

# Investor Meeting

## Reference Materials

October 4<sup>th</sup>, 2012



# Cautionary Statements Regarding Forward-Looking Information

ZECJ-FIN-21 PUBLIC

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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 2011 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 18; (2) Constellation Energy Group's 2011 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 12; (3) the Registrant's Second Quarter 2012 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 16; and (4) 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.

# **2012 2Q Earnings Release Slides**

**Data as of June 30, 2012**

# Portfolio Management Strategy

## Strategic Policy Alignment

- Aligns hedging program with financial policies and financial outlook
- Establish minimum hedge targets to meet financial objectives of the company (dividend, credit rating)
- Hedge enough commodity risk to meet future cash requirements under a stress scenario

## Three-Year Ratable Hedging

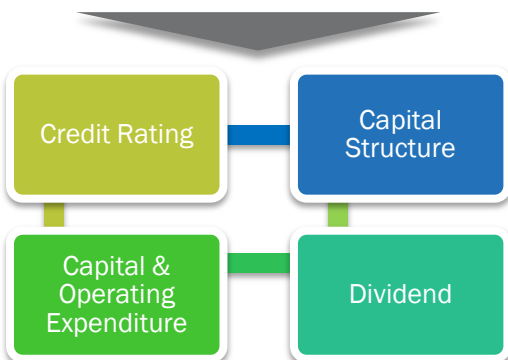
- Ensure stability in near-term cash flows and earnings
- Disciplined approach to hedging
- Tenor aligns with customer preferences and market liquidity
- Multiple channels to market that allow us to maximize margins
- Large open position in outer years to benefit from price upside

## Bull / Bear Program

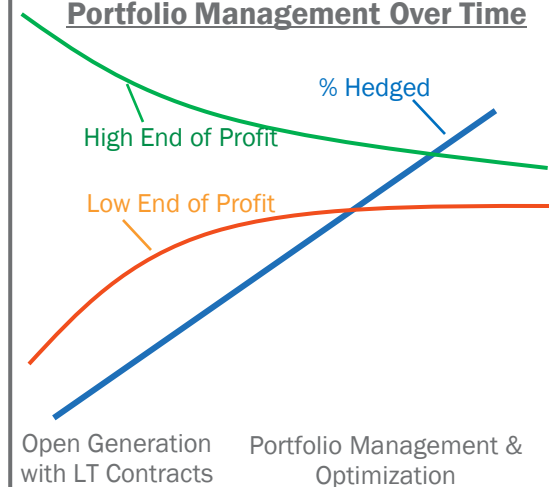
- Ability to exercise fundamental market views to create value within the ratable framework
- Modified timing of hedges versus purely ratable
- Cross-commodity hedging (heat rate positions, options, etc.)
- Delivery locations, regional and zonal spread relationships

## Align Hedging & Financials

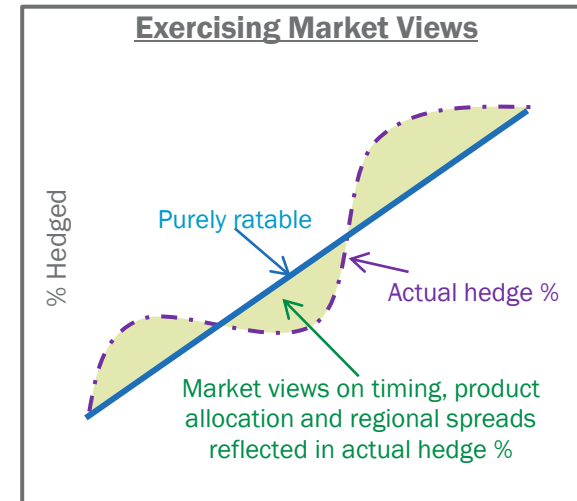
### Establishing Minimum Hedge Targets



## Portfolio Management Over Time



## Exercising Market Views

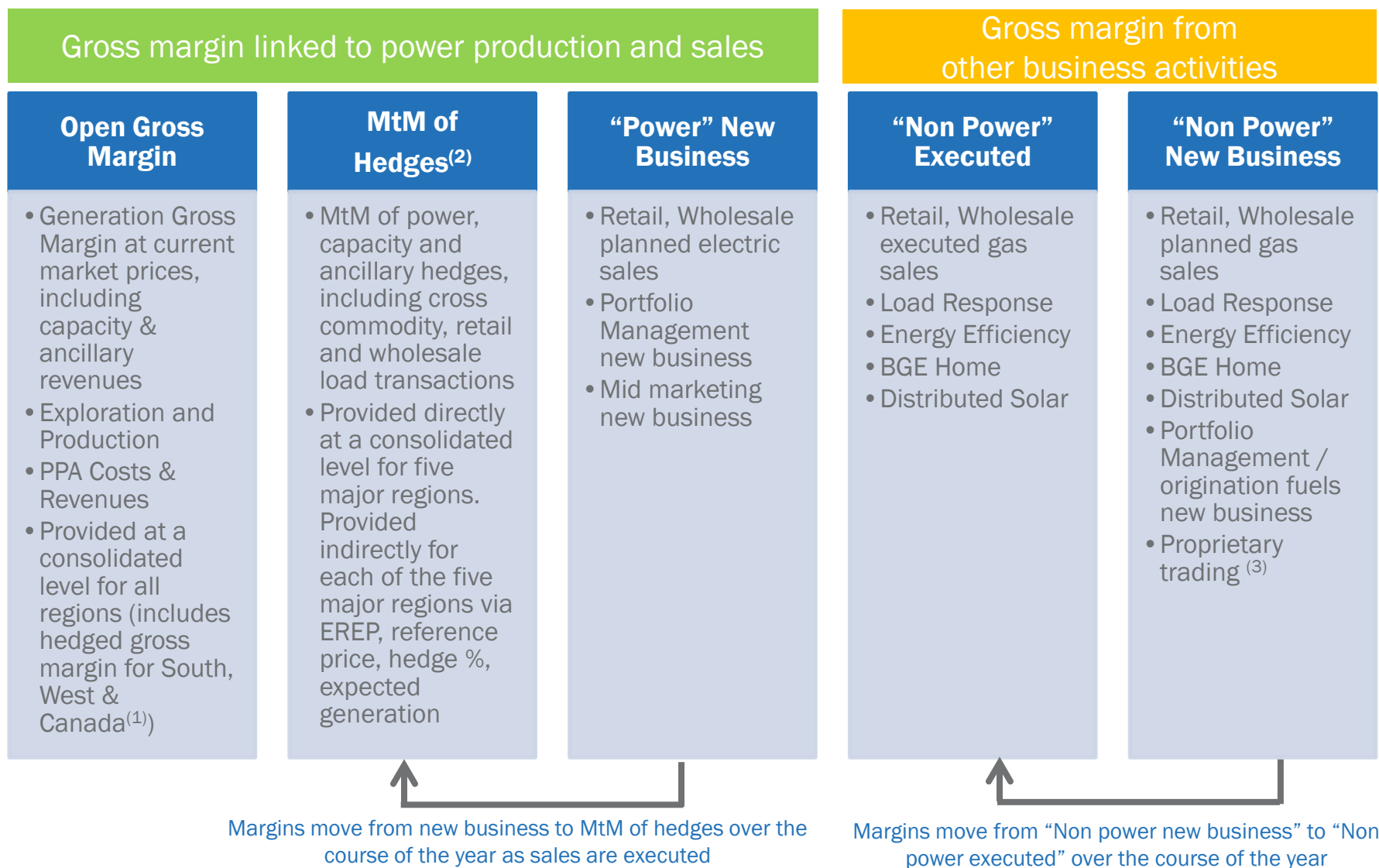


**Protect Balance Sheet**

**Ensure Earnings Stability**

**Create Value**

# Components of Gross Margin Categories



(1) Hedged gross margins for South, West & Canada 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.

# ExGen Disclosures

Gross Margin Category (\$ MM) <sup>(1)</sup>	2012 <sup>(2)</sup>	2013	2014
Open Gross Margin (including South, West & Canada hedged GM) <sup>(3,4)</sup>	\$4,450	\$5,400	\$5,850
Mark to Market of Hedges <sup>(5)</sup>	\$3,100	\$1,650	\$600
Power New Business / To Go	\$100	\$550	\$850
Non-Power Margins Executed	\$250	\$100	\$100
Non-Power New Business / To Go	\$150	\$500	\$500
<b>Total Gross Margin</b>	<b>\$8,050</b>	<b>\$8,200</b>	<b>\$7,900</b>

Reference Prices <sup>(6)</sup>	2012	2013	2014
Henry Hub Natural Gas (\$/MMbtu)	\$2.72	\$3.58	\$3.95
Midwest: NiHub ATC prices (\$/MWh)	\$27.17	\$28.85	\$30.57
Mid-Atlantic: PJM-W ATC prices (\$/MWh)	\$32.35	\$36.25	\$38.42
ERCOT-N ATC Spark Spread (\$/MWh) <i>HSC Gas, 7.2HR, \$2.50 VOM</i>	\$12.19	\$7.44	\$6.48
New York: NY Zone A (\$/MWh)	\$29.55	\$31.45	\$32.99
New England: Mass Hub ATC Spark Spread(\$/MWh) <i>ALQN Gas, 7.5HR, \$0.50 VOM</i>	\$6.17	\$4.93	\$4.20

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

(2) Stub period calculated by excluding Jan 2012 thru mid-March 2012 for Constellation only.

(3) Excludes Maryland assets to be divested.

(4) Includes CENG Joint Venture.

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

(6) Based on June 29, 2012 market conditions.

# ExGen Disclosures

Generation and Hedges	2012 <sup>(1)</sup>	2013	2014
<u>Exp. Gen (GWh) <sup>(4)</sup></u>	<b>219,600</b>	<b>216,900</b>	<b>209,200</b>
Midwest	101,000	97,600	97,600
Mid-Atlantic <sup>(2,3)</sup>	71,900	73,600	71,400
ERCOT	19,900	17,800	15,400
New York <sup>(3)</sup>	13,400	13,600	10,700
New England	13,400	14,300	14,100
<u>% of Expected Generation Hedged <sup>(5)</sup></u>	<b>99-102%</b>	<b>79-82%</b>	<b>46-49%</b>
Midwest	98-101%	80-83%	47-50%
Mid-Atlantic <sup>(2,3)</sup>	102-105%	78-81%	49-52%
ERCOT	96-99%	70-73%	39-42%
New York <sup>(3)</sup>	101-104%	85-88%	38-41%
New England	96-99%	79-82%	41-44%
<u>Effective Realized Energy Price (\$/MWh) <sup>(6)</sup></u>			
Midwest	40.50	39.00	36.00
Mid-Atlantic <sup>(2,3)</sup>	53.50	49.00	48.00
ERCOT <sup>7</sup>	9.00	7.00	4.00
New York <sup>(3)</sup>	45.00	37.00	37.50
New England <sup>(7)</sup>	7.50	7.00	4.00

(1) Stub period calculated by excluding Jan 2012 thru mid-March 2012 for Constellation only. (2) Excludes Maryland assets to be divested (3) Includes CENG Joint Venture. (4) 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 10 refueling outages in 2012 and 2013 and 11 refueling outages in 2014 at Exelon-operated nuclear plants and Salem but excludes CENG. Expected generation assumes capacity factors of 93.1%, 93.3% and 93.8% in 2012, 2013 and 2014 at Exelon-operated nuclear plants excluding Salem and CENG. These estimates of expected generation in 2012, 2013 and 2014 do not represent guidance or a forecast of future results as Exelon has not completed its planning or optimization processes for those years. (5) 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. (6) 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. (7) Spark spreads shown for ERCOT and New England.

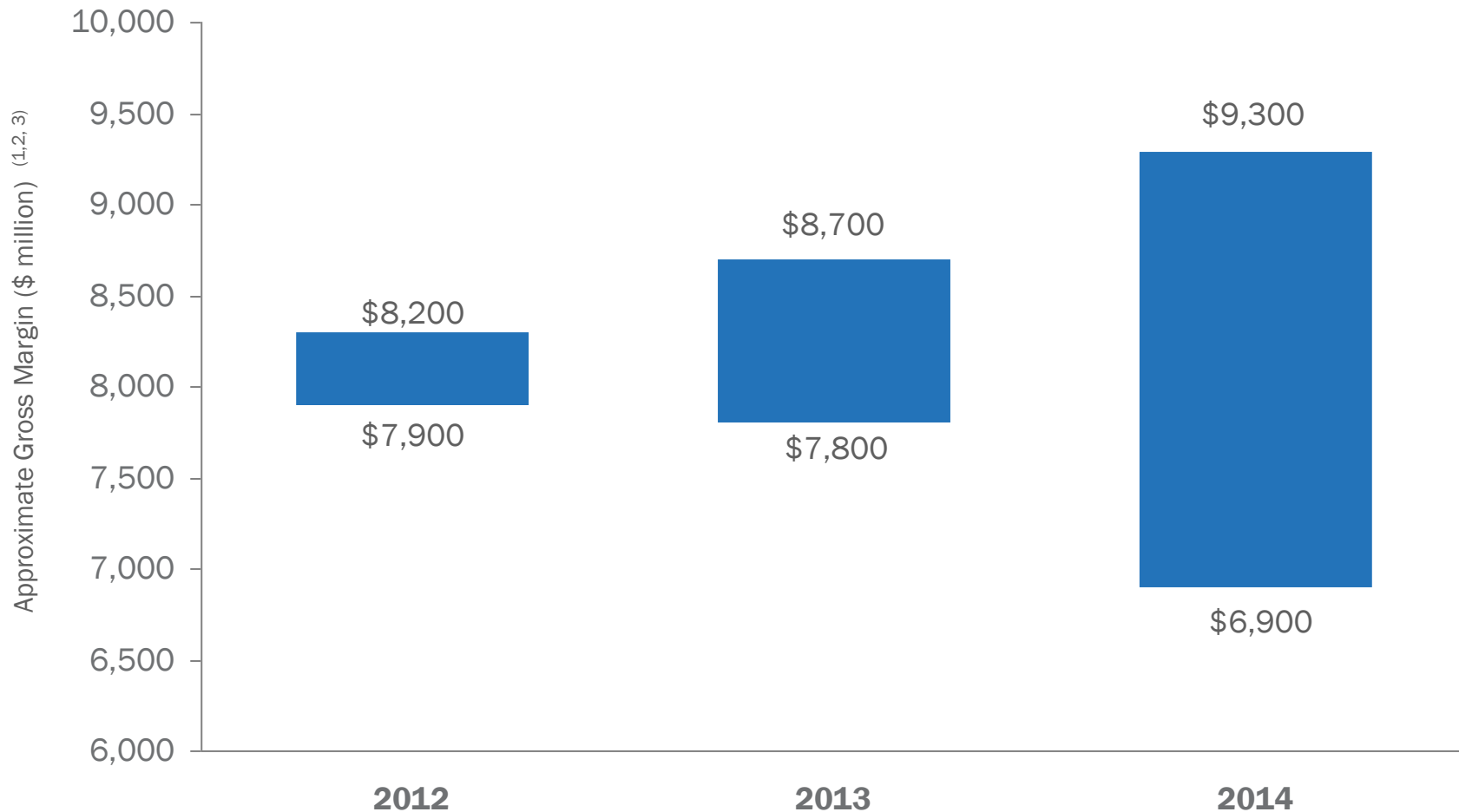
# ExGen Hedged Gross Margin Sensitivities

Gross Margin Sensitivities (With Existing Hedges) <sup>(1,4)</sup>	2012	2013	2014
Henry Hub Natural Gas (\$/MMbtu) <sup>(2)</sup>			
+ \$1/MMbtu	\$(65)	\$120	\$490
- \$1/MMbtu	\$75	\$(100)	\$(430)
NiHub ATC Energy Price			
+ \$5/MWh	\$5	\$85	\$280
- \$5/MWh	\$(5)	\$(85)	\$(275)
PJM-W ATC Energy Price <sup>(2)</sup>			
+ \$5/MWh	\$(15)	\$80	\$190
- \$5/MWh	\$15	\$(80)	\$(185)
NYPP Zone A ATC Energy Price			
+ \$5/MWh	\$5	\$10	\$45
- \$5/MWh	\$(5)	\$(10)	\$(45)
Nuclear Capacity Factor <sup>(3)</sup>			
+/- 1%	+/- \$15	+/- \$40	+/- \$40

(1) Based on June 29, 2012 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) Excludes Maryland assets to be divested. (3) Includes CENG Joint Venture (4) Sensitivities based on commodity exposure which includes open generation and all committed transactions.



# 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 2013 and 2014 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 29, 2012

(2) Gross Margin Upside/Risk based on commodity exposure which includes open generation and all committed transactions. (3) Excludes Maryland assets to be divested.

# Additional 2012 ExGen Modeling

P&L Item	2012 Stub <sup>(1)</sup> Estimate	2012 Full-Year <sup>(2)</sup> Estimate
O&M <sup>(3)</sup>	\$4,000M	\$4,250M
Taxes Other Than Income (TOTI)	\$300M	\$300M
Depreciation & Amortization <sup>(4)</sup>	\$650M	\$700M
Interest Expense	\$300M	\$350M

(1) Stub period represents estimates for March 12 – December 31, 2012 and is reflected as part of ExGen's 2012 earnings guidance

(2) Full-year estimates provided for modeling purposes.

(3) ExGen O&M does not include CENG O&M of ~\$350M in the stub estimate. CENG O&M will be reflected under "Equity earnings of unconsolidated affiliates" in the Income Statement. In addition, we have removed the impact from O&M related to entities consolidated solely as a result of the application of FIN 46R. Our 2012 earnings guidance (prior or current) is not impacted by this change to O&M since the application of FIN 46R does not impact net income.

(4) ExGen D&A does not include CENG D&A of ~\$100M in the stub estimate. CENG D&A will be reflected under "Equity earnings of unconsolidated affiliates" in the Income Statement.