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**For Filing Year 2016**

# Exelon Corporation

Barclay's Power & Utility Credit Conference

March 1, 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 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; and (2) other factors discussed in filings with the SEC by Exelon. Readers are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date of this presentation. Exelon does not undertake any obligation to publicly release any revision to its forward-looking statements to reflect events or circumstances after the date of this presentation.

# Business Overview



## Exelon Utilities – Operational Excellence Driving Strong Financial Performance and Positive Regulatory Outcomes

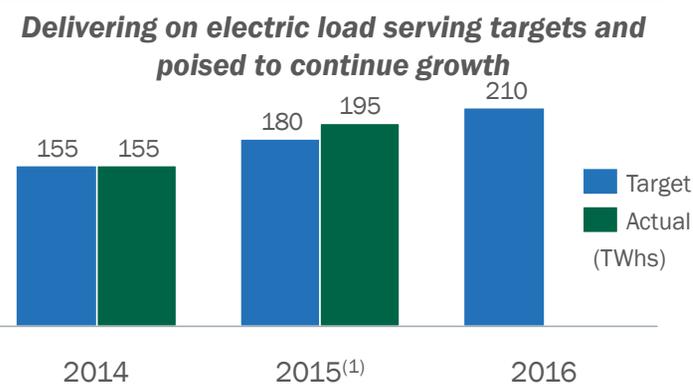
	2015 Results	2016 Goals
Leading Operational Excellence	<ul style="list-style-type: none"> <li>• 1<sup>st</sup> Quartile SAIFI performance</li> <li>• 1<sup>st</sup> Quartile CAIDI performance</li> <li>• 1<sup>st</sup> Quartile Customer Satisfaction – best ever scores at ComEd and BGE</li> </ul>	<ul style="list-style-type: none"> <li>• 1<sup>st</sup> Quartile SAIFI performance</li> <li>• 1<sup>st</sup> Quartile CAIDI performance</li> <li>• 1<sup>st</sup> Quartile Customer Satisfaction</li> <li>• Improve PHI operational performance</li> </ul>
Strong Financial Performance	<ul style="list-style-type: none"> <li>• Exceeded \$1B in operating net income</li> <li>• Invested \$3.7B to make the grid smarter, more reliable and provide better services to customers</li> </ul>	<ul style="list-style-type: none"> <li>• Quickly integrate PHI to drive synergies and financial results</li> <li>• Invest \$3.95B in capital across our three utilities and additional \$1.38B at PHI (\$18B over the next 5 years, \$25B including PHI)                             <ul style="list-style-type: none"> <li>• Improve system infrastructure</li> <li>• Better customer experience</li> </ul> </li> </ul>
Positive Regulatory Outcomes	<ul style="list-style-type: none"> <li>• Unanimous approval of PECO’s rate case settlement and Long Term Infrastructure Improvement Plan</li> <li>• 4<sup>th</sup> year of constructive outcomes in ComEd’s formula rate filings</li> </ul>	<ul style="list-style-type: none"> <li>• Close PHI transaction</li> <li>• BGE rate case decision in June</li> <li>• ComEd formula rate filing in April</li> <li>• Develop and implement regulatory strategies for PHI</li> </ul>

## Exelon Generation Delivered Strong Operational and Financial Performance in 2015

World Class Operational Performance	2016 Goals
<ul style="list-style-type: none"> <li>• Full-year Nuclear Capacity Factor: 93.7%</li> <li>• Best average refueling outage duration since 2002: 22 days</li> <li>• Full-year Power dispatch match: 98.6%</li> <li>• Full-year Renewables energy capture: 95.5%</li> </ul>	<ul style="list-style-type: none"> <li>• Continue best in class operational performance across the generation fleet</li> <li>• Execute on 350MW of contracted renewable projects (Michigan Wind 3 &amp; Bluestem Wind)</li> <li>• Achieve target of serving 210 TWhs of wholesale and retail load</li> <li>• Achieve proper valuation for our nuclear generation assets that rewards their carbon free footprint</li> </ul>

### Industry Leading Load Serving Business

- Generation to Load matching strategy meaningfully contributed to 2015 earnings
- Industry Leading Load Serving Business:
  - Served 195 TWhs of wholesale and retail load – 40 TWhs more than in 2014
  - ~ 80% power renewal rate
  - ~30% new customer win rate
  - Increased our delivered retail gas by 40% to 710 BCF
  - >90% gas retention rate



(1) 2015 target includes 15 TWhs from the Integrys acquisition



## We Are Well Down the Path of Delivering on Our Key Objectives

	2011 (Pre-CEG Merger)	2014 (Post-CEG Merger)	2018 (Post-PHI Merger)
Top Performing Utilities	<ul style="list-style-type: none"> <li>• 5.4M Electric Customers</li> <li>• 0.5M Gas Customers</li> <li>• \$791M Net Income<sup>(1)</sup></li> <li>• \$13B Rate Base</li> <li>• 6,054 Miles of Transmission Lines</li> </ul>	<ul style="list-style-type: none"> <li>• 6.7M Electric Customers</li> <li>• 1.2M Gas Customers</li> <li>• \$962M Net Income<sup>(1)</sup></li> <li>• \$20B Rate Base</li> <li>• 7,435 Miles of Transmission Lines</li> </ul>	<ul style="list-style-type: none"> <li>• 8.6M Electric Customers</li> <li>• 1.3M Gas Customers</li> <li>• \$1.5B-1.7B Net Income<sup>(1,2)</sup></li> <li>• \$38B Rate Base</li> <li>• ~12,000 Miles of Transmission Lines</li> </ul>
World Class Generator	<ul style="list-style-type: none"> <li>• 25,544 MW (Total Capacity)</li> <li>• 67% Nuclear</li> <li>• 151 TWh Generation</li> </ul>	<ul style="list-style-type: none"> <li>• 32,753 MW (Total Capacity)</li> <li>• 59% Nuclear<sup>(3)</sup></li> <li>• 205 TWh Generation</li> </ul>	<ul style="list-style-type: none"> <li>• 34,800 MW (Total Capacity)</li> <li>• 56% Nuclear<sup>(3)</sup></li> <li>• 206 TWh Generation</li> </ul>
Preeminent Competitive Energy Company	<ul style="list-style-type: none"> <li>• 4 States</li> <li>• ~59 TWh/yr</li> <li>• &lt;1 Bcf of Gas per day</li> </ul>	<ul style="list-style-type: none"> <li>• 48 States, DC &amp; Canada</li> <li>• ~155 TWh/yr</li> <li>• 4-6 Bcf of Gas per day</li> </ul>	<ul style="list-style-type: none"> <li>• 48 States, DC, &amp; Canda</li> <li>• ~210 TWh/yr</li> <li>• 6-8 Bcf of Gas</li> </ul>
Transforming the Business Mix	<p><b>2011 Earnings<sup>(1)</sup></b></p> <ul style="list-style-type: none"> <li>• 29% Utilities</li> <li>• 71% Generation</li> </ul>	<p><b>2014 Earnings<sup>(1)</sup></b></p> <ul style="list-style-type: none"> <li>• 47% Utilities</li> <li>• 53% Generation</li> </ul>	<p><b>2018 Earnings<sup>(1,4)</sup></b></p> <ul style="list-style-type: none"> <li>• ~60% Utilities</li> <li>• ~40% Generation</li> </ul>

(1) Represents adjusted (non-GAAP) operating earnings. Refer to slide 38 of the Q4 2015 Earnings Release for a list of adjustments from GAAP EPS to adjusted (non-GAAP) operating earnings.

(2) Includes after-tax interest expense of (~\$150M) for debt held at Corporate related to utility investment

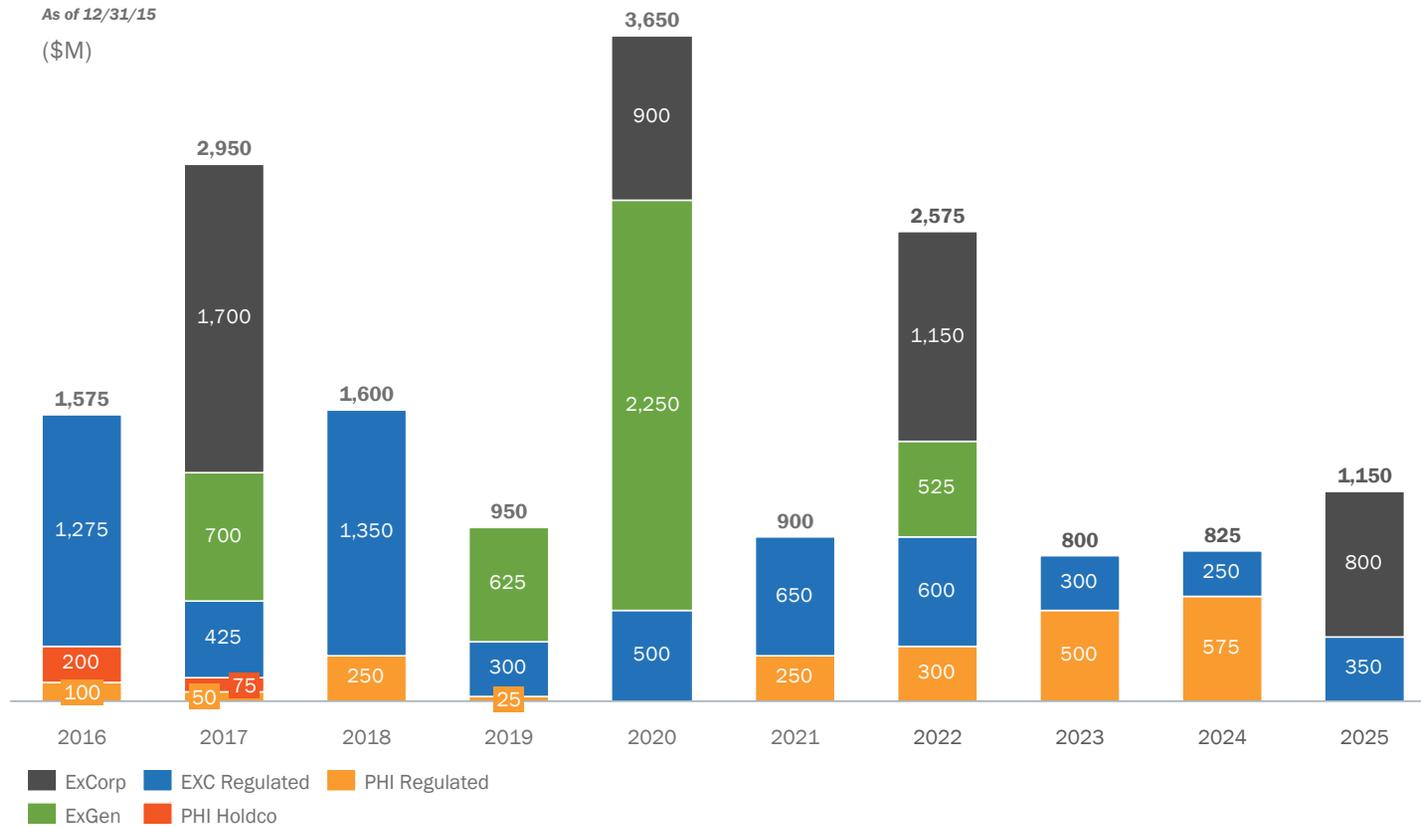
(3) Includes CENG at ownership; does not assume put exercised

(4) Based on September 30, 2015 market prices

# Financial Update



## Exelon-PHI Debt Maturity Profile<sup>(1,2)</sup>



(1) ExCorp debt includes acquisition debt, including \$1,150M mandatory convertible units remarketing in 2017; ExGen debt includes legacy CEG debt; Excludes securitized debt and non-recourse debt

(2) Numbers rounded to nearest \$25M

## Cost Management Initiative Update

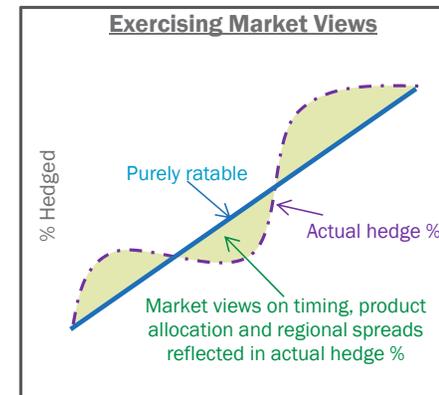
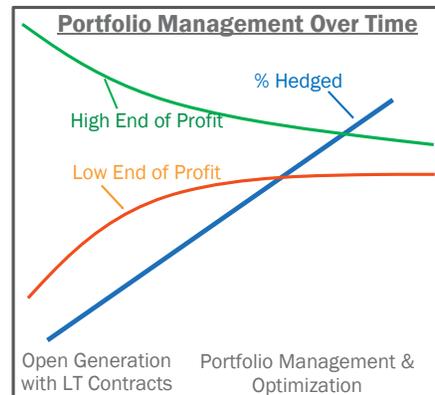
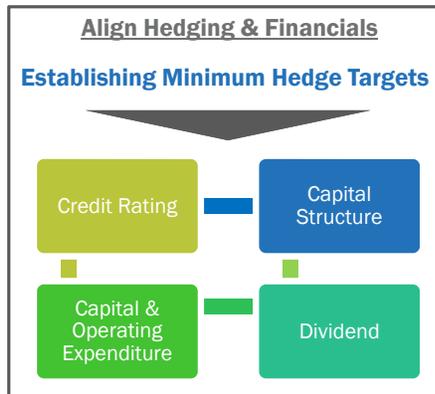
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- **Cost savings of \$350M have been identified and incorporated into current long range plan, reflecting our high level of confidence in achieving the reductions**
- **Additional \$50 million of nuclear fuel savings already reflected in the hedge 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**

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

## Portfolio Management Strategy



**Protect Balance Sheet**

**Ensure Earnings Stability**

**Create Value**

## Exelon Generation: Gross Margin Update

Gross Margin Category (\$M) <sup>(1)</sup>	December 31, 2015			Change from Sept. 30, 2015		
	2016	2017	2018	2016	2017	2018
Open Gross Margin <sup>(3)</sup> (including South, West, Canada hedged gross margin)	\$5,200	\$5,800	\$6,150	\$(450)	-	\$50
Mark-to-Market of Hedges <sup>(3,4)</sup>	\$1,700	\$800	\$250	\$500	\$50	-
Power New Business / To Go	\$450	\$800	\$1,000	\$(50)	-	-
Non-Power Margins Executed	\$250	\$150	\$100	\$50	\$50	\$50
Non-Power New Business / To Go	\$200	\$300	\$400	\$(50)	\$(50)	\$(50)
<b>Total Gross Margin<sup>(2)</sup></b>	<b>\$7,800</b>	<b>\$7,850</b>	<b>\$7,900</b>	<b>-</b>	<b>\$50</b>	<b>\$50</b>

### Recent Developments

- Ginna RSSA reflected in gross margin updates
- Behind ratable hedging position reflects the fundamental upside we see in power prices
  - Generation ~37-40% 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. See Slide 29 of the Q4 2015 Earnings Release 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

# APPENDIX

## 2016 Projected Sources and Uses of Cash

(\$ in millions) <sup>(1)</sup>	BGE	ComEd	PECO	Total Utilities	ExGen	Corp <sup>(8)</sup>	Exelon 2016E	Cash Balance
<b>Beginning Cash Balance<sup>(2)</sup></b>								<b>7,750</b>
Adjusted Cash Flow from Operations <sup>(2,3)</sup>	650	1,575	700	2,925	3,725	(425)	6,225	
Base CapEx and Nuclear Fuel <sup>(4)</sup>	0	0	0	0	(2,475)	(100)	(2,550)	
<b>Free Cash Flow</b>	<b>650</b>	<b>1,575</b>	<b>700</b>	<b>2,925</b>	<b>1,250</b>	<b>(525)</b>	<b>3,650</b>	
Debt Issuances	750	950	450	2,150	0	0	2,150	
Debt Retirements	(300)	(675)	(300)	(1,275)	0	(1,875)	(3,150)	
Project Financing	n/a	n/a	n/a	n/a	100	n/a	100	
Equity Buyback	0	0	0	0	0	(1,600)	(1,600)	
Contribution from Parent	0	475	0	475	0	(475)	0	
Other Financing <sup>(5)</sup>	(75)	450	25	400	0	1,075	1,475	
<b>Financing</b>	<b>375</b>	<b>1,200</b>	<b>175</b>	<b>1,750</b>	<b>100</b>	<b>(2,875)</b>	<b>(1,025)</b>	
<b>Total Free Cash Flow and Financing Growth</b>	<b>1,025</b>	<b>2,775</b>	<b>850</b>	<b>4,675</b>	<b>1,375</b>	<b>(3,400)</b>	<b>2,625</b>	
Utility Investment	(825)	(2,425)	(675)	(3,950)	0	0	(3,950)	
ExGen Growth <sup>(4)</sup>	0	0	0	0	(1,325)	0	(1,325)	
Acquisitions and Divestitures <sup>(6)</sup>	0	0	0	0	0	0	0	
Equity Investments <sup>(6)</sup>	0	0	0	0	(125)	0	(125)	
Dividend <sup>(7)</sup>	0	0	0	0	0	(1,150)	(1,150)	
<b>Other CapEx and Dividend</b>	<b>(825)</b>	<b>(2,425)</b>	<b>(675)</b>	<b>(3,950)</b>	<b>(1,450)</b>	<b>(1,150)</b>	<b>(6,550)</b>	
<b>Total Cash Flow, excl. Collateral</b>	<b>200</b>	<b>350</b>	<b>175</b>	<b>725</b>	<b>(100)</b>	<b>(4,550)</b>	<b>(3,900)</b>	
<b>Ending Cash Balance<sup>(2)</sup></b>								<b>3,850</b>

- (1) All amounts rounded to the nearest \$25M. Figures may not add due to rounding.
- (2) Excludes counterparty collateral activity.
- (3) 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.
- (4) Figures reflect cash CapEx and CENG fleet at 100%
- (5) Other Financing primarily includes expected changes in short-term debt and tax sharing from the parent.
- (6) Acquisitions and Divestitures and Equity Investments previously captured in Adjusted Cash Flow from Operations
- (7) Dividends are subject to declaration by the Board of Directors.
- (8) Includes cash flow activity from Holding Company, eliminations, and other corporate entities.

### Consistent and reliable free cash flows

*Operational excellence and financial discipline drives free cash flow reliability*

- ✓ Generating ~\$3.7B of free cash flow in 2016, including \$1.3B at ExGen and \$2.9B at the Utilities

### Supported by a strong balance sheet

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

- ✓ Exelon intends to return capital to shareholders and bondholders, if the merger is not approved

### Enable growth & value creation

*Creating value for customers, communities and shareholders*

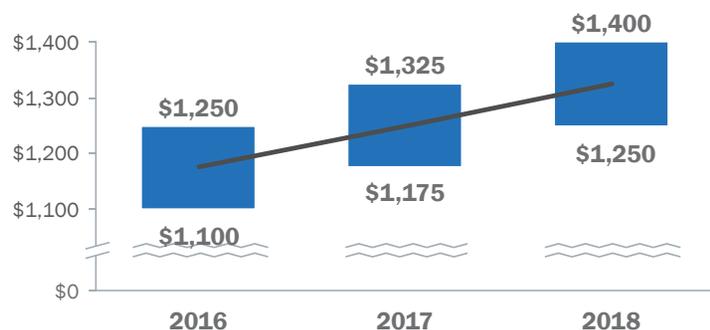
- ✓ Investing \$5.3B, with \$4.0B at the Utilities and \$1.3B at ExGen

## Key Financial Metrics Impacted by Bonus Depreciation

Standalone Bonus Depreciation Impacts			
	2016	2017	2018
Earnings per Share <sup>(1)</sup>	(\$0.09)	(\$0.11)	(\$0.06)
Cash Flow <sup>(2)</sup>	\$625M	\$675M	\$600M

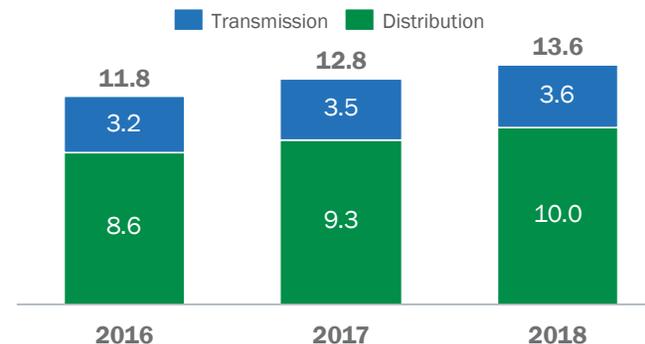
- Bonus Depreciation reduces earnings in 2016-2018 primarily due to its impact on ExGen's ability to take the Domestic Production Activities Deduction and impacts to ComEd's rate base
- No re-investment of the incremental cash is contemplated in the earnings impacts listed

### Updated Exelon Utilities Net Income (\$M)<sup>(3)</sup>



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

### Updated ComEd Rate Base (\$B)<sup>(4)</sup>



Exelon Utilities Rate Base growing by \$5.5B, more than 25% from 2015 to 2018, despite impact of bonus depreciation

(1) 2016: (\$0.06) ExGen, (\$0.03) ComEd; 2017: (\$0.07) ExGen, (\$0.04) ComEd; 2018: ComEd (\$0.05), BGE (\$0.01), PECO (\$0.01), ExGen \$0.01

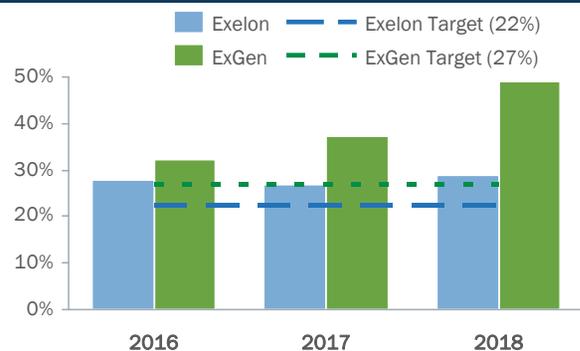
(2) Numbers rounded to nearest \$25M

(3) Does not include PHI net income and represents adjusted (non-GAAP) operating earnings. Refer to slide 38 of the Q4 2015 Earnings Release for a list of adjustments from GAAP EPS to adjusted (non-GAAP) operating earnings.

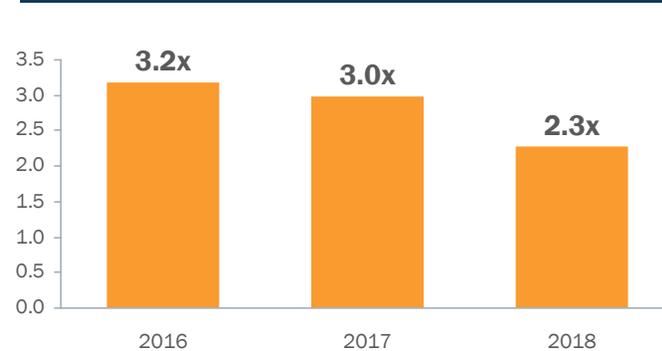
(4) Rate base represents end-of-year. Numbers may not add due to rounding

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

**Exelon and ExGen S&P FFO/Debt %<sup>(1)</sup>**



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



**Credit Ratings by Operating Company**

Current Ratings <sup>(2)(3)</sup>	ExCorp	ComEd	PECO	BGE	ExGen
<b>Moody's</b>	Baa2	A2	Aa3	A3	Baa2
<b>S&amp;P</b>	BBB-	A-	A-	A-	BBB
<b>Fitch</b>	BBB+	A-	A	A-	BBB

**ExGen Free Cash Flow 2016-2018 (\$M)<sup>(6)</sup>**



- Key credit metrics expected to remain above target after including PHI<sup>(4)</sup>

(1) Metrics exclude PHI and financing associated with PHI. Due to ring-fencing, S&P deconsolidates BGE's financial profile from Exelon and analyzes it solely as an equity investment  
 (2) Current senior unsecured ratings as of 2/2/2016 for Exelon, Exelon Generation and BGE and senior secured ratings for ComEd and PECO  
 (3) All ratings have "Stable" outlook, except for at Fitch, which has ComEd on "Positive" and Exelon on "Ratings Watch Negative," and Moody's, which has ComEd on "Positive" outlook  
 (4) Exelon Consolidated and ExGen thresholds based on the S&P Exelon Corp and ExGen Summary Reports published on August 5, 2015. On a combined basis with PHI, the consolidated threshold is 18%  
 (5) Reflects net book debt (YE debt less cash on hand) / adjusted operating EBITDA. EBITDA, a non-GAAP measure, is defined as earnings before interest, taxes, depreciation and amortization. Includes nuclear fuel amortization expense.  
 (6) Free Cash Flow = Adjusted Cash Flow from Operations less Base CapEx and Nuclear Fuel. Free Cash Flow is midpoint of a range based on December 31, 2015 market prices. 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. Includes an extension of bonus depreciation. Does not include impacts of PHI

