

# Investor Meetings

May 18-19, 2016



# Cautionary Statements Regarding Forward-Looking Information

This presentation contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, that are subject to risks and uncertainties. The factors that could cause actual results to differ materially from the forward-looking statements made by Exelon Corporation, Exelon Generation Company, LLC, Commonwealth Edison Company, PECO Energy Company, Baltimore Gas and Electric Company, Pepco Holdings LLC (PHI), 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 2015 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; (2) PHI's 2015 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 16; 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

# Exelon: A Leading Energy Company



## EXC

Exelon is headquartered in Chicago and trades on the NYSE under EXC.



Exelon is the #1 utility company on the FORTUNE 500.



Exelon is America's #1 zero-carbon nuclear energy provider.

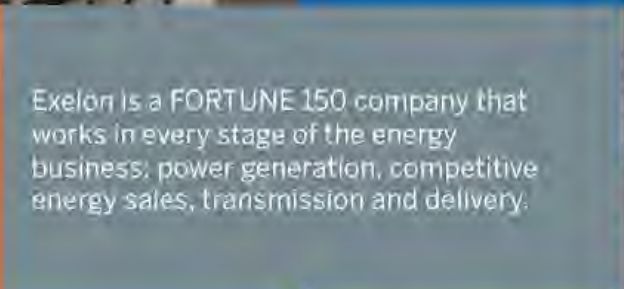


## \$34.5B

Operating revenue in 2015



Presence in 48 states




Exelon is a FORTUNE 150 company that works in every stage of the energy business: power generation, competitive energy sales, transmission and delivery.



## 10M

Electric and natural gas utility customers



Exelon's Constellation business serves approx. 2 million residential, public sector and business customers.



Exelon was named to Fortune magazine's 2015 list of the "World's Most Admired Companies."



## 32,700

Megawatts of total power generation



## 19,500

Megawatts of nuclear generation

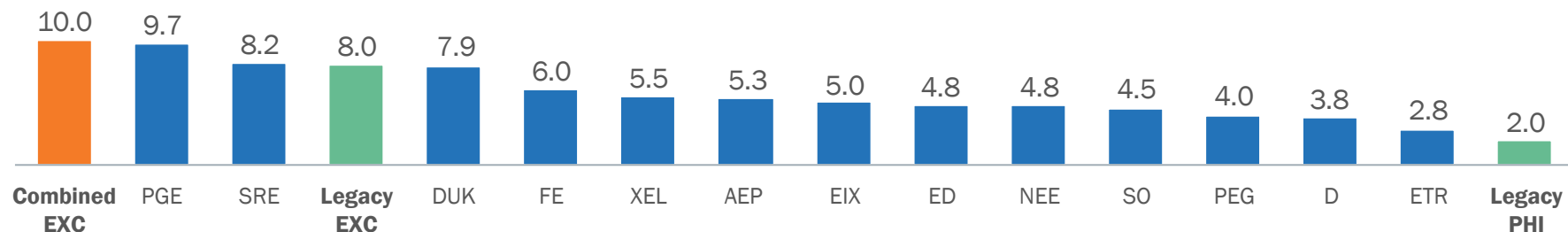


## \$37M

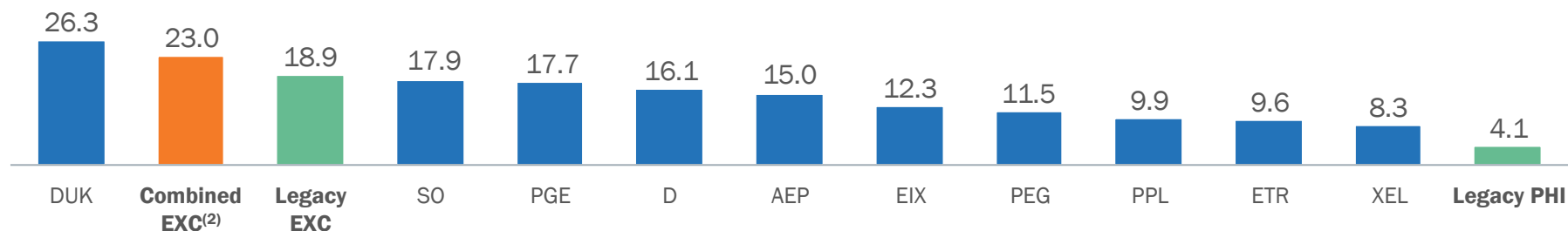
In 2015, Exelon gave approx. \$37 million to charitable and community causes.

# Exelon Utilities are an Industry Leader

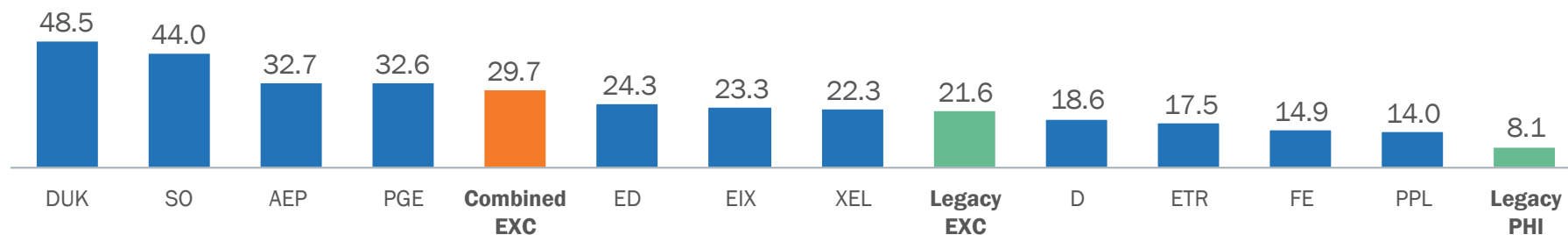
## US Utility Customers (millions)



## Total Capital Expenditures 2016-2018 (\$B)<sup>(1)</sup>



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



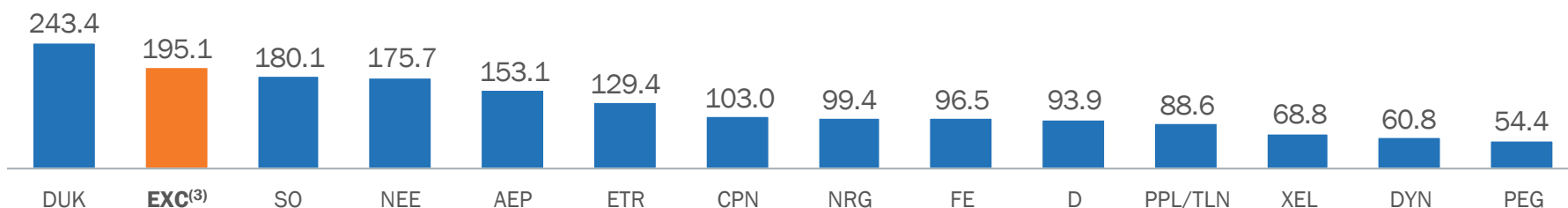
Source: Company Filings

(1) Includes utility and generation

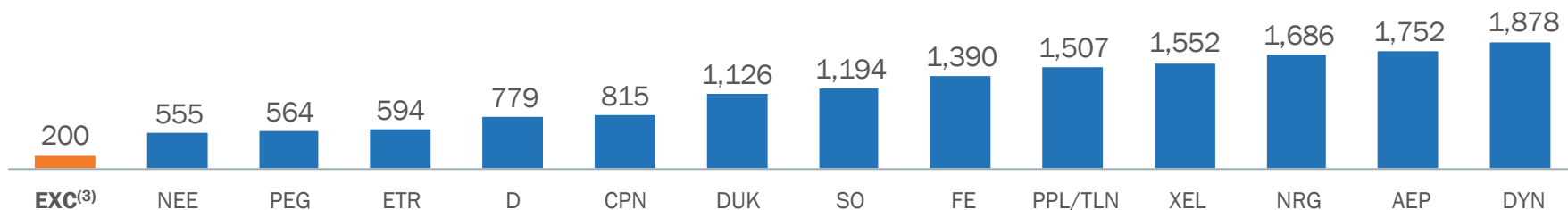
(2) \$23B includes \$15.6B of utility capital expenditures and \$7.4B of generation capital expenditures

# Exelon Generation is an Industry Leader

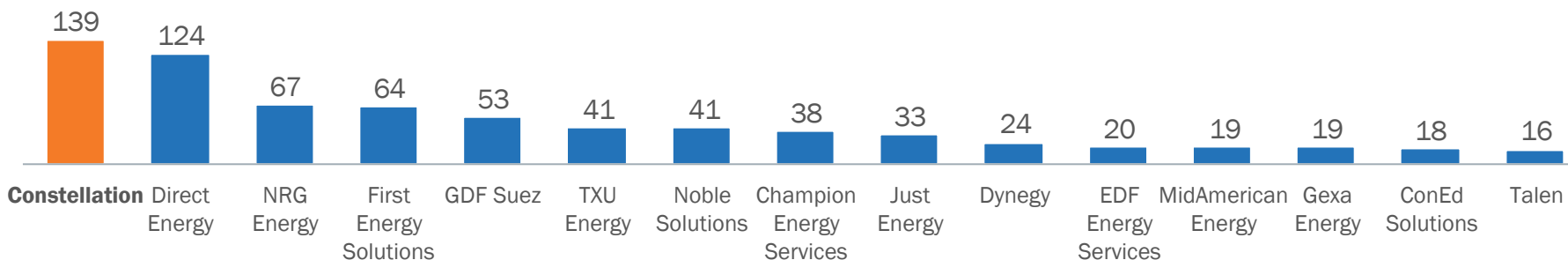
## Total Generation Output (TWh)<sup>(1)</sup>



## Carbon Intensity (lb/MWh)<sup>(1)</sup>



## Retail Load Served (TWhs)<sup>(2)</sup>



(1) Includes regulated and non-regulated generation. Source: Benchmarking Air Emissions, July 2015; <http://mjbradley.com/sites/default/files/Benchmarking-Air-Emissions-2015.pdf>

(2) Source: DNV GL Retail Landscape April 2016

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

# Early Retirement of Clinton and Quad Cities

***We will shut down Clinton Power Station on June 1, 2017 and Quad Cities Generating Station on June 1, 2018 if Illinois does not pass adequate legislation by May 31, 2016 and if Quad Cities does not clear the 19/20 PJM capacity auction in May***

## Impact on Illinois of Plant Closures<sup>(1)</sup>

- The gross impact of shutting down Clinton and Quad Cities would be:
  - \$1.2 billion annually in lost economic activity in Illinois
  - 4,200 jobs lost, many of which are highly skilled, good paying jobs
- According to independent analyses by PJM and MISO, there would be a significant increase in electricity prices for Illinois residents and businesses
- Economic damages associated with an incremental increase in the release of carbon dioxide emissions would cost Illinois consumers nearly \$10 billion over 10 years

## Nuclear Plant Economics Deteriorating

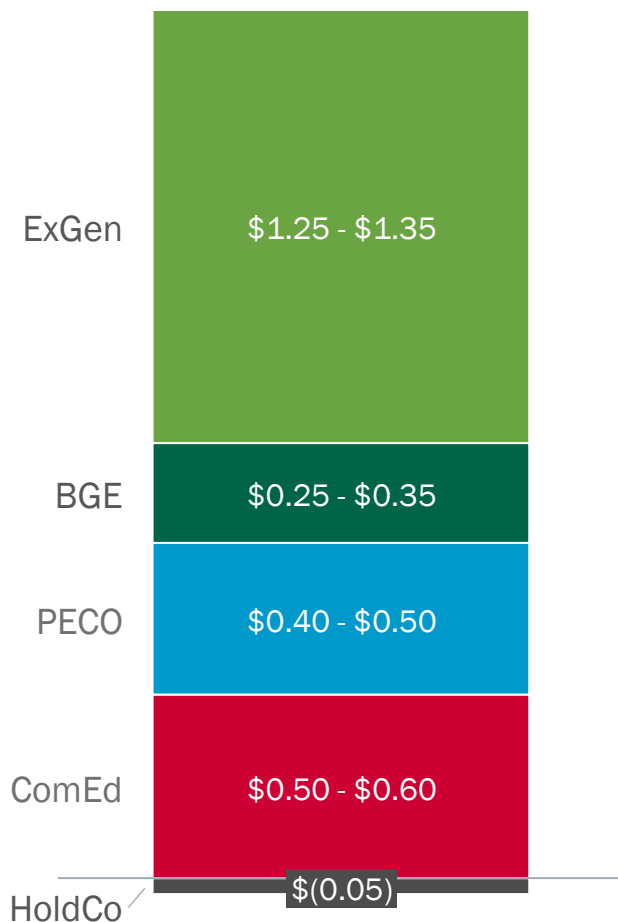
- Illinois legislation aimed at leveling the playing field for zero carbon resources has failed to advance in the past two legislative sessions
- PJM power prices hit 15 year record low in March
- Illinois forward energy prices have declined by roughly 10% in the last year
- From 2009 to 2015, Quad Cities and Clinton have sustained more than \$800 million in cash flow losses on a pre-tax basis<sup>(2)</sup>

(1) Source: January 5, 2015 Response to the IL General Assembly Concerning House Resolution 1146 prepared by Illinois Commerce Commission, Illinois Power Agency, Illinois Environmental Protection Agency, and Illinois Department of Commerce and Economic Opportunity

(2) Revenues include realized energy and capacity revenue excluding any hedges; costs include all site expenses (including taxes other than income taxes), DOE spent fuel fees prior to their suspension in mid-2014, charged and allocated overhead, fuel capex, and non-fuel capex. Losses only reflect the extent to which revenues fell short of cash costs and do not reflect the absence of expected investor return on investment

# 2016 Adjusted Operating Earnings Guidance

**\$2.40 - \$2.70<sup>(1)</sup>**

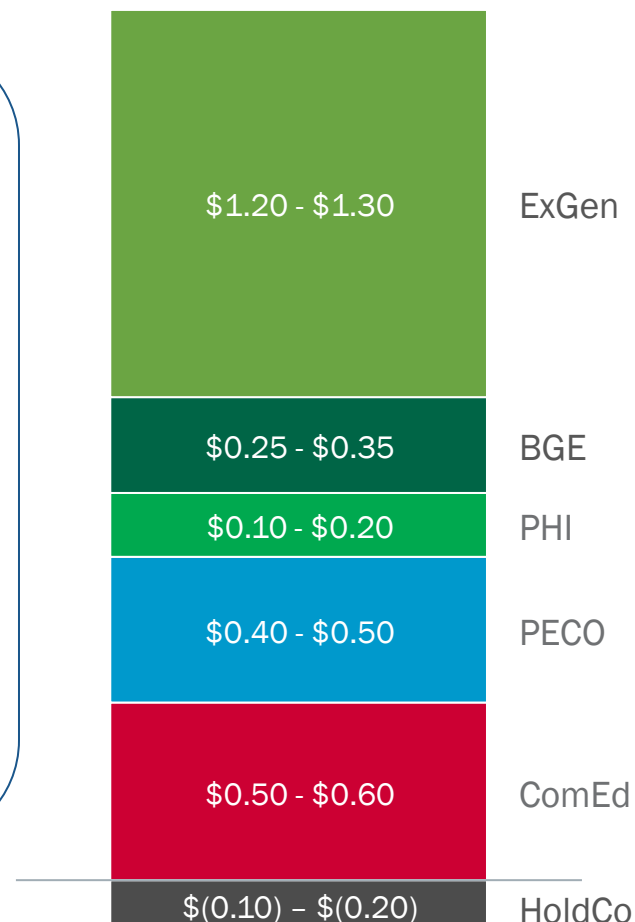


2016 Standalone Guidance

## Key Changes

- Average outstanding share count of 926M vs. 890M from Q4 standalone guidance
- Interest on debt issued for PHI transaction captured at HoldCo
- Includes PHI contribution to earnings for remainder of year

**\$2.40 - \$2.70<sup>(2,3)</sup>**



2016 Combined Guidance

**Confirming full-year guidance range of \$2.40 - \$2.70/share<sup>(2,3)</sup>**

- (1) 2016 standalone earnings guidance was based on expected average outstanding shares of 890M and assumed that equity and debt issued for Pepco Holdings acquisition was unwound in 2016. Earnings guidance for OpCos may not add up to consolidated EPS guidance. Refer to the Appendix for a reconciliation of adjusted (non-GAAP) operating EPS guidance to GAAP EPS.
- (2) 2016 combined earnings guidance is based on expected average outstanding shares of 926M. Earnings guidance for OpCos may not add up to consolidated EPS guidance.
- (3) ComEd ROE based on 30 Year average Treasury yield of 2.67% as of 3/31/16. 25 basis point move in 30 Year Treasury Rate equates to +/- \$0.01 impact to EPS.



# Delivering Value to Shareholders Through a Defined Capital Allocation Policy

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

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



# Exelon Utilities



# Exelon Utilities Overview

## Operating Statistics

### Commonwealth Edison

Customers:	3,800,000
Service Territory:	11,400 sq. miles
Peak Load:	23,753 MW
2015 Rate Base:	\$10.6 bn

### PECO Energy

Customers:	2,100,000
Service Territory:	2,100 sq. miles
Peak Load:	8,983 MW
2015 Rate Base:	\$6.0 bn

### Baltimore Gas and Electric

Customers:	1,900,000
Service Territory:	2,300 sq. miles
Peak Load:	7,236 MW
2015 Rate Base:	\$5.0 bn

### Potomac Electric Power

Customers:	842,000
Service Territory:	640 sq. miles
Peak Load:	7,023 MW
2015 Rate Base:	\$3.9 bn

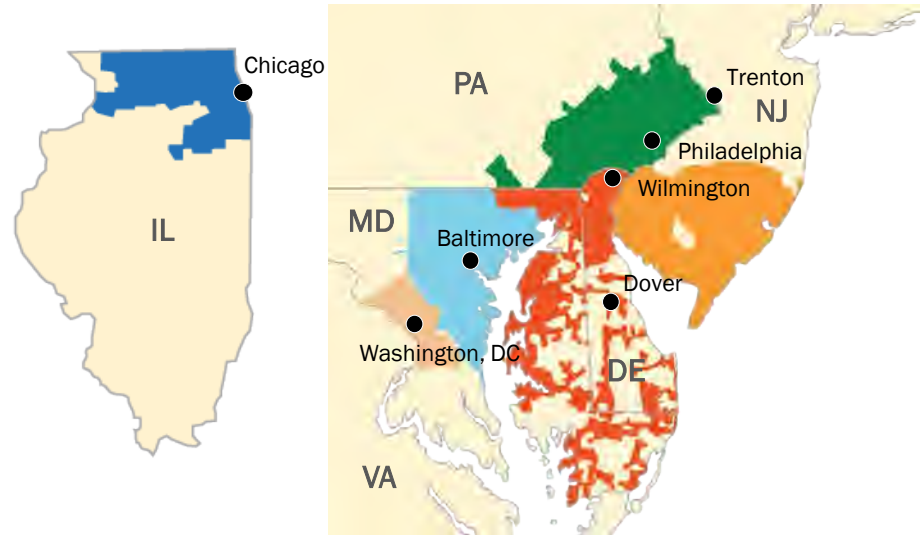
### Atlantic City Electric

Customers:	547,000
Service Territory:	2,700 sq. miles
Peak Load:	3,009 MW
2015 Rate Base:	\$1.8 bn

### Delmarva Power & Light

Customers:	645,000
Service Territory:	5,000 sq. miles
Peak Load:	4,288 MW
2015 Rate Base:	\$2.4 bn

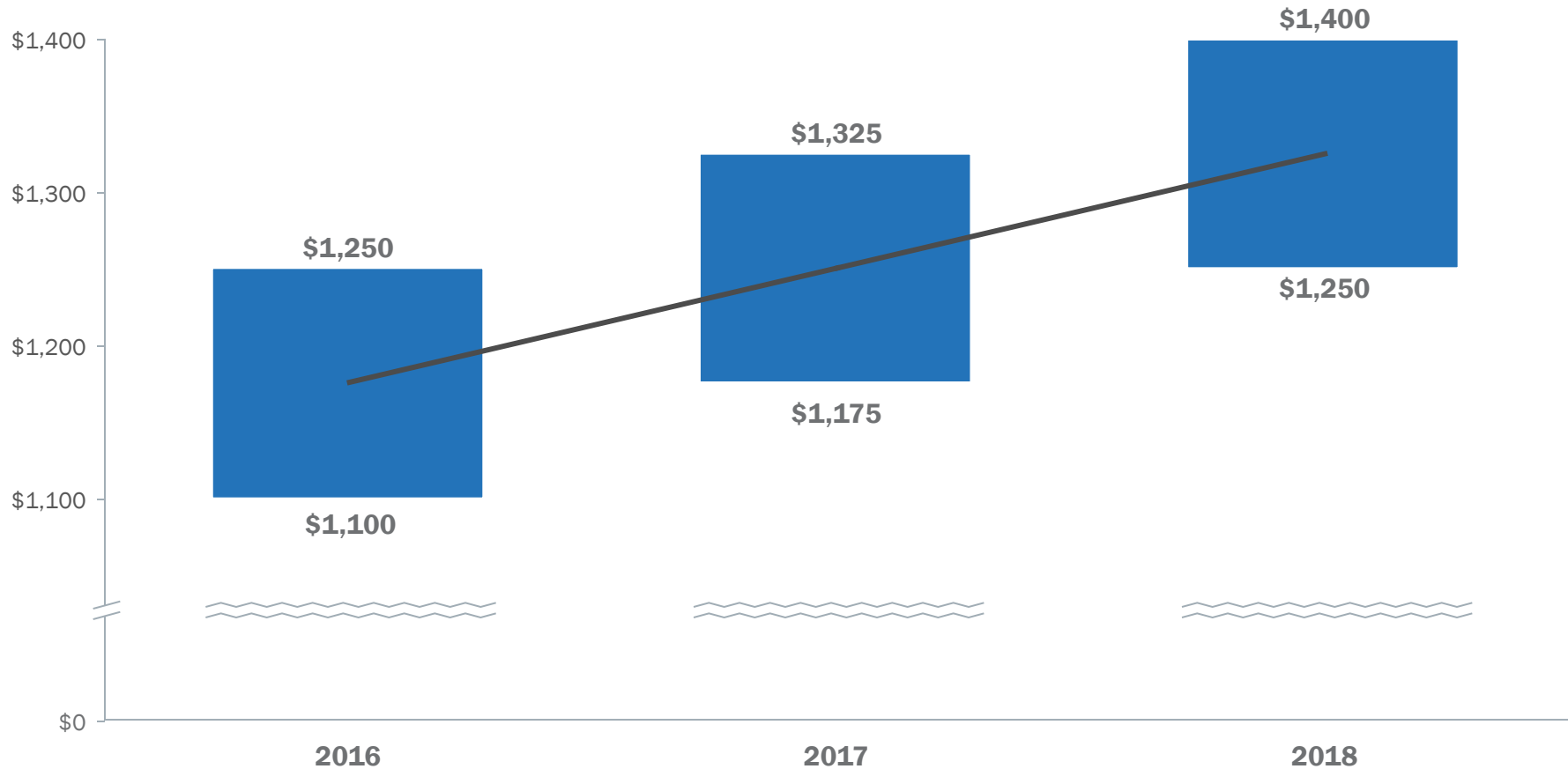
## Combined Service Territory



- Atlantic City Electric Service Territory
- Baltimore Gas and Electric Service Territory
- ComEd Service Territory
- Delmarva Power & Light Service Territory
- PECO Energy Service Territory
- Potomac Electric Power Service Territory

# Reaffirming Legacy Exelon Utilities Net Income Outlook

## Exelon Utilities Net Income (\$M)<sup>(1,2)</sup>

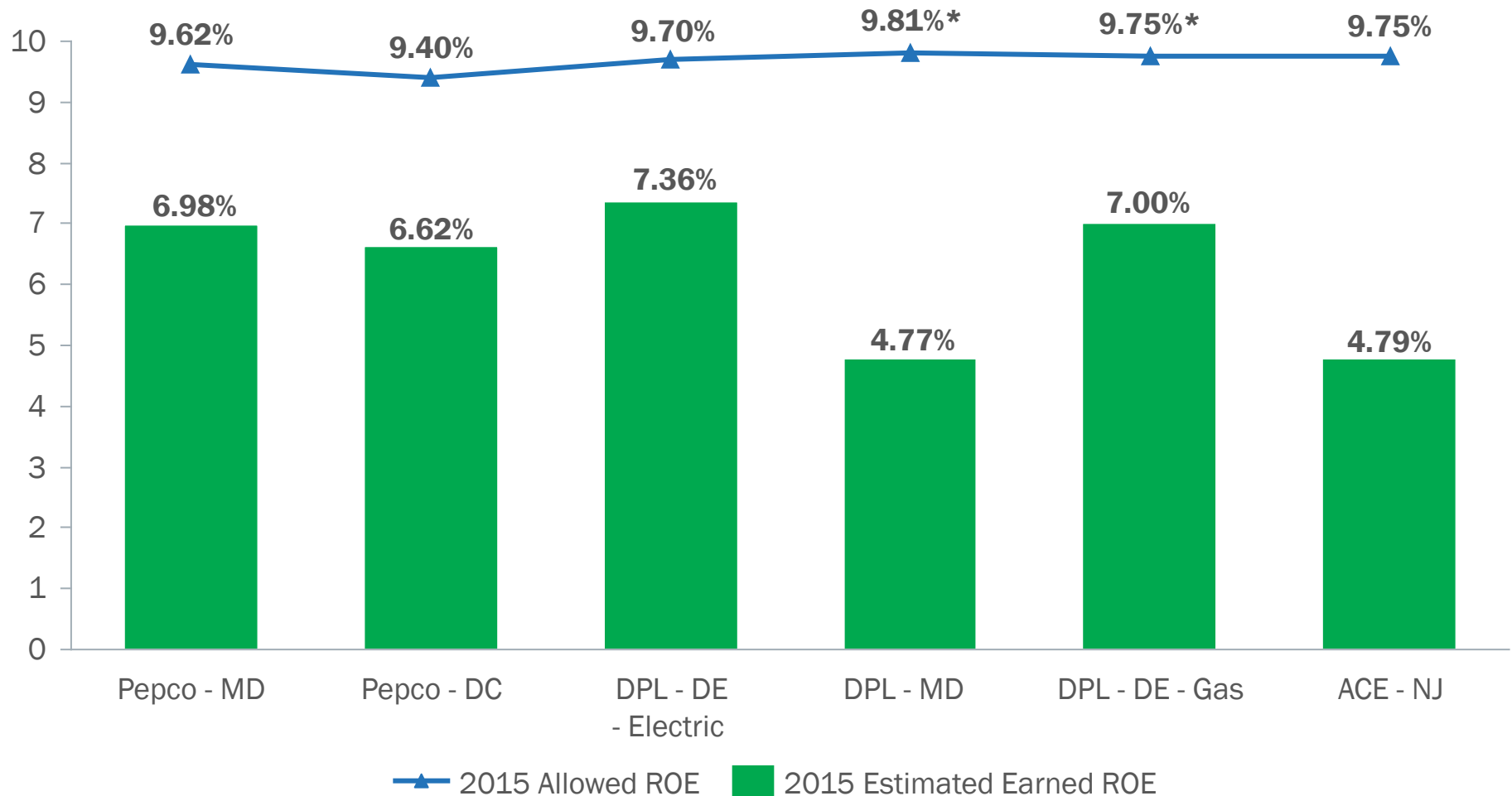


**Legacy Exelon Utilities projected average earnings growth is still in the 7-9% range per year from 2015-2018**

(1) Numbers rounded to nearest \$25M

(2) Does not include PHI net income and represents adjusted (non-GAAP) operating earnings. Refer to slide 41 for a list of adjustments from GAAP EPS to adjusted (non-GAAP) operating earnings.

# 2015 Earned vs. Allowed ROE at PHI Utilities



**Significant Opportunity for Earned ROE Improvement at PHI Utilities**

\* ROE for purposes of calculating AFUDC and regulatory asset carrying costs.

# Exelon Utilities Distribution Rate Case Schedule

	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017
<b>BGE Electric and Gas Distribution Rates</b>	MD Rate Case Filed November 6		Final Order Expected June			
<b>ComEd Electric Distribution Formula Rate</b>			IL Formula Rate Case Filed April 13		Final Order Expected December	
<b>ACE Electric Distribution Rates</b>		NJ Rate Case Filed March 22				Final Order Expected Q1/Q2
<b>Pepco Electric Distribution Rates - MD</b>			MD Rate Case Filed April 19		Final Order Expected December	
<b>Pepco Electric Distribution Rates - DC</b>			DC Rate Case Filing Planned Q2/Q3			
<b>Delmarva Electric and Gas Distribution Rates - DE</b>			DE Rate Case Filing Planned			Final Order Expected
<b>Delmarva Electric Distribution Rates - MD</b>				MD Rate Case Filing Planned		Final Order Expected

# Operational Excellence Drives Value for Customers, Communities, and Shareholders

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Operations	Metric	At CEG Merger (2012)				Post CEG Merger (2015)		
		BGE	PECO	ComEd		BGE	PECO	ComEd
Electric Operations	OSHA Recordable Rate							
	OSHA Severity Rate							
	2.5 Beta SAIFI (Outage Frequency)							
	2.5 Beta CAIDI (Outage Duration)							
Customer Operations	Customer Satisfaction							
	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
	3rd Party Damages per 1000 Gas Locates							
Overall Rank	Electric Utility Panel of 24 Utilities	23 <sup>rd</sup>	2 <sup>nd</sup>	2 <sup>nd</sup>		2 <sup>nd</sup>	2 <sup>nd</sup>	2 <sup>nd</sup>

Exelon Utilities has identified and transferred best practices at each of its utilities to improve operating performance in areas such as:

- System Performance
- Emergency Preparedness
- Corrective and Preventive Maintenance

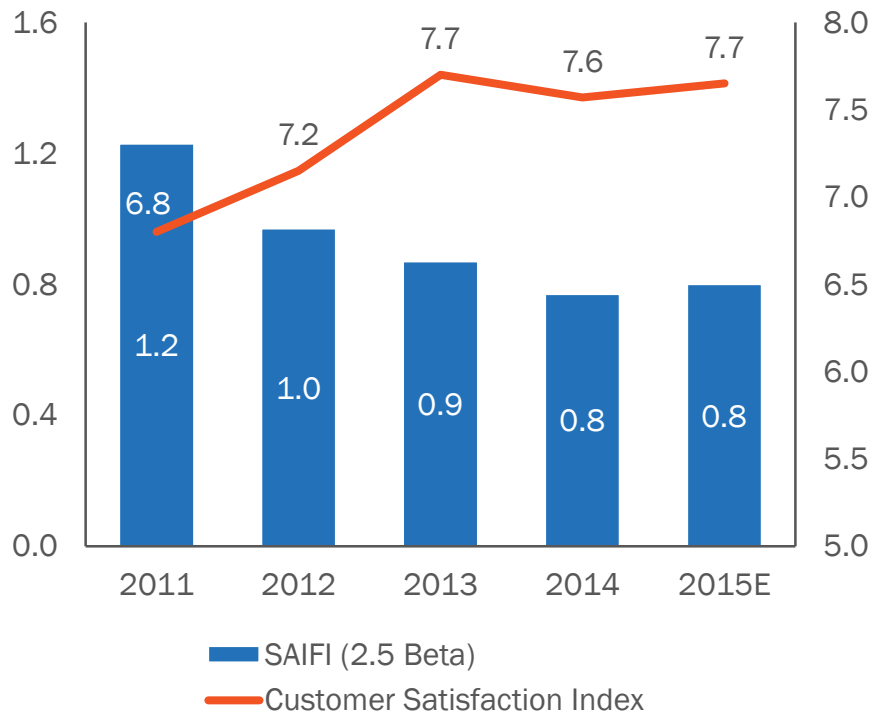
Performance  
Quartiles

Q1	Q2
Q3	Q4

# BGE: A Proven Track Record of Enhancing Utility Value

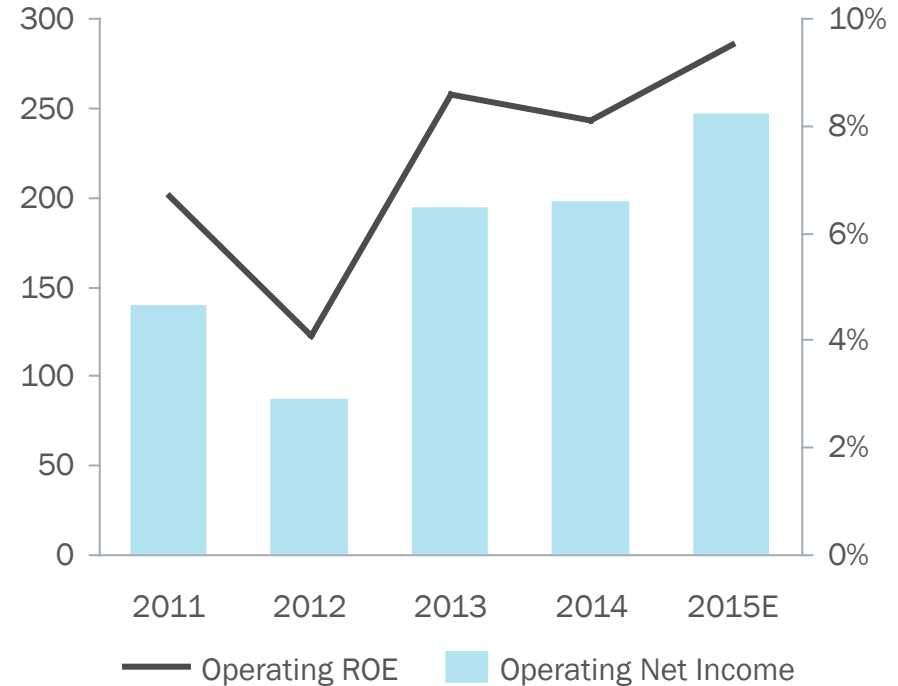
Delivering value to our customers and regulators by improving reliability while providing investors with predictable cost recovery and earnings growth

## SAIFI and Customer Satisfaction Index



- Increased reliability by 10% per year and customer satisfaction by 3% per year

## Operating ROE (%) and Net Income (\$M)



- Increased ROE by more than 250 basis points from 2011 to 2015 and grew net income 15% annually over same period
- Continued system investments in reliability and safety necessitate continued rate cases for capital recovery

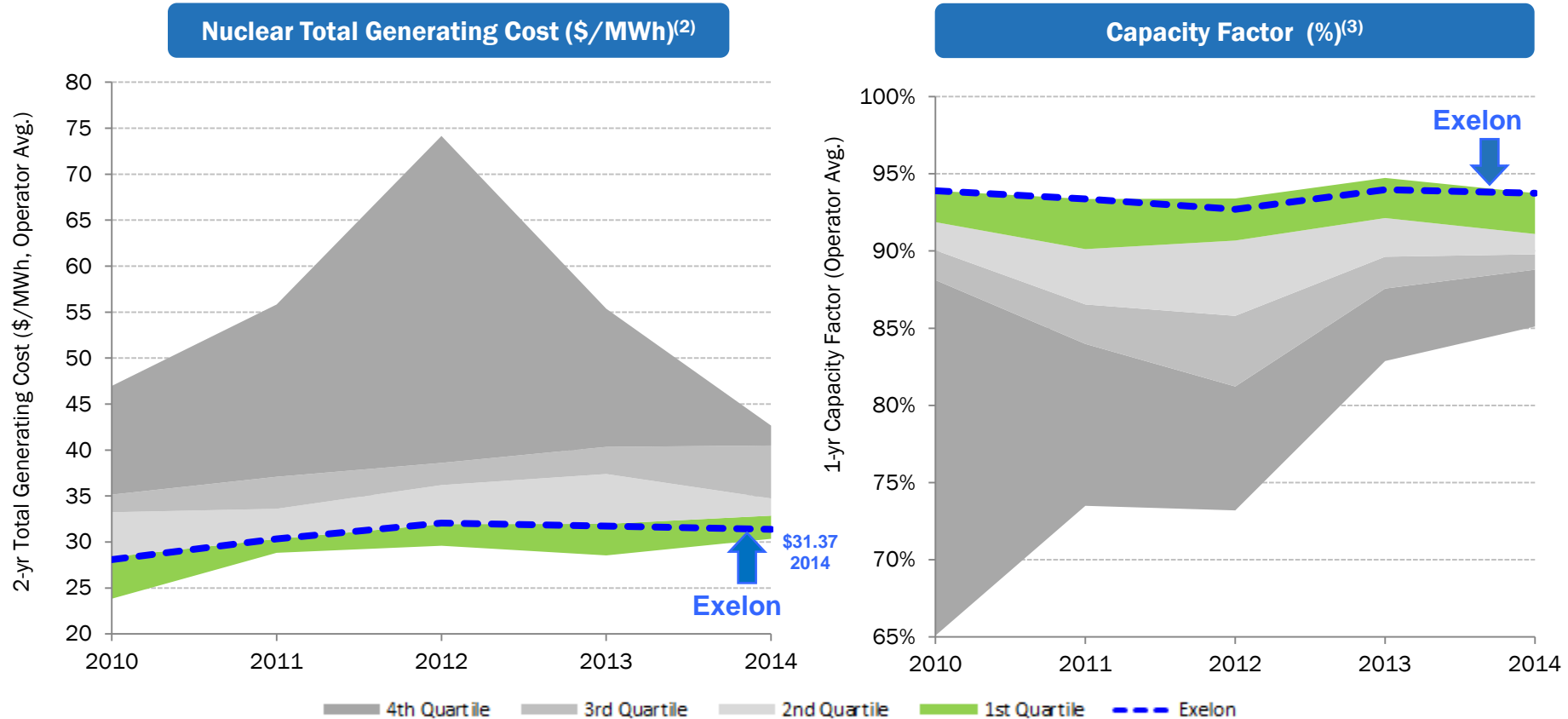
Note: 2012 ROE and Net Income normalized by excluding one-time \$112M rate credit as part of EXC-CEG merger. Operating net income represents adjusted (non-GAAP) operating earnings. Refer to slide 31 for a list of adjustments from GAAP EPS to adjusted (non-GAAP) operating earnings



# Exelon Generation



# World Class Nuclear Operator<sup>(1)</sup>



- Exelon is consistently one of the lowest-cost and most efficient producers of electricity in the nation
- Over the next five years, Exelon Nuclear projects a negative cost CAGR, while maintaining strong generation performance

(1) 2010 – 2013 Exelon fleet averages exclude Salem, Ft. Calhoun, and CENG; 2014 Exelon fleet averages exclude Salem and Ft. Calhoun

(2) Total Generating Cost is defined as cost to produce one MWh of energy, including fuel, materials, labor, contracting, capital expenditures, insurance and the majority of overhead expenses including benefit costs associated with labor but excludes property taxes, unit contingent costs and risks, costs due to unknown future regulatory changes, and suspended DOE nuclear waste storage fee (effective May 2014)

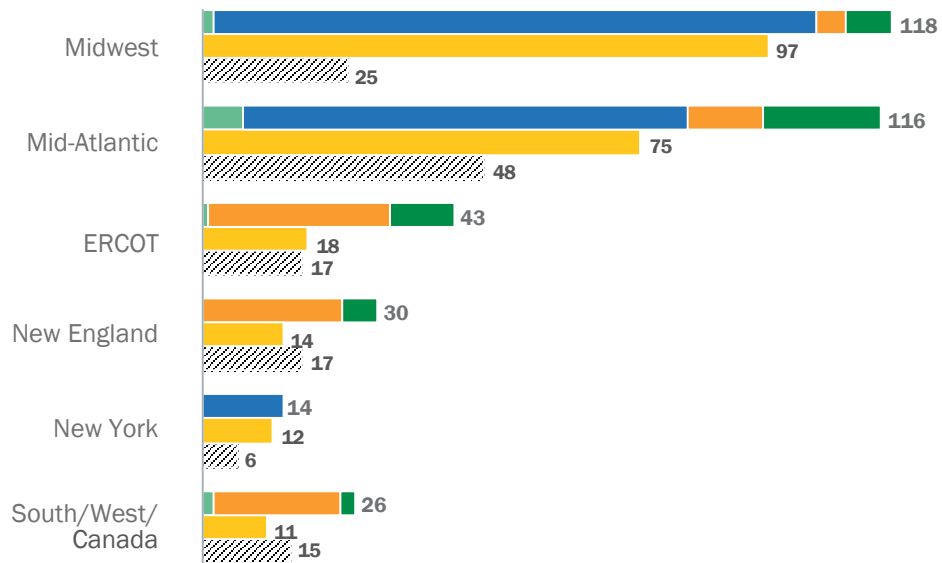
(3) Source: Platts Nuclear News, Nuclear Energy Institute and Energy Information Administration (Department of Energy)

# Our Generation to Load Strategy Delivers Sustainable Earnings in Volatile Markets

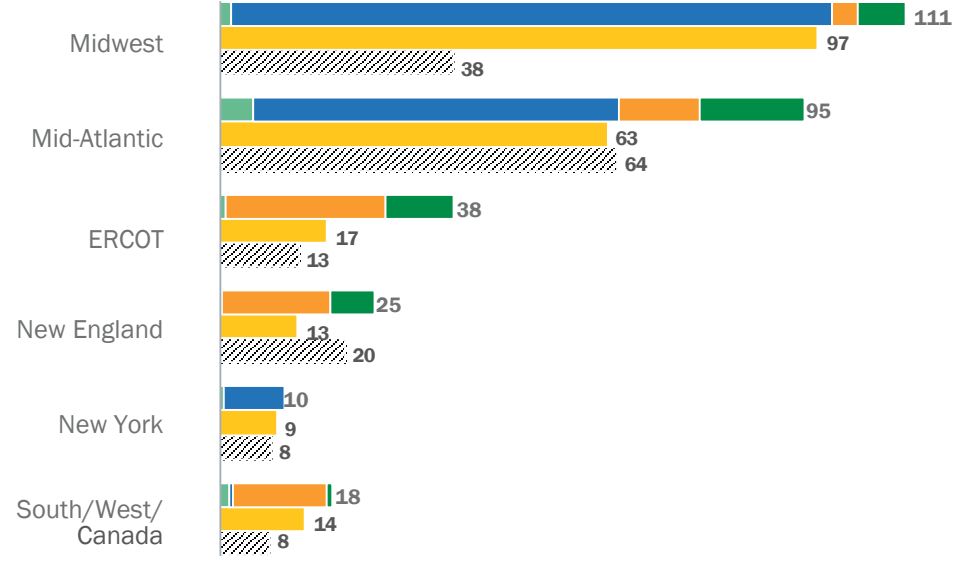
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2012 Generation Load Match (TWh)<sup>(1,2)</sup>



2016 Generation Load Match (TWh)<sup>(1,2)</sup>



Generation Capacity: ■ Renewables ■ Baseload ■ Intermediate ■ Peaking ■ Expected Generation ▨ Expected Load

- **Since the Constellation merger, we have improved our generation to load match through growing our customer load business, both organically and through disciplined acquisitions like Integrys**
- This strategy and hedging with a fundamentals driven approach has meaningfully benefitted earnings over the last two years
- **High volatility:** We captured higher prices for our generation during periods of extreme weather while managing our load obligations. During periods of high volatility, generation availability is of utmost importance. During the polar vortex of 2014, our 2 GW of peaking capability created significant value in the energy and ancillary markets. **During the polar vortex, we made ~\$100 million<sup>(3)</sup>**
- **Low volatility:** During periods of low volatility, we captured higher margins as we realized a lower cost to serve our customers and we optimized the value of our dispatchable fleet through load sales. **This year alone, we have made ~\$250 million as result of lower cost to serve load**
- Generation to Load match also provides us with an important channel to market for our hedging activities which is important in times of low liquidity and in places where there is not an active market

(1) Owned and contracted generation capacity converted from MW to MWh assuming 100% capacity factor (CF) for all technology types, except for renewable capacity which is shown at estimated CF

(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 9/30/2015

(3) Excludes the impact of plant outages, primarily at Calvert Cliffs prior to us operating the plant

# Exelon Generation: Gross Margin Update

	March 31, 2016			Change from Dec. 31, 2015		
Gross Margin Category (\$M) <sup>(1)</sup>	2016	2017	2018	2016	2017	2018
Open Gross Margin <sup>(3)</sup> (including South, West, Canada hedged gross margin)	\$4,450	\$5,350	\$5,800	\$(750)	\$(450)	\$(350)
Mark-to-Market of Hedges <sup>(3,4)</sup>	\$2,650	\$1,150	\$400	\$950	\$350	\$150
Power New Business / To Go	\$250	\$750	\$1,000	\$(200)	\$(50)	-
Non-Power Margins Executed	\$350	\$150	\$100	\$100	-	-
Non-Power New Business / To Go	\$100	\$300	\$400	\$(100)	-	-
<b>Total Gross Margin <sup>(2)</sup></b>	<b>\$7,800</b>	<b>\$7,700</b>	<b>\$7,700</b>	<b>-</b>	<b>\$(150)</b>	<b>\$(200)</b>

## Recent Developments

- Executed \$200M of Power New Business and \$100M of Non-Power New Business in Q1
- Behind ratable hedging position reflects the fundamental upside we see in power prices
  - Generation ~28-31% open in 2017
  - Power position ~5-8% behind ratable, considering cross-commodity hedges

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

2) Total Gross Margin (Non-GAAP) is defined as operating revenues less purchased power and fuel expense, excluding revenue related to decommissioning, gross receipts tax, Exelon Nuclear Partners, operating services agreement with Fort Calhoun and variable interest entities. Total Gross Margin is also net of direct cost of sales for certain Constellation businesses. Excludes Pepco Energy Services. See Slide 26 for a Non-GAAP to GAAP reconciliation of Total Gross Margin.

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

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

# Financial Developments Since Q4 2015

## Incremental Combined Company Tax Impacts<sup>(1)</sup>

	2017	2018	2019
<b>EPS</b>	\$(0.00) - \$(0.02)	\$(0.06) - \$(0.08)	\$(0.00) - \$(0.01)
<b>Cash Flow</b>	\$50M-\$100M	\$200M-\$300M	\$400M-\$500M
<b>Consolidated Tax Rate</b>	33%	34%	32%
<b>Cash Tax Rate</b>	5%	5%	10%

- ExGen earnings are lower as increased cash tax benefits reduce the Domestic Production Activities Deduction (DPAD) in 2018 but should normalize in 2019
- PHI increases cash flow by \$700M-\$850M for 2017-19 due to bonus depreciation and legacy NOLs
- Consolidated tax rate increases by as much as 200 bps through 2018 due to lower DPAD, but is expected to normalize to ~32% in 2019

## ComEd ROE Sensitivity to Interest Rates<sup>(2)</sup>

	2017	2018	2019
<b>ComEd EPS - 30 Year Treasury Rate</b>			
+25 basis points	\$0.01	\$0.01	\$0.01
-25 basis points	\$(0.01)	\$(0.01)	\$(0.01)

- ComEd allowed ROEs are calculated at the 30-Year Treasury + 580 bps with every 25 bps move in the 30-Year impacting EPS by +/- \$0.01

(1) Tax impacts are incremental to the standalone bonus depreciation impacts disclosed on the Q4 2015 earnings call for earnings in 2016: \$(0.09), 2017: \$(0.11), and 2018: \$(0.06); and for cash in 2016: \$625M, 2017: \$675M, and 2018: \$600M

(2) ComEd ROE based on 30 Year average Treasury yield of 2.67% as of 3/31/16

# Cost Cutting Initiatives

# Cost Management Initiative Update

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

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

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