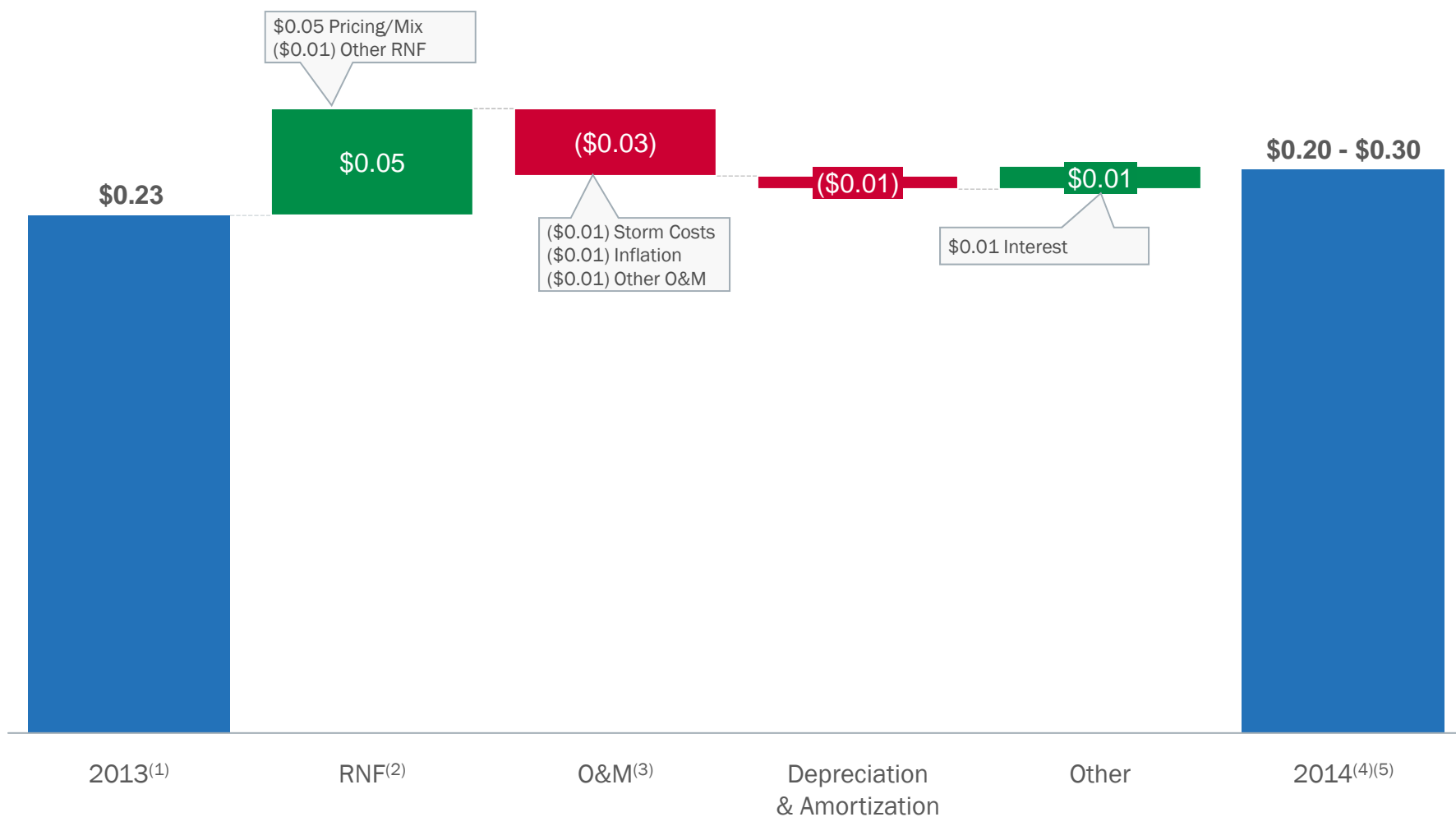
(3) O&M excludes regulatory items that are P&L neutral.

(4) Shares Outstanding (diluted) are 860M in 2013 and ~860M in 2014. Refer to slide 33 for a reconciliation of adjusted (non-GAAP) operating EPS guidance to GAAP EPS.

(5) Guidance assumes an effective tax rate for 2014 of 30.4%.



# BGE Adjusted Operating EPS Bridge 2013 to 2014



Note: Drivers add up to mid-point of 2014 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.

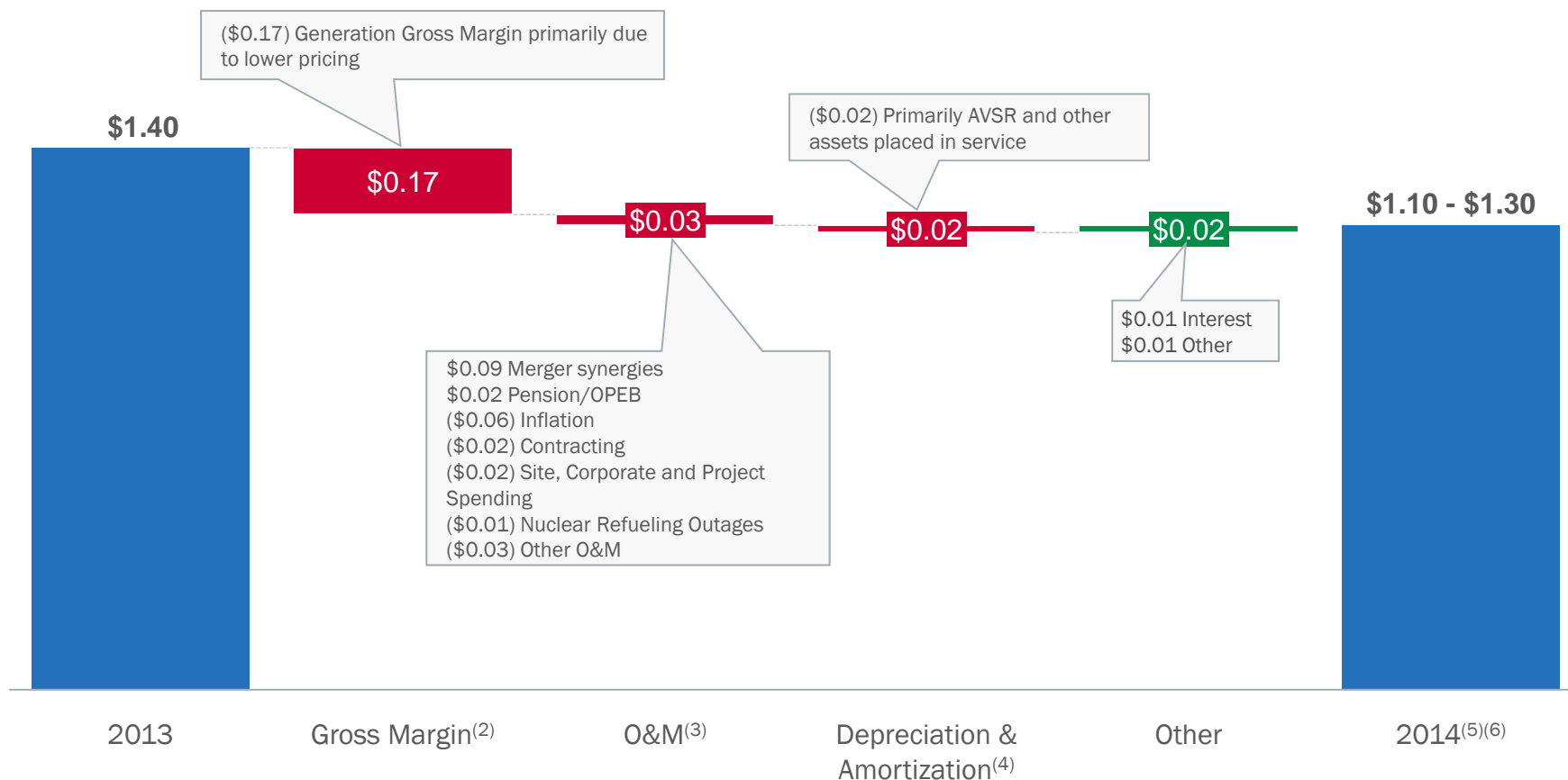
(2) Revenue net fuel (RNF) is defined as operating revenues less purchased power and fuel expense.

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

(4) Shares Outstanding (diluted) are 860M in 2013 and ~860M in 2014. Refer to slide 33 for a reconciliation of adjusted (non-GAAP) operating EPS guidance to GAAP EPS.

(5) Guidance assumes an effective tax rate for 2014 of 39.1%.

# ExGen Adjusted Operating EPS Bridge 2013 to 2014



Note: Drivers add up to mid-point of 2014 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 and variable interest entities. Total Gross Margin is also net of direct cost of sales for certain Constellation businesses. See Slide 35 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 860M in 2013 and ~860M in 2014. Refer to slide 33 for a reconciliation of adjusted (non-GAAP) operating EPS guidance to GAAP EPS.

(6) Guidance assumes an effective tax rate for 2014 of 29.7%.

# Additional 2014 ExGen and CENG Modeling

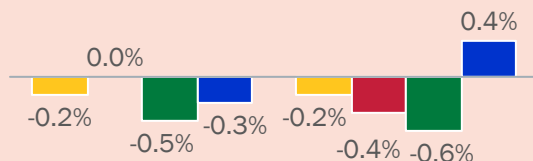
P&L Item	2014 Estimate
<b>ExGen Model Inputs<sup>(1)</sup></b>	
O&M <sup>(2)</sup>	\$4,050M
Taxes Other Than Income (TOTI) <sup>(3)</sup>	\$300M
Depreciation & Amortization <sup>(4)</sup>	\$800M
Interest Expense	\$325M
<b>CENG Model Inputs (at ownership)<sup>(1)(5)</sup></b>	
Gross Margin	Included in ExGen Disclosures
O&M/TOTI	\$400M - \$450M
Depreciation & Amortization/Accretion of Asset Retirement Obligations	\$100M - \$150M
Capital Expenditures	\$75M - \$125M
Nuclear Fuel Capital Expenditure	\$50M - \$100M

- (1) ExGen amounts for O&M, TOTI and Depreciation & Amortization exclude the impacts of CENG. CENG impact is reflected in "Equity earnings of unconsolidated affiliates" in the Statement of Operations and Comprehensive Income.
- (2) ExGen O&M excludes cost of sales of certain Constellation businesses, certain impacts associated with the sale or retirement of generating stations, certain costs incurred associated with the merger with Constellation, P&L neutral decommissioning costs, and the impact from O&M related to variable interest entities. See Slide 33 for a Non-GAAP to GAAP reconciliation of O&M.
- (3) TOTI excludes gross receipts tax for retail of \$100M.
- (4) ExGen Depreciation & Amortization excludes the impact of P&L neutral decommissioning costs of \$25M and cost of sales of ExGen's non-power businesses of \$25.
- (5) Includes ~\$35M potential synergies related to the integration of Exelon Nuclear and CENG operations. The CENG model inputs are intended to support Exelon's guidance range and do not represent CENG's final estimates.

# Exelon Utilities Weather-Normalized Load

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

## ComEd



2013

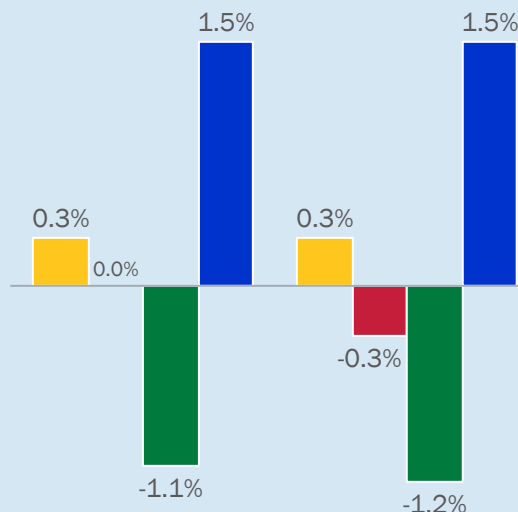
2014E

**Chicago GMP** 2.3%

**Chicago Unemployment** 8.6%

2014 forecasted usage reflects a continuation of the moderate growth economy and on-going energy efficiency programs

## PECO



2013

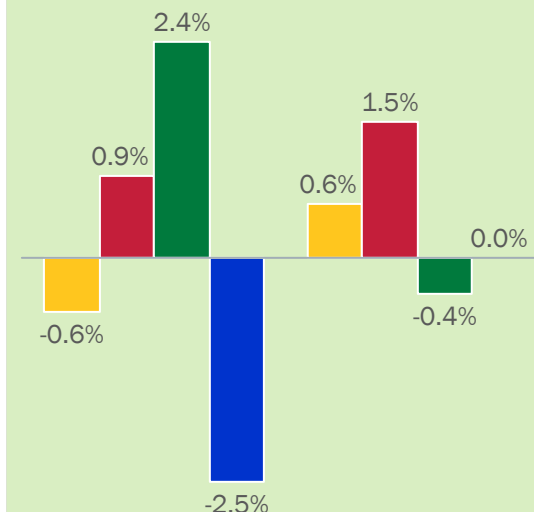
2014E

**Philadelphia GMP** 2.1%

**Philadelphia Unemployment** 7.4%

2014 load growth is driven by modest economic growth and strong growth in manufacturing employment, partially offset by energy efficiency.

## BGE



2013

2014E

**Baltimore GMP** 2.1%

**Baltimore Unemployment** 6.6%

2014 load growth driven by a stronger Residential class and improving economic conditions, partially offset by energy efficiency

Notes: Data is not adjusted for leap year. Source of 2013 economic outlook data is Global Insight (November 2013). Assumes 2013 GDP of 1.7% and U.S unemployment of 6.7%. 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 unbilled / true-up load from prior quarters.

# ComEd April 2013 Distribution Formula Rate Updated Filing

The 2013 distribution formula rate filing establishes the net revenue requirement used to set the rates that will take effect in January 2014 after the ICC's review. The filing was updated to reflect the impact of Senate Bill 9. There are two components to the annual distribution formula rate filing:

- **Filing Year:** Based on prior year costs (2012) and current year (2013) projected plant additions.
- **Annual Reconciliation:** For the prior calendar year (2012), this amount reconciles the revenue requirement reflected in rates during the prior year (2012) in effect to the actual costs for that year. The annual reconciliation impacts cash flow in the following year (2014) but the earnings impact has been recorded in the prior year (2012) as a regulatory asset.

Docket #	13-0318
Filing Year	<b>2012 Calendar Year Actual Costs and 2013 Projected Net Plant Additions</b> are used to set the rates for calendar year 2014. Rates currently in effect (docket 13-0386) for calendar year 2013 were based on 2011 actual costs and 2012 projected net plant additions and reflect the impacts of PA 98-0015 (SB9)
Reconciliation Year	<b>Reconciles Revenue Requirement reflected in rates during 2012 to 2012 Actual Costs Incurred.</b> Revenue requirement for 2012 is based on dockets 10-0467, 11-0721 May Order and 11-0721 October Re-hearing Order
Common Equity Ratio	~ 45% for both the filing and reconciliation year
ROE	<b>8.72%</b> for both the filing and reconciliation year (2012 30-yr Treasury Yield of 2.92% + 580 basis point risk premium). For 2013 and 2014, 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
Requested Rate of Return	~ 7% for the both the filing and reconciliation Year
Rate Base	<b>\$6,702 million</b> – Filing year (represents projected year-end rate base using 2012 actual plus 2013 projected capital additions). 2013 and 2014 earnings will reflect 2013 and 2014 year-end rate base respectively. <b>\$6,389 million</b> - Reconciliation year (represents year-end rate base for 2012)
Revenue Requirement Increase <sup>(1)</sup>	<b>\$341M</b> (\$191M is due to the 2012 reconciliation, \$160M relates to the filing year). The 2012 reconciliation impact on net income was recorded in 2012 as a regulatory asset. This increase also reflects the decrease in 2013 rates as a result of Senate Bill 9
Timeline	<ul style="list-style-type: none"> <li>• 04/29/13 Filing Date</li> <li>• 240 Day Proceeding</li> <li>• ICC order issued December 19, 2013 rates effective January 2014</li> </ul>

**Given the retroactive ratemaking provision in the 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.**

Note: Disallowance of any items in the 2013 distribution formula rate filing could impact 2013 earnings in the form of a regulatory asset adjustment. Amounts above as of surrebuttal testimony.

# BGE Rate Case

Rate Case Order	Electric	Gas
Docket #	9326	
Test Year	August 2012 – July 2013	
Common Equity Ratio	51.1%	
Authorized Returns	ROE: 9.75%; ROR: 7.49%	ROE: 9.6%; ROR: 7.41%
Rate Base	\$2.8B	\$1.0B
Revenue Requirement Increase	\$33.6M	\$12.5M
Distribution Price Increase as % of overall bill	1.7%	1.1%

## Timeline

- 5/17/13: BGE filed application with the MDPSC seeking increases in gas & electric distribution base rates
- 8/5/13: Staff/Intervenors file direct testimony
- 8/23/13: Update 8 months actual/4 month estimated test period data with actuals for last 4 months (March - July 2013)
- 9/17/13: BGE and staff/intervenors file rebuttal testimony
- 10/3/13: Staff/Intervenors and BGE file surrebuttal testimony
- 10/18/13 – 11/1/13: Hearings
- 11/12/13: Initial Briefs
- 11/22/13: Reply Briefs
- 12/13/13: Final Order
- New rates are in effect shortly after the final order

# **Appendix**

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

# 4Q GAAP EPS Reconciliation

<u>Three Months Ended December 31, 2012</u>	<u>ExGen</u>	<u>ComEd</u>	<u>PECO</u>	<u>BGE</u>	<u>Other</u>	<u>Exelon</u>
<b>2012 Adjusted (non-GAAP) Operating Earnings Per Share</b>	<b>\$0.33</b>	<b>\$0.19</b>	<b>\$0.09</b>	<b>\$0.02</b>	<b>\$0.00</b>	<b>\$0.64</b>
Mark-to-market impact of economic hedging activities	0.17	-	-	-	(0.03)	0.14
Unrealized gains related to nuclear decommissioning trust funds	-	-	-	-	-	-
Plant retirements and divestitures	(0.05)	-	-	-	-	(0.05)
Asset retirement obligation	0.01	-	-	-	-	0.01
Merger and integration costs	(0.04)	(0.00)	(0.00)	(0.00)	(0.00)	(0.05)
Amortization of commodity contract intangibles	(0.24)	-	-	-	-	(0.24)
Amortization of the fair value of certain debt	-	-	-	-	-	-
Non-cash remeasurement of deferred income taxes	(0.01)	-	-	-	0.01	-
Midwest Generation bankruptcy charges	(0.01)	-	-	-	-	(0.01)
<b>4Q 2012 GAAP Earnings (Loss) Per Share</b>	<b>\$0.16</b>	<b>\$0.19</b>	<b>\$0.09</b>	<b>\$0.02</b>	<b>\$(0.02)</b>	<b>\$0.44</b>
<u>Three Months Ended December 31, 2013</u>	<u>ExGen</u>	<u>ComEd</u>	<u>PECO</u>	<u>BGE</u>	<u>Other</u>	<u>Exelon</u>
<b>2013 Adjusted (non-GAAP) Operating Earnings (Loss) Per Share</b>	<b>\$0.21</b>	<b>\$0.13</b>	<b>\$0.12</b>	<b>\$0.06</b>	<b>\$(0.02)</b>	<b>\$0.50</b>
Mark-to-market impact of economic hedging activities	0.16	-	-	-	-	0.16
Unrealized gains related to NDT fund investments	0.05	-	-	-	-	0.05
Plant Retirements and Divestitures	-	-	-	-	-	-
Merger and integration costs	(0.02)	-	(0.00)	(0.00)	-	(0.02)
Reassessment of State Deferred Income Taxes	0.01	-	-	-	(0.02)	-
Amortization of commodity contract intangibles	(0.09)	-	-	-	-	(0.09)
Asset Retirement Obligation	-	-	-	-	-	-
Midwest Generation bankruptcy charges	(0.02)	-	-	-	-	(0.02)
Long-lived asset impairments	-	-	-	-	-	-
<b>4Q 2013 GAAP Earnings (Loss) Per Share</b>	<b>\$0.31</b>	<b>\$0.13</b>	<b>\$0.12</b>	<b>\$0.05</b>	<b>\$(0.04)</b>	<b>\$0.58</b>

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



# Full Year GAAP EPS Reconciliation

<u>Twelve Months Ended December 31, 2012</u>		<u>PUBLIC</u>	<u>ExGen</u>	<u>ComEd</u>	<u>PECO</u>	<u>BGE</u>	<u>Other</u>	<u>Exelon</u>
<b>2012 Adjusted (non-GAAP) Operating Earnings (Loss) Per Share</b>			<b>\$1.89</b>	<b>\$0.47</b>	<b>\$0.47</b>	<b>\$0.06</b>	<b>\$(0.04)</b>	<b>\$2.85</b>
Mark-to-market impact of economic hedging activities			0.38	-	-	-	0.00	0.38
Unrealized gains related to nuclear decommissioning trust funds			0.07	-	-	-	-	0.07
Plant retirements and divestitures			(0.29)	-	-	-	-	(0.29)
Asset retirement obligation			(0.00)	-	-	-	-	(0.00)
Constellation merger and integration costs			(0.20)	(0.00)	(0.01)	(0.01)	(0.09)	(0.31)
Maryland commitments			(0.03)	-	-	(0.10)	(0.15)	(0.28)
Amortization of commodity contract intangibles			(0.93)	-	-	-	-	(0.93)
FERC settlement			(0.21)	-	-	-	-	(0.21)
Reassessment of state deferred income taxes			0.00	-	-	-	0.14	0.14
Amortization of the fair value of certain debt			0.01	-	-	-	-	0.01
Other acquisition costs			(0.00)	-	-	-	-	(0.00)
Midwest Generation bankruptcy charges			(0.01)	-	-	-	-	(0.01)
<b>YTD 2012 GAAP Earnings (Loss) Per Share</b>			<b>\$0.69</b>	<b>\$0.46</b>	<b>\$0.46</b>	<b>\$(0.05)</b>	<b>\$(0.14)</b>	<b>\$1.42</b>
<u>Twelve Months Ended December 31, 2013</u>			<u>ExGen</u>	<u>ComEd</u>	<u>PECO</u>	<u>BGE</u>	<u>Other</u>	<u>Exelon</u>
<b>2013 Adjusted (non-GAAP) Operating Earnings (Loss) Per Share</b>			<b>\$1.40</b>	<b>\$0.49</b>	<b>\$0.46</b>	<b>\$0.23</b>	<b>\$(0.07)</b>	<b>\$2.50</b>
Mark-to-market impact of economic hedging activities			0.35	-	-	-	-	0.35
Unrealized gains related to NDT fund investments			0.09	-	-	-	-	0.09
Plant retirements and divestitures			0.02	-	-	-	-	0.02
Asset retirement obligation			(0.01)	-	-	-	-	(0.01)
Merger and integration costs			(0.09)	(0.00)	(0.01)	0.00	(0.00)	(0.10)
Amortization of commodity contract intangibles			(0.41)	-	-	-	-	(0.41)
Reassessment of State Deferred Income Taxes			0.01	-	-	-	(0.01)	-
Amortization of the fair value of certain debt			0.01	-	-	-	-	0.01
Remeasurement of like kind exchange tax position			-	(0.20)	-	-	(0.11)	(0.31)
Midwest Generation Bankruptcy Charges			(0.02)	-	-	-	-	(0.02)
Long lived asset impairments			(0.12)	-	-	-	(0.01)	(0.14)
<b>YTD 2013 GAAP Earnings (Loss) Per Share</b>			<b>\$1.24</b>	<b>\$0.29</b>	<b>\$0.45</b>	<b>\$0.23</b>	<b>\$(0.22)</b>	<b>\$2.00</b>

# GAAP to Operating Adjustments

---

- **Exelon's 2014-16 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 Constellation and CENG merger and integration initiatives
  - Non-cash amortization of intangible assets, net, related to commodity contracts recorded at fair value at the merger date for 2014
  - One-time impacts of adopting new accounting standards
  - Other unusual items

# Adjusted O&M Reconciliations to GAAP

2013 Adjusted O&M Reconciliation (in \$M) <sup>(4)</sup>	ExGen	ComEd	PECO	BGE	Other	Exelon
<b>GAAP O&amp;M</b>	<b>\$4,500</b>	<b>\$1,400</b>	<b>\$725</b>	<b>\$625</b>	<b>\$(0)</b>	<b>\$7,250</b>
Impacts associated with Sale or Retirement of Generating Stations	-	-	-	-	-	-
Certain costs incurred associated with the integration of Constellation and CENG	\$(100)	-	-	-	-	\$(100)
Long Lived Asset Impairments	\$(150)	-	-	-	\$(25)	\$(175)
Asset Retirement Obligations	-	-	-	-	-	-
Regulatory O&M <sup>(3)</sup>	-	\$(175)	\$(75)	-	-	\$(250)
Decommissioning and other expense <sup>(1)</sup>	\$(50)	-	-	-	-	\$(50)
Direct cost of sales incurred to generate revenues for certain Constellation businesses <sup>(2)</sup>	\$(200)	-	-	-	-	\$(200)
<b>Adjusted O&amp;M (Non-GAAP, as shown on slide 7)</b>	<b>\$4,000</b>	<b>\$1,225</b>	<b>\$650</b>	<b>\$625</b>	<b>\$(25)</b>	<b>\$6,475</b>

2014 Adjusted O&M Reconciliation (in \$M) <sup>(4)</sup>	ExGen	ComEd	PECO	BGE	Other	Exelon
<b>GAAP O&amp;M</b>	<b>\$4,400</b>	<b>\$1,475</b>	<b>\$800</b>	<b>\$700</b>	<b>\$(75)</b>	<b>\$7,300</b>
Certain costs incurred associated with the integration of Constellation and CENG	\$(150)	-	-	-	-	\$(150)
Regulatory O&M <sup>(3)</sup>	-	\$(250)	\$(100)	\$(25)	-	\$(375)
Decommissioning and other expense <sup>(1)</sup>	-	-	-	-	-	-
Direct cost of sales incurred to generate revenues for certain Constellation businesses <sup>(2)</sup>	\$(200)	-	-	-	-	\$(200)
<b>Adjusted O&amp;M (Non-GAAP, as shown on slide 7)</b>	<b>\$4,050</b>	<b>\$1,225</b>	<b>\$700</b>	<b>\$675</b>	<b>\$(75)</b>	<b>\$6,575</b>

(1) Other expense primarily reflects O&M related to variable interest entities.

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

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

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

# ExGen Total Gross Margin Reconciliation to GAAP

Total Gross Margin Reconciliation (in \$M) <sup>(5)</sup>	2014	2015	2016
<b>Revenue Net of Purchased Power and Fuel Expense<sup>(1)(6)</sup></b>	<b>\$7,650</b>	<b>\$7,650</b>	<b>\$7,400</b>
Non-cash amortization of intangible assets, net, related to commodity contracts recorded at fair value at the merger date <sup>(2)</sup>	\$50	-	-
Other Revenues <sup>(3)</sup>	\$(100)	\$(100)	\$(50)
Direct cost of sales incurred to generate revenues for certain Constellation businesses <sup>(4)</sup>	\$(250)	\$(300)	\$(350)
<b>Total Gross Margin (Non-GAAP, as shown on slide 9)</b>	<b>\$7,350</b>	<b>\$7,250</b>	<b>\$7,000</b>

(1) 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.

(2) The exclusion from operating earnings for activities related to the merger with Constellation ends after 2014.

(3) Reflects revenues from Exelon Nuclear Partners, variable interest entities, funds collected through revenues for decommissioning the former PECO nuclear plants through regulated rates and gross receipts tax revenues.

(4) Reflects the cost of sales and depreciation expense of certain Constellation businesses of Generation.

(5) All amounts rounded to the nearest \$50M.

(6) Excludes the impact of the operating exclusion for mark-to-market due to the volatility and unpredictability of the future changes to power prices.

# 2013 ExGen/HoldCo FFO/Debt and 2014 ExGen Free Cash Flow Reconciliations to GAAP

ZECJ-FIN-21

PUBLIC

FFO Calculation (\$M) <sup>(1)</sup>	
GAAP Operating Income	\$1,675
Depreciation & Amortization	<u>\$850</u>
EBITDA	\$2,525
+/- Nonoperating activities and nonrecurring items	\$200
- Interest Expense	(\$350)
- Current Income Tax Expense	(\$300)
+ Nuclear Fuel Amortization	\$925
+ PPA Depreciation Adjustment <sup>(3)</sup>	\$325
+ Operating Lease Depreciation Adjustment <sup>(4)</sup>	\$25
+/- Other FFO Adjustments <sup>(5)</sup>	<u>\$125</u>
<b>= FFO (a)</b>	<b>\$3,475</b>

Adjusted Debt Calculation (\$M) <sup>(1)</sup>	
Long-Term Debt (including current maturities)	\$7,725
Short-Term Debt	25
+ PPA Imputed Debt <sup>(6)</sup>	\$1,350
+ Operating Lease Imputed Debt <sup>(7)</sup>	\$300
+ Pension/OPEB Imputed Debt <sup>(8)</sup>	\$1,125
+ HoldCo Debt Adjustment <sup>(9)</sup>	\$1,400
- Off-Credit Treatment of Debt <sup>(10)</sup>	(\$1,225)
- Fair Value Adjustment <sup>(11)</sup>	(\$375)
- Surplus Cash Adjustment <sup>(12)</sup>	(\$950)
+/- Accrued Interest	<u>\$75</u>
<b>= Adjusted Debt (b)</b>	<b>\$9,450</b>

2014 Free Cash Flow Calculation (\$M) <sup>(1)</sup>	
Adjusted Cash from Operations <sup>(13)</sup>	\$3,175
Non-Growth CapEx (includes MD Commitments)	(\$1,050)
Nuclear Fuel CapEx	(\$900)
<b>= FCF before Growth CapEx and Dividend</b>	<b>\$1,225</b>

2013 FFO/Debt <sup>(2)</sup>	
FFO (a)	
Adjusted Debt (b)	
	= 37%

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

(2) Using S&P Methodology – final 2013 numbers still pending agency review.

(3) Reflects net capacity payment - interest on PV of PPA's (using 7% discount rate from S&P).

(4) Reflects operating lease payments - interest on PV of future operating leases payments (using 7% discount rate from S&P).

(5) Includes pension adjustment, stock compensation adjustment, HoldCo interest adjustment, and capitalized interest expense adjustment.

(6) Reflects PV of net capacity purchases (using 7% discount rate from S&P).

(7) Reflects PV of minimum future operating lease payments (using 7% S&P discount rate).

(8) Reflects unfunded status, net of taxes at 35%.

(9) Long term debt held at HoldCo imputed to ExGen.

(10) Includes non-recourse project debt.

(11) Offsets FV write-up of CEG and BGE (recorded at Corp) debt at merger.

(12) Applies 75% of excess cash against balance of LTD.

(13) 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 of \$5.5B for 2014.

# 2014 ExGen Adjusted EBITDA – Base CapEx Reconciliation to GAAP

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Adjusted EBITDA	
Adjusted Operating Net Income <sup>(1)</sup>	\$950M - \$1,125M
Depreciation & Amortization <sup>(2)</sup>	\$800M
Interest Expense <sup>(2)</sup>	\$325M
Taxes/Other <sup>(3)</sup>	<u>\$275M - \$400M</u>
Adjusted EBITDA <sup>(6)</sup>	\$2,350M - \$2,650M
Base CapEx	
Total Capital Expenditures <sup>(4)</sup>	\$2,400M
Growth CapEx (Nuclear Uprates/Wind/Solar/Upstream) <sup>(4)</sup>	(\$450M)
Nuclear Fuel <sup>(4)</sup>	(\$900M)
Fukushima Response <sup>(5)</sup>	(\$100M)
Maryland Commitments <sup>(5)</sup>	<u>(\$100M)</u>
Base CapEx <sup>(6)</sup>	\$850M

- (1) Adjusted Operating Net Income (non-GAAP) is based on the adjusted operating EPS range provided on slide 5 and ~860M shares outstanding. Refer to the Appendix for a reconciliation of adjusted (non-GAAP) operating EPS guidance to GAAP EPS.
- (2) Refer to slide 26 for details. ExGen Depreciation & Amortization excludes the impact of P&L neutral decommissioning costs of \$25M and cost of sales of ExGen's non-power businesses of \$25.
- (3) Includes taxes based on the effective tax rate of 29.7%, decommissioning income and other items.
- (4) Refer to slide 6 for ExGen CapEx amounts.
- (5) Fukushima Response and Maryland Commitments both included in the "CapEx (excluding other items below)" line item on slide 6 but are one-time in nature and therefore excluded from Base CapEx.
- (6) Excludes CENG.

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# **Appendix**

## **Change to Format of Exelon Generation Disclosures**

**8-K issued December 9, 2013**

**All numbers as of September 30, 2013**

# Change to Format of Exelon Generation Disclosures – Gross Margin, O&M and Depreciation & Amortization Definitions

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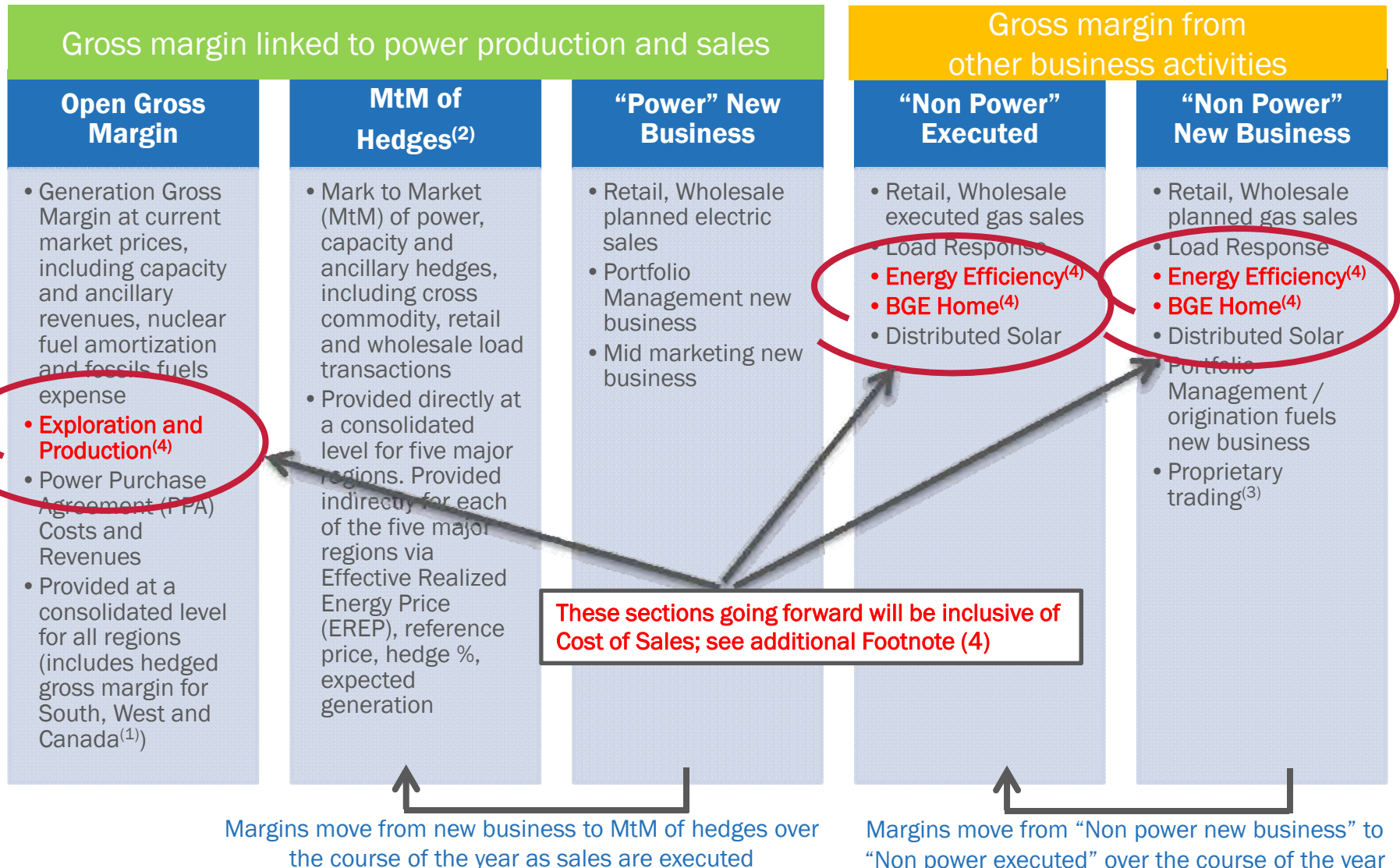
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- Direct costs incurred to generate revenues (“Cost of Sales”) for certain Constellation businesses (Energy Efficiency, BGE Home and Upstream) have been included in O&M or Depreciation & Amortization (“D&A”) in previous Exelon Generation disclosures
  - Cost of Sales previously included in O&M and D&A is approximately \$250M - \$300M/year
- Including the Cost of Sales in Gross Margin better reflects the scale of these Constellation businesses while reducing volatility in disclosures resulting from only capturing changes in revenue
- Beginning with Q4 2013 Exelon Generation disclosure, Exelon is revising Gross Margin to include “Cost of Sales” for certain Constellation businesses; while simultaneously reducing O&M and D&A by an equal amount
- Effect of revised format:

Gross Margin	lowered by	\$250M - \$300M
O&M/D&A	lowered by	\$250M - \$300M
Net Change to EBIT		\$0



# Impacted Components of Gross Margin Categories



(1) Hedged gross margins for South, West and Canada region 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 remain within "Non Power" New Business category and not move to "Non Power" Executed category.

(4) Gross margin for these businesses are net of direct "Cost of Sales".

# ExGen Disclosures – Previous and Revised Presentations

Gross Margin Category (\$M) <sup>(1,2)</sup> (as presented in EEI presentation slide 37)	2013	2014	2015	2016
Open Gross Margin (including South, West & Canada hedged GM) <sup>(3)</sup>	\$5,600	\$5,650	\$5,800	\$5,800
Mark to Market of Hedges <sup>(3,4)</sup>	\$1,700	\$900	\$450	\$250
Power New Business / To Go	\$50	\$500	\$750	\$750
Non-Power Margins Executed <sup>(5)</sup>	\$400	\$200	\$100	\$100
Non-Power New Business / To Go <sup>(5)</sup>	\$200	\$400	\$500	\$500
<b>Total Gross Margin</b>	<b>\$7,950</b>	<b>\$7,650</b>	<b>\$7,600</b>	<b>\$7,400</b>

	Sept 30, 2013 – Revised presentation				Change from previous presentation			
Gross Margin Category (\$M)	2013	2014	2015	2016	2013	2014	2015	2016
Open Gross Margin (including South, West, Canada hedged gross margin)	\$5,550	\$5,600	\$5,750	\$5,700	(\$50)	(\$50)	(\$50)	(\$100)
Mark-to-Market of Hedges	\$1,700	\$900	\$450	\$250	0	0	0	0
Power New Business / To Go	\$50	\$500	\$750	\$750	0	0	0	0
Non-Power Margins Executed	\$300	\$100	\$50	\$50	(\$100)	(\$100)	(\$50)	(\$50)
Non-Power New Business / To Go	\$100	\$300	\$350	\$350	(\$100)	(\$100)	(\$150)	(\$150)
<b>Total Gross Margin</b>	<b>\$7,700</b>	<b>\$7,400</b>	<b>\$7,350</b>	<b>\$7,100</b>	<b>(\$250)</b>	<b>(\$250)</b>	<b>(\$250)</b>	<b>(\$300)</b>

(1) Gross margin (net of direct “cost of sales”) rounded to nearest \$50M.

(2) Gross margin does not include revenue related to decommissioning, gross receipts tax, Exelon Nuclear Partners and entities consolidated solely as a result of the application of FIN 46R.

(3) Includes CENG Joint

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

(5) Any changes to new business estimates for our non-power business are presented as revenue less costs of sales.

(6) Based on September 30, 2013 market conditions.

**These reductions shown in gross margin, are offset by commensurate reductions in O&M and D&A; There is no impact on net income**

# Additional 2013 ExGen and CENG Modeling – Previous and Revised Presentations

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P&L Item	2013 Estimate	
ExGen Model Inputs <sup>(1)</sup>	EEI Slide 13 presentation	Revised presentation
O&M <sup>(2)</sup>	\$4,275M	\$4,075M
Taxes Other Than Income (TOTI) <sup>(3)</sup>	\$300M	No change
Depreciation & Amortization <sup>(4)</sup>	\$825M	\$775M
Interest Expense	\$350M	No change
CENG Model Inputs (at ownership) <sup>(5)</sup>		
Gross Margin	in ExGen Disclosures	No change
O&M/TOTI	\$400M - \$450M	No change
Depreciation & Amortization / Asset Retirement	\$100M - \$150M	No change
Capital Expenditures	\$75M - \$125M	No change
Nuclear Fuel Capital Expenditure	\$100M - \$150M	No change

**Reduced O&M ~\$200M and D&A ~\$50M. Footnotes (2) and (4) have been updated to reflect new definition**

- (1) ExGen amounts for O&M, TOTI and Depreciation & Amortization exclude the impacts of CENG. CENG impact is reflected in "Equity earnings of unconsolidated affiliates" in the Income Statement.
- (2) ExGen O&M excludes costs of sales for certain Constellation businesses, P&L neutral decommissioning costs and the impact from O&M related to entities consolidated solely as a result of the application of FIN 46R.
- (3) TOTI excludes gross receipts tax for retail.
- (4) ExGen Depreciation & Amortization excludes costs of sales for certain Constellation businesses and the impact of P&L neutral decommissioning.
- (5) The CENG model inputs are intended to support Exelon's guidance range and do not represent CENG's final estimates.