

# **Wolfe Trahan Power & Gas Deep Dive Conference Houston, TX**

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# Cautionary Statements Regarding Forward Looking Information

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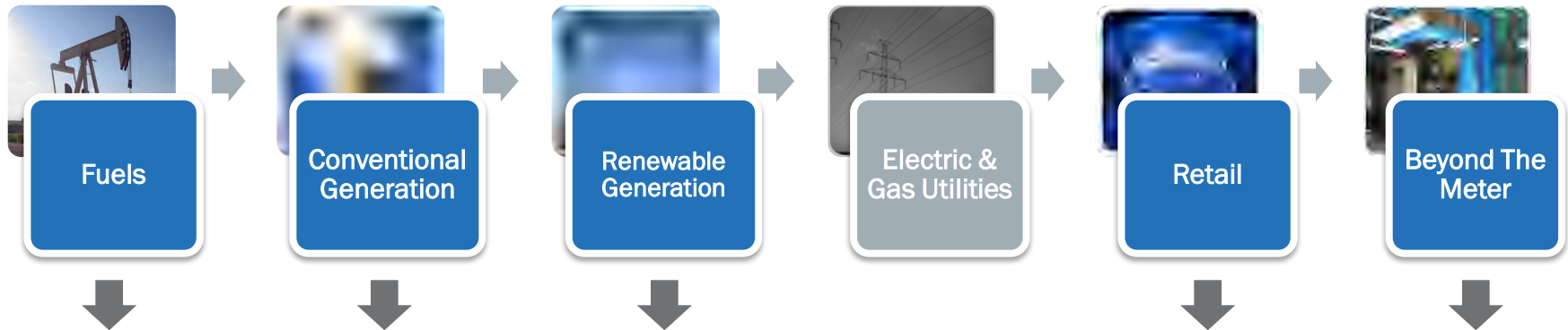
This presentation contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, that are subject to risks and uncertainties. The factors that could cause actual results to differ materially from the forward-looking statements made by Exelon Corporation, 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; 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 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.

# Unique Combination of Scale, Scope and Flexibility to Invest Across The Value Chain with Metrics Oriented Operational Model

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## Presence across the entire energy value chain



## Exelon Generation Components

### Constellation

- Leading competitive energy provider in the U.S.
- Constellation's retail business serves more than 100,000 business and public sector customers and approximately 1 million residential customers
  - Wide range of products and services, including load response, energy efficiency and distributed solar
- Top-notch portfolio and risk management capabilities

### Power Generation

- 35,000 megawatts<sup>(1)</sup> of diverse generation across 22 states and Canada
- One of the largest and best-managed nuclear fleets in the world (approximately 19,000 megawatts)<sup>(1)</sup>
- Ten consecutive years with nuclear capacity factor over 92%
- One of the nation's cleanest fleets as measured by CO<sub>2</sub>, SO<sub>2</sub> and NO<sub>x</sub> intensity

(1) Includes ~2,000 megawatts from Exelon Generation's investment in CENG, a joint venture with EDF.

# 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

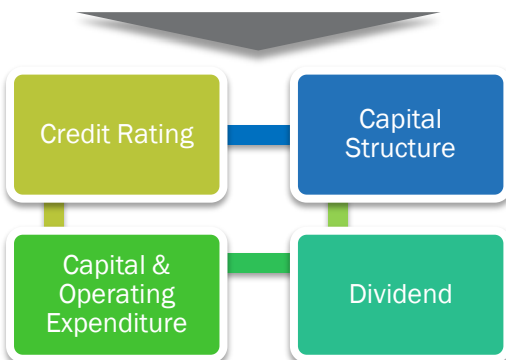
- Ensure stability in near-term cash flows and earnings
- Disciplined approach to hedging
- Tenor aligns with customer preferences and market liquidity
- Multiple channels to market that allow us to maximize margins
- Large open position in outer years to benefit from price upside

## Bull / Bear Program

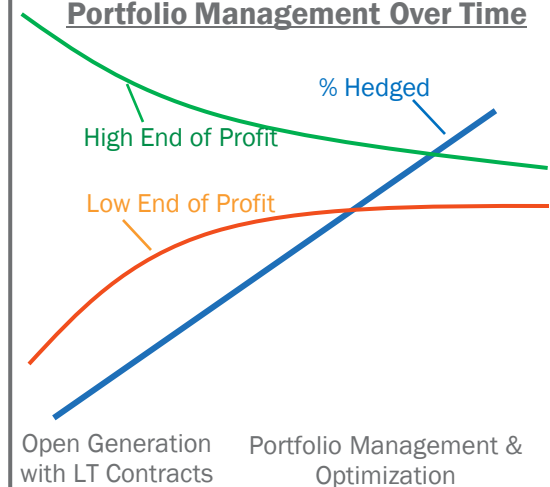
- Ability to exercise fundamental market views to create value within the ratable framework
- Modified timing of hedges versus purely ratable
- Cross-commodity hedging (heat rate positions, options, etc.)
- Delivery locations, regional and zonal spread relationships

## Align Hedging & Financials

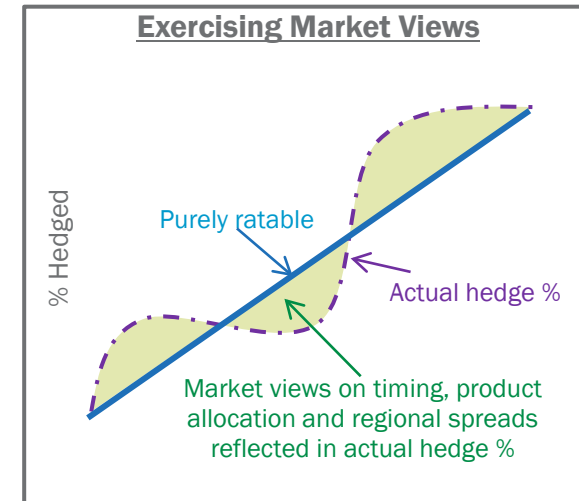
### Establishing Minimum Hedge Targets



## Portfolio Management Over Time



## Exercising Market Views



**Protect Balance Sheet**

**Ensure Earnings Stability**

**Create Value**

# Creating Value in a Low Commodity Price Environment

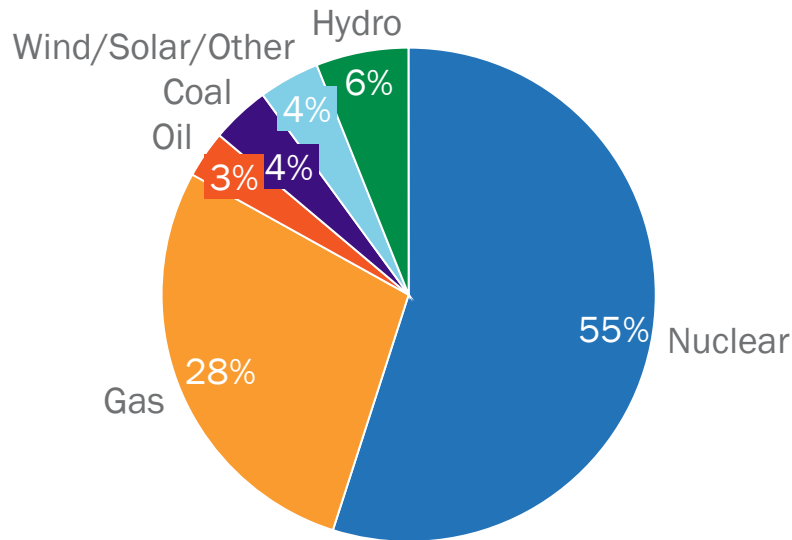
- The competitive advantage of our platform is the scale and scope of the business across the energy value chain
- Exelon is well positioned for any power market recovery

	Market Forces		Constellation Actions
Generation Focused	<ul style="list-style-type: none"> <li>• EPA Regulation</li> <li>• Natural gas price</li> <li>• Power demand</li> <li>• Power market design (ERCOT and PJM)</li> <li>• PTC (Production Tax Credit)</li> <li>• Subsidized generation</li> <li>• RGGI Proposed Changes</li> <li>• Technological Innovation</li> </ul>		<ul style="list-style-type: none"> <li>• Flexible hedging strategy</li> <li>• Selection of products (i.e. sell gas instead of power)</li> <li>• Regulatory advocacy</li> <li>• Portfolio optimization (short, medium and long term) – physical presence provides increased optimization opportunities</li> <li>• Effective channel management</li> </ul>
Customer Focused	<ul style="list-style-type: none"> <li>• Deregulation of non-competitive states</li> <li>• Hyper competitive retail market</li> </ul>		<ul style="list-style-type: none"> <li>• New product and service bundles</li> <li>• Cross-selling products</li> <li>• Disciplined pricing</li> <li>• Regulatory advocacy</li> </ul>

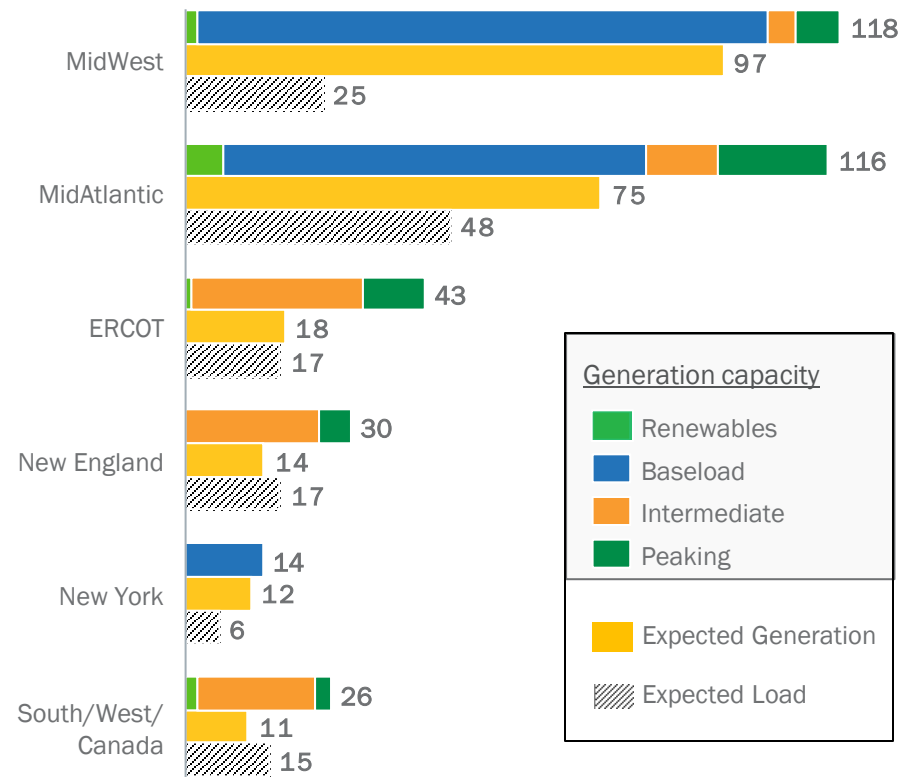
**Constellation's platform provides opportunities to create value in this low commodity price environment**

# Generation Fleet Overview

## Owned Generation (Technology Type)



## Generation and Load Match (2013 TWh) <sup>(1,2)</sup>

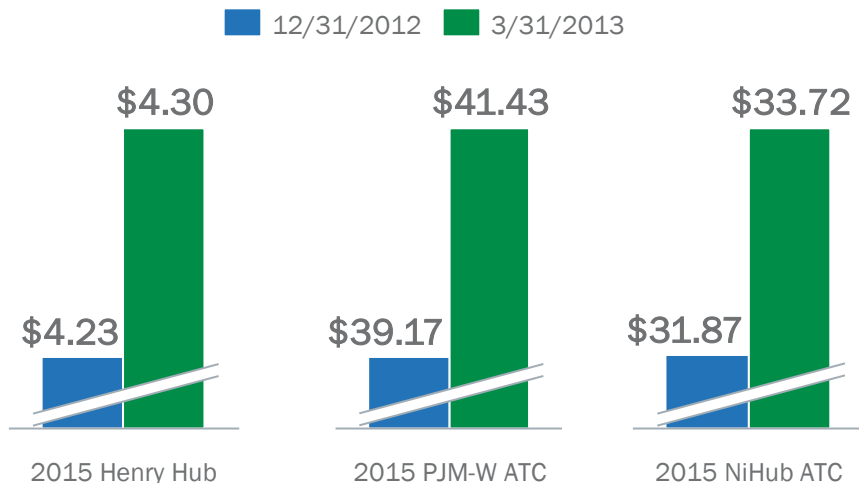


**Multiple paths to market available to hedge the ~35,000 MW fleet that has both technological and regional diversification**

- (1) Owned and contracted generation capacity converted from MW to MWh assuming 100% capacity factor for all technology types, except for renewable capacity which is shown at estimated capacity factor.  
 (2) Expected generation and load shown in the chart above will not tie out with load volume and ExGen disclosures. Load shown above does not include indexed products and generation reflects a net owned and contracted position. Estimates as of 9/30/2012.

# Market Update

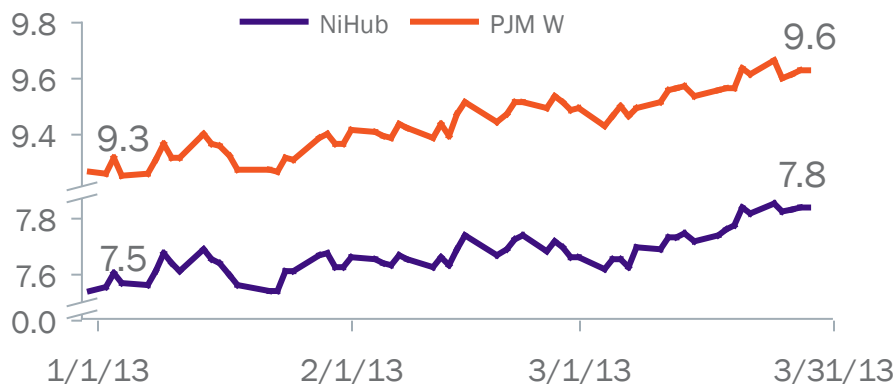
## 2015 Price Change



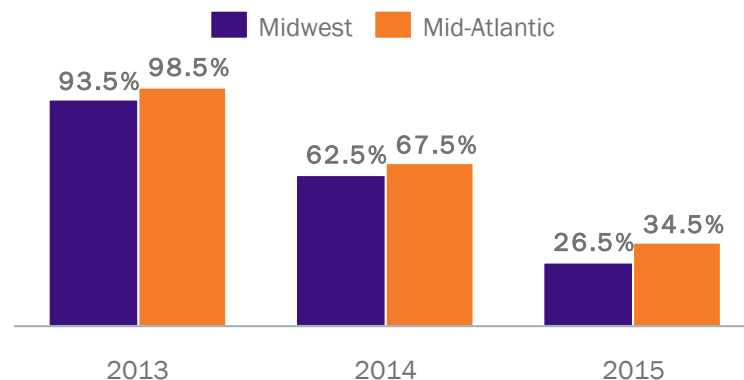
## 2015 Gross Margin Sensitivities <sup>(1)</sup> (\$M)

Henry Hub	
+ \$1/Mmbtu	\$590
- \$1/Mmbtu	(\$520)
NiHub ATC	
+ \$5/MWh	\$410
- \$5/MWh	(\$410)
PJM-W ATC	
+ \$5/MWh	\$260
- \$5/MWh	(\$250)

## 2015 ATC Heat Rate – 1Q13



## % of Expected Generation Hedged <sup>(2)</sup>



ATC = Around the Clock.

(1) Sensitivity data as of 12/31/12.

(2) Uses midpoint of hedge percentage provided in 4Q12 earnings release (data as of 12/31/12).

# Other Constellation Businesses

## Upstream E&P Assets

- Provides strong returns ( >12% IRR)
- \$140M (~50% utilized) Reserve Based Lending (RBL) facility in place
  - Receives off-balance sheet treatment from S&P
- Provides valuable market intelligence in complex natural gas markets
- 266 Bcfe of net proved reserves as of 12/31/12

## Solar

- 2013 market size of 5.5 GW estimated to grow 1-2 GW per year for the next 5 years
- Focus on states with established markets in place and where there is potential for new incentives
- Pursue opportunities in non-Solar REC markets where there is increased interest in solar
- ~155 MW in operation or under construction (excludes Antelope Valley Solar Ranch facility)

## Retail and Wholesale Gas

- Retail Gas:
  - All States are competitive
  - ~430 Bcf projected to be served in 2013
  - Month to month customers, with high retention rates
- Wholesale Gas:
  - Expand presence to complement power assets
  - Portfolio Size: 5 Bcf wholesale storage, 200,000 MMBtus per day of term transport and over 1.5 Bcf/day of plant supply

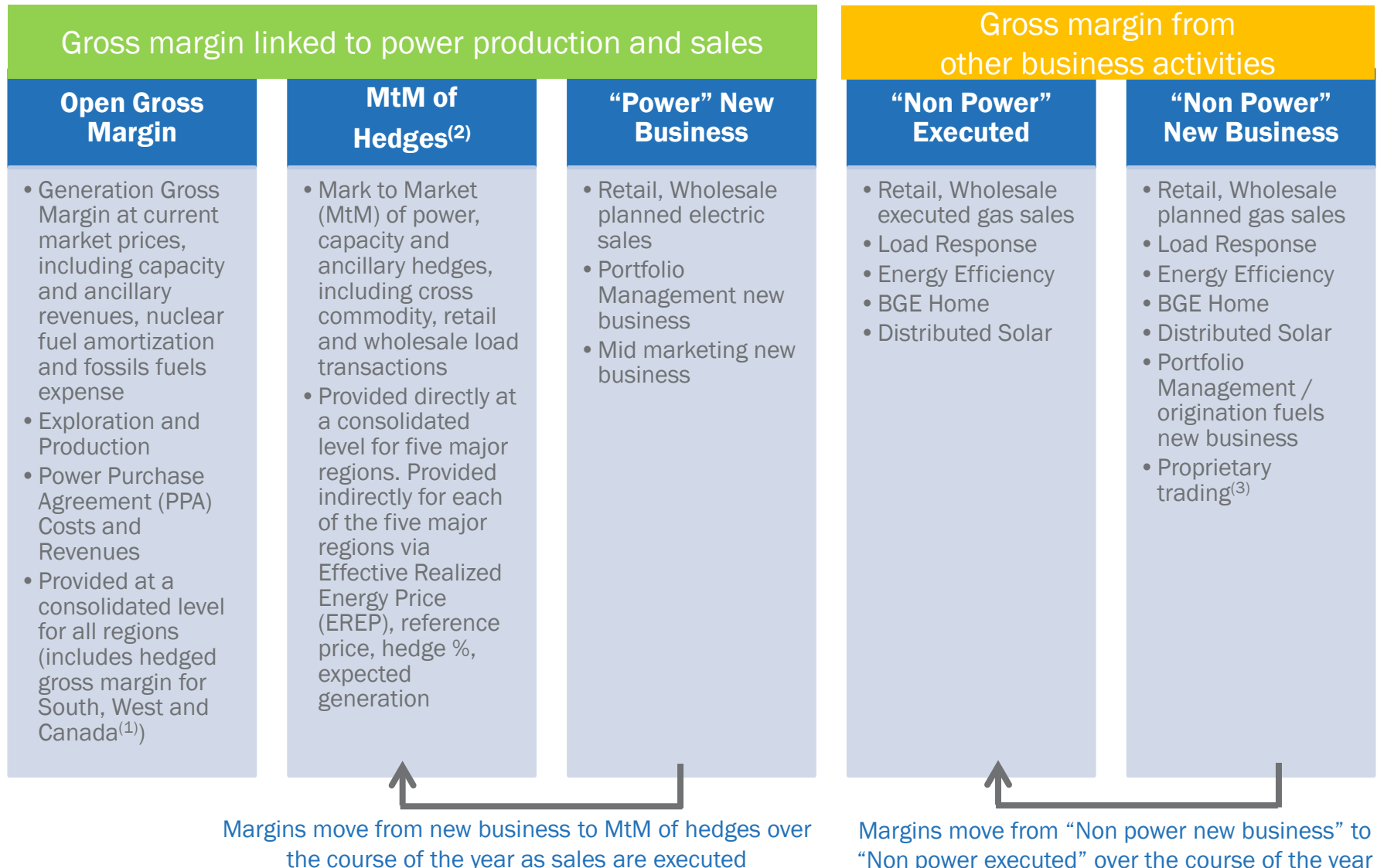
## Energy Efficiency and Load Response

- Load Response:
  - ~2 GW of load response under contract
  - Roughly 100 GW total market
- Energy Efficiency:
  - Over 4,000 projects implemented to date
  - Focus on government, education, healthcare and multi-family housing sectors

**Presence and experience across the value chain allows Constellation to offer customers multiple products to manage their energy risk**



# 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.