

# Utility Industry Finance and Growth Environment

**Jonathan W. Thayer**  
**Chief Financial Officer**  
**Exelon Corporation**

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# Cautionary Statements Regarding Forward-Looking Information

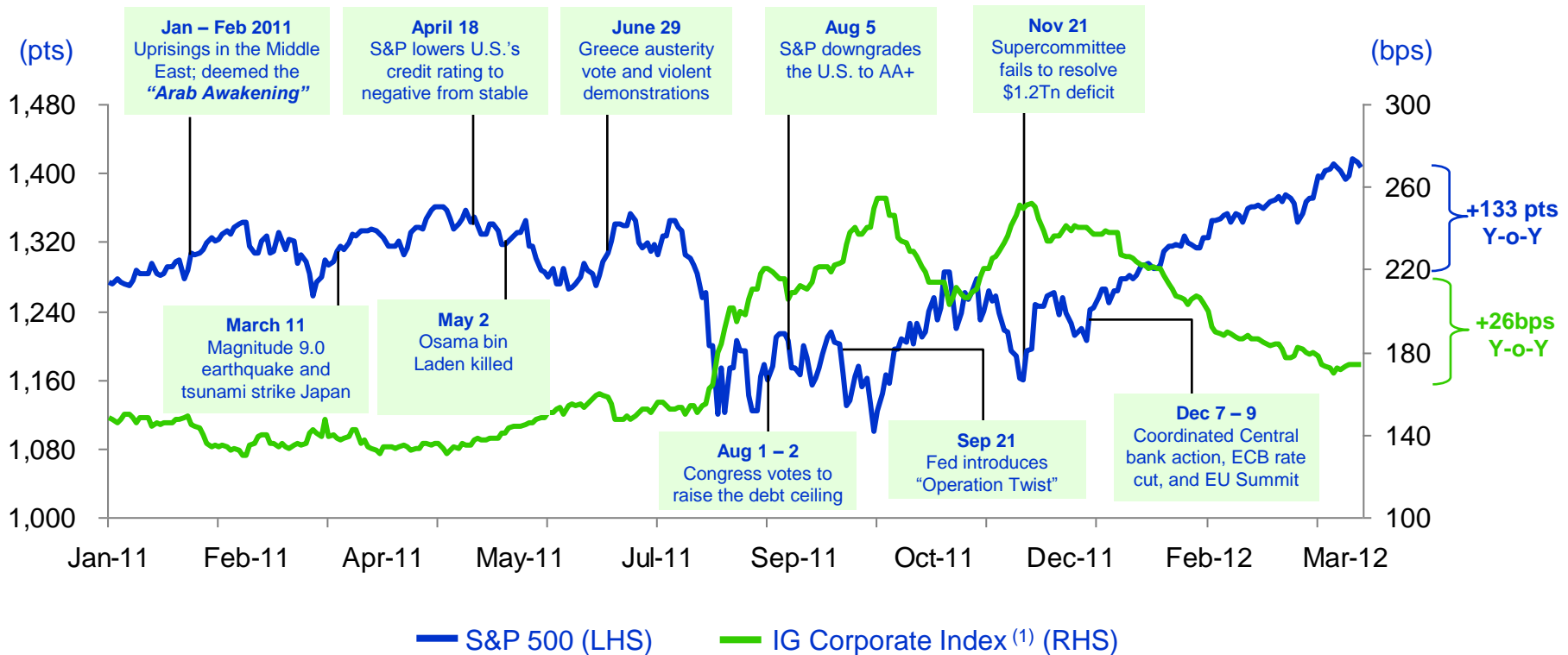


This presentation includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that are subject to risks and uncertainties. The factors that could cause actual results to differ materially from these forward-looking statements include those discussed herein as well as those discussed in (1) Exelon Corporation's (Exelon) 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, Inc.'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; and (3) other factors discussed in filings with the Securities and Exchange Commission by Exelon, Commonwealth Edison Company, PECO Energy Company, Baltimore Gas and Electric Company, and Exelon Generation Company, LLC (Companies). 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 Companies undertakes any obligation to publicly release any revision to its forward-looking statements to reflect events or circumstances after the date of this presentation.

# Volatile Year Leaves Equities Up, Credit Slightly Wider

S&P 133 pts (10.5%) Higher and IG Cash Index 26bps (17.5%) Wider since January 2011

## Equity and Credit Markets

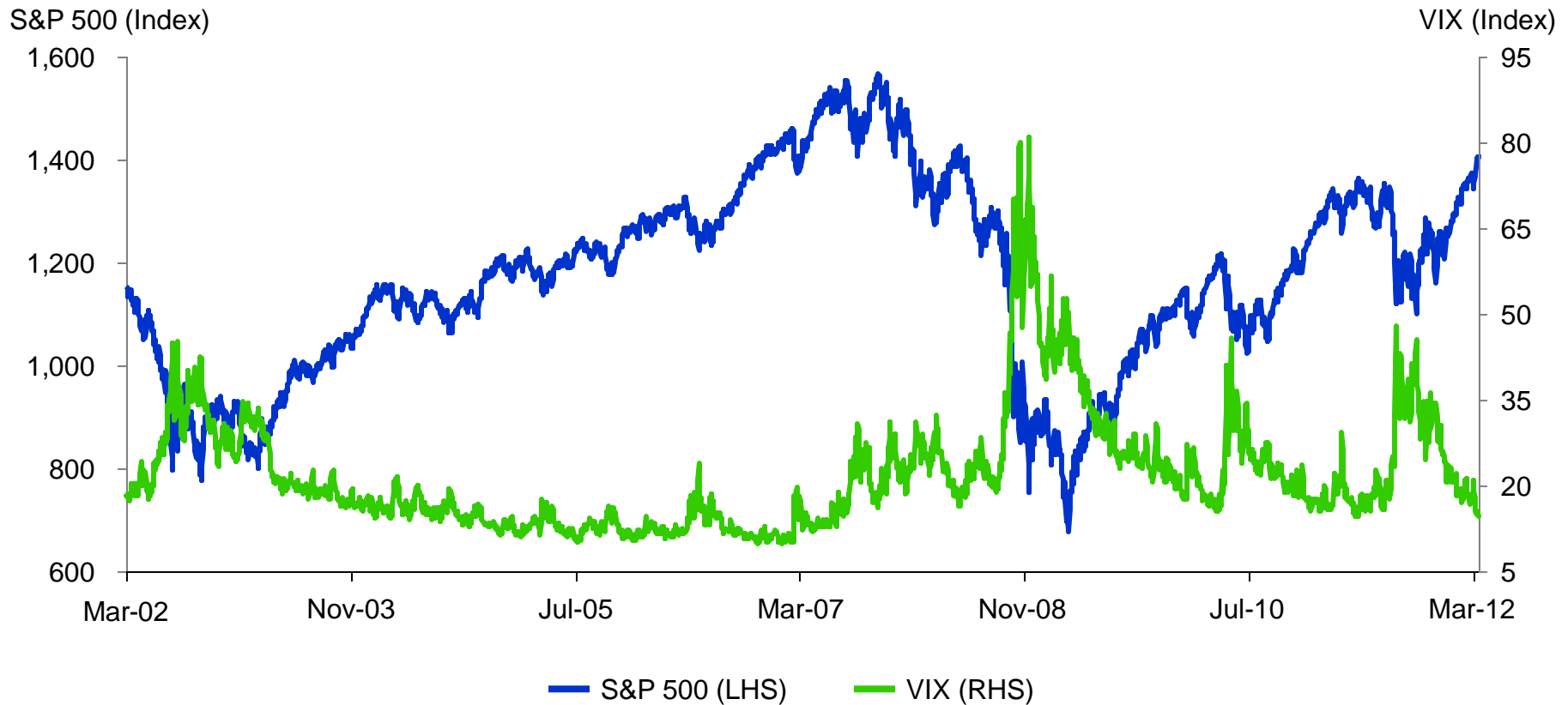


Source: Bloomberg

(1) Index includes all fixed rate SEC bonds greater than or equal to \$250 million; ~4,000 bonds total representing ~650 issuers and ~\$3.0 trillion face value

# Reduced Volatility Has Led to Improved Equity Performance

## Equity Markets and Implied Volatility



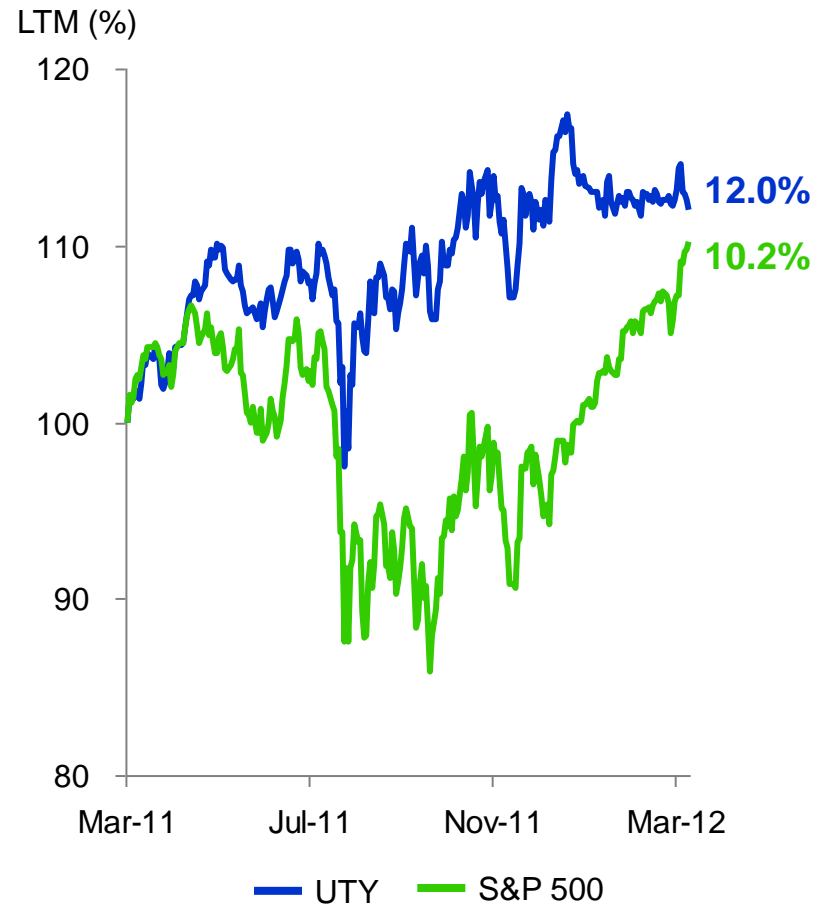
# Utility Sector Has Outperformed Recently



## Drivers of Outperformance

- Low Interest Rates
- Pursuit of Yield
- Expectation for Rate Base Growth
- Generally Supportive Regulatory Environments

## Relative Price Performance

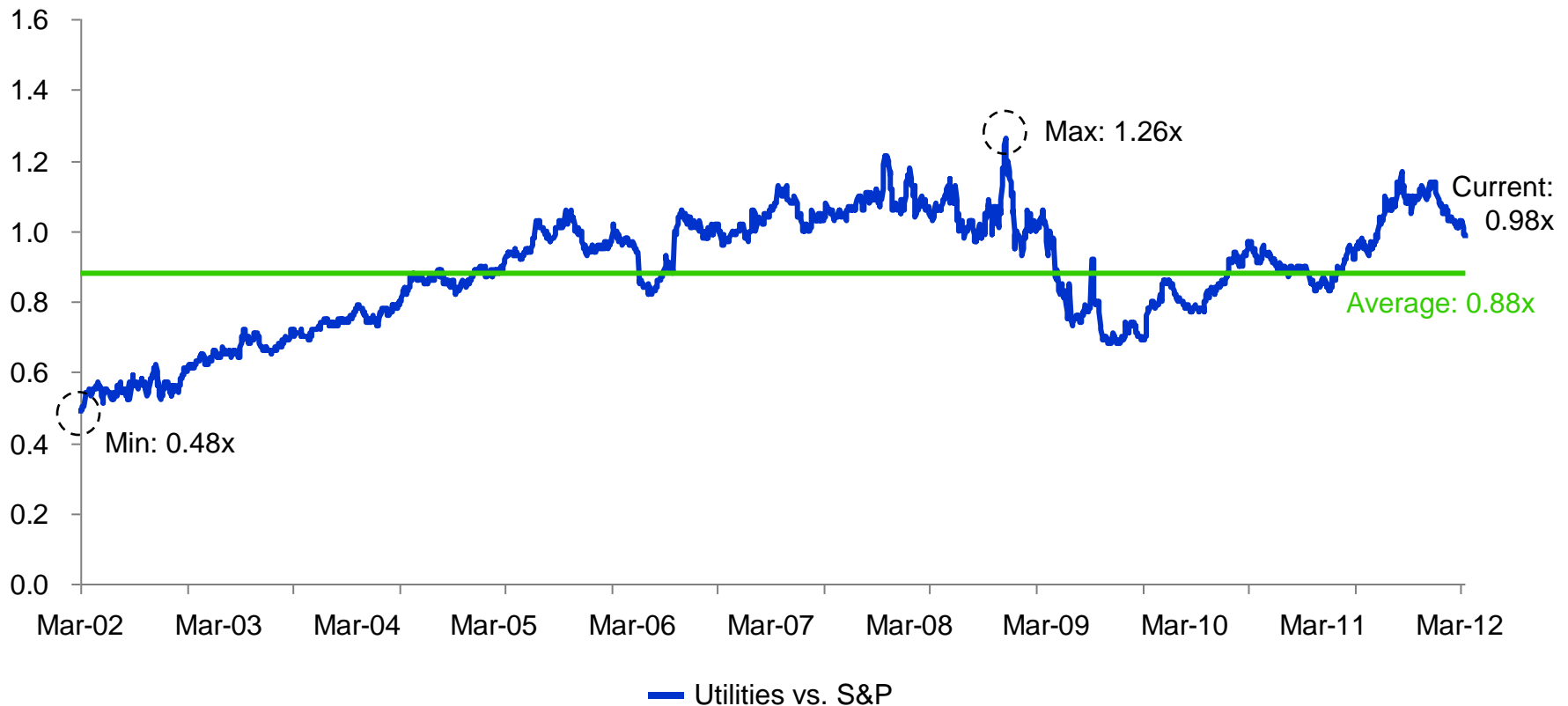


Source: Capital IQ

# Utility Valuations Remain Robust

## Utility NTM P/E vs. S&P 500 NTM P/E (1)

Last 10 Years (x)

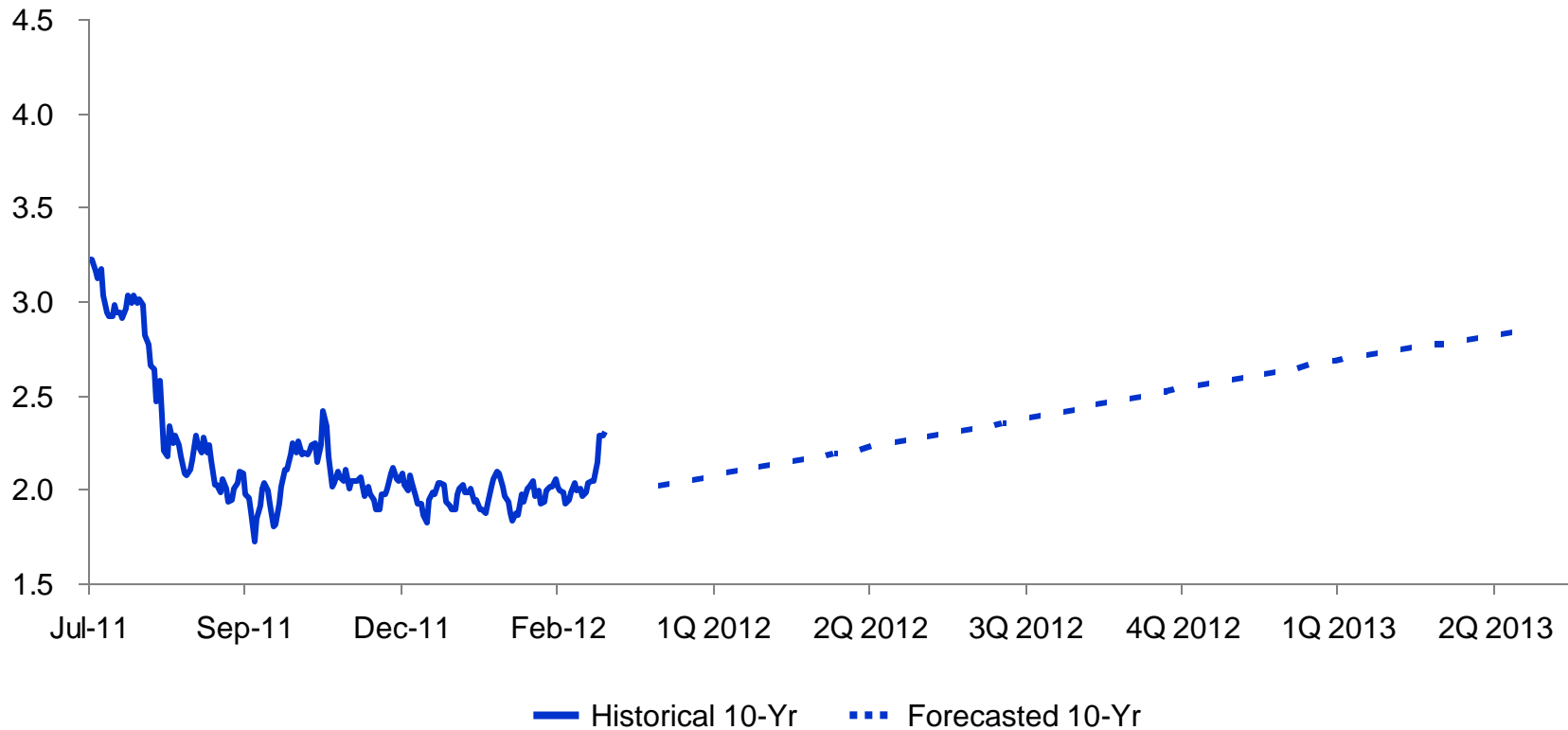


Source: Capital IQ

(1) Utilities include AEP, DUK, ED, ETR, EXC, FE, NEE, PCG, PEG, PPL, SO, WEC, XEL

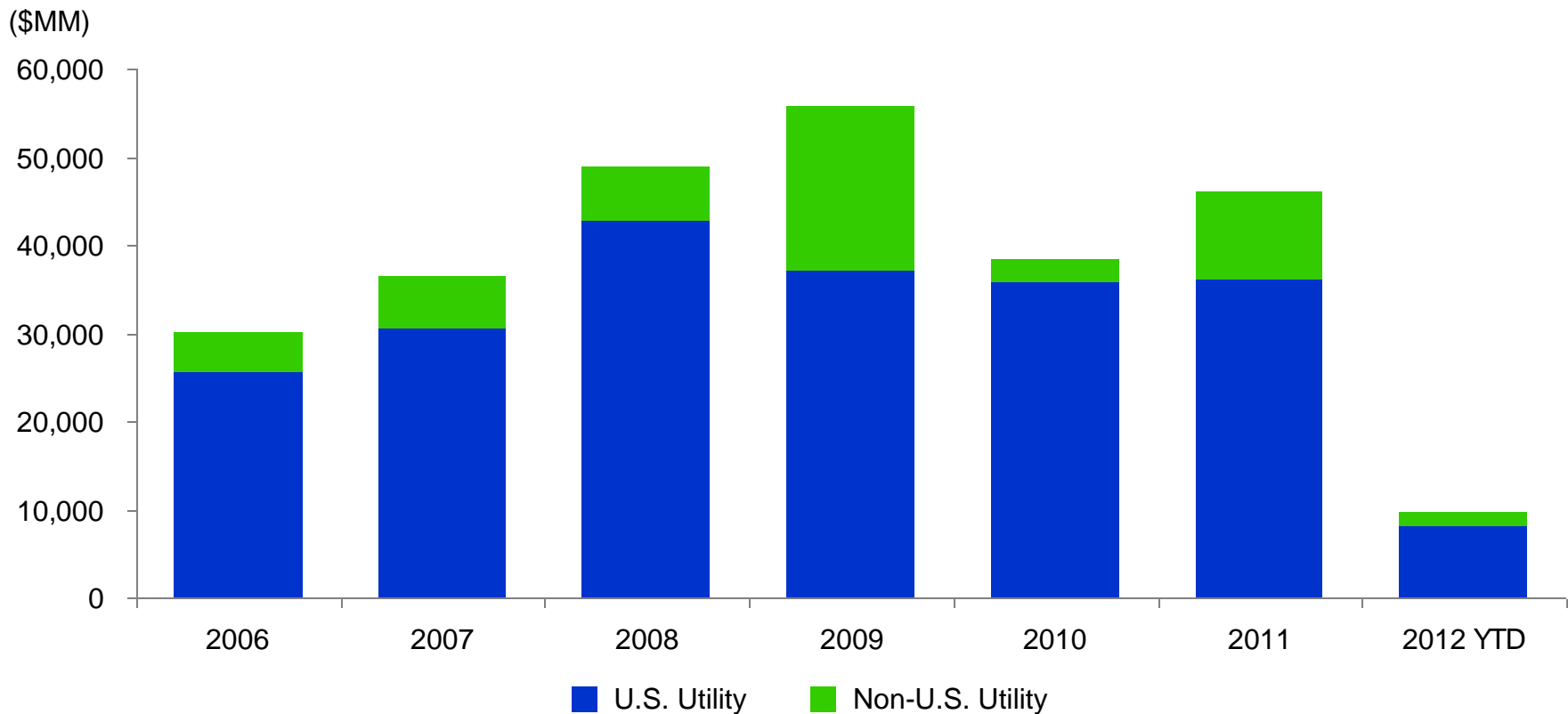
# Interest Rates Expected to Remain Attractive

## Consensus Treasury 10-Year Yield Curve



# Bonus Depreciation Has Reduced Funding Needs

## Investment Grade Utility Debt Issuance in U.S. Markets





# What Could Change?

## Headwinds

- Fed Actions Increasing Financing Costs
- Inflation
- Dividend Tax Rates
- Environmental Legislation

## Tailwinds

- Economic Growth
- Regulated Capex Growth
- Commodity Price Recovery
- Increase in Power Demand
- Capacity Markets
- Retail Customer Switching

# Sector Growth Drivers

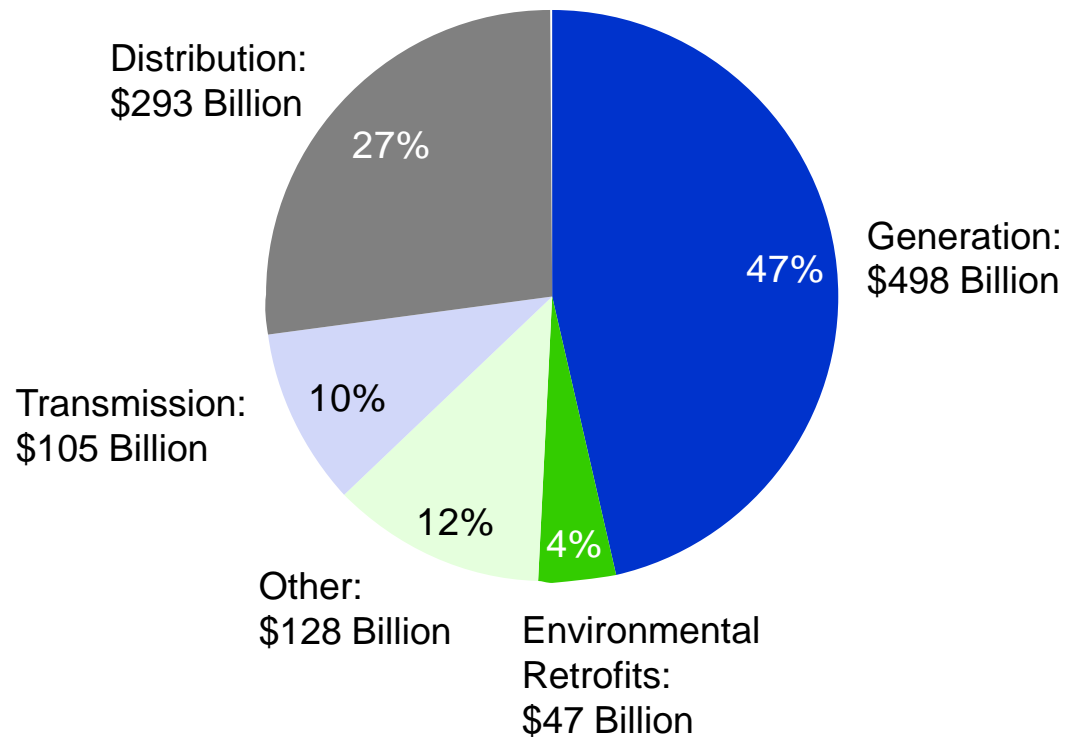
## Strategy

- **Utility Investments**
- **Renewable Development**
- **Retail Expansion**
- **M&A**

# Multiple Avenues to Invest in Growth

## Investment Need: 2010 – 2020

Total: \$1.1 Trillion

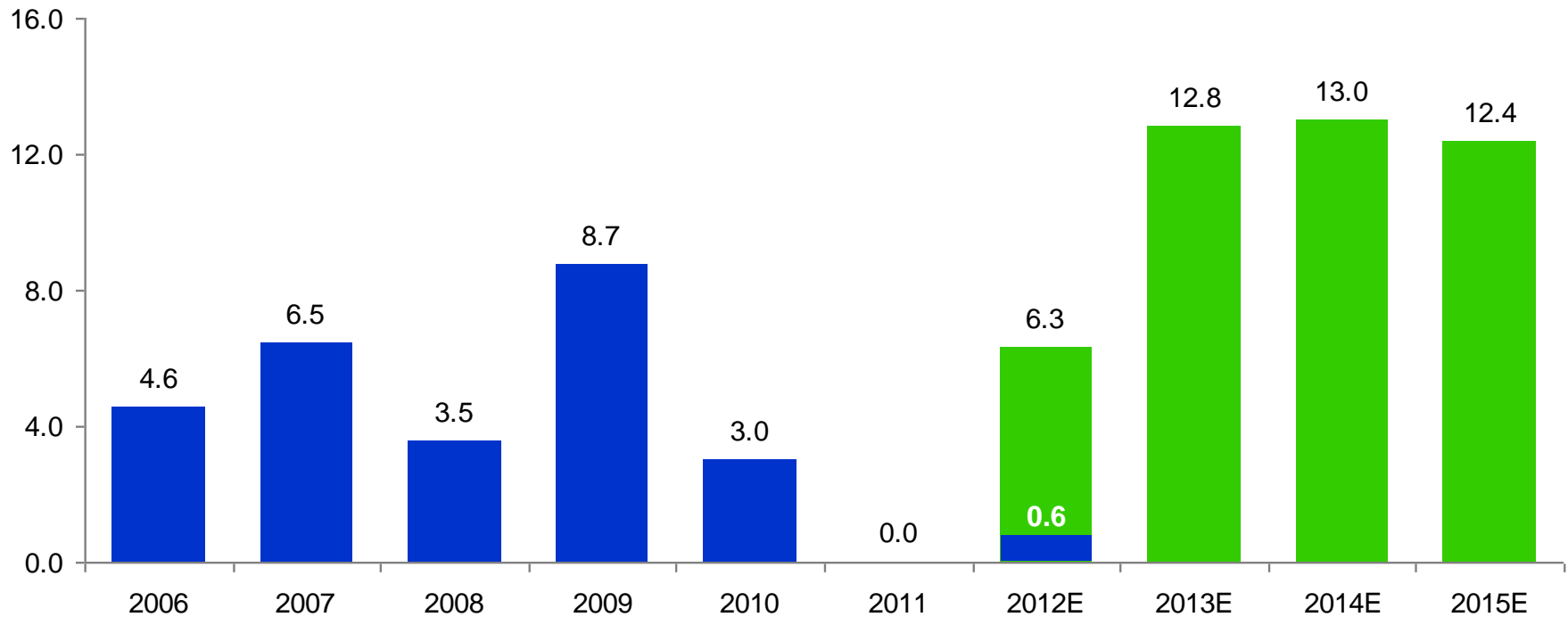


# Utility Non-Acquisition Equity Issuances



## Utility Equity Issuances – Historical and Anticipated <sup>(1)</sup>

(\$Bn)

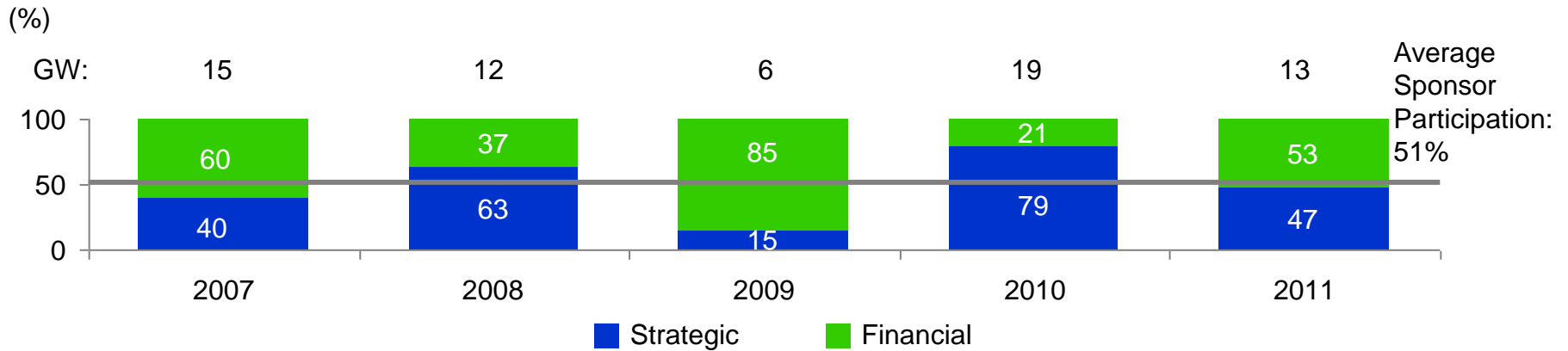


Source: Dealogic, Wall Street Research

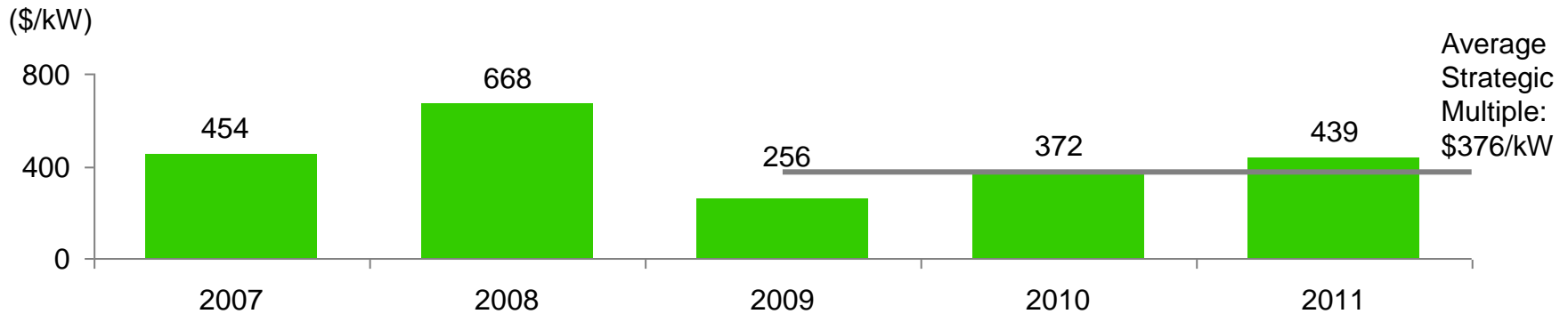
1) Historical equity issuances include non-deal related issuances only; excludes DRIP and Dribble-Out issuances

# Hybrids Have a Strategic Dilemma

## % Buyer Mix



## Average Multiples Paid by Sponsors



# Exelon's Commitment to Growth



## Organic Growth

### **Nuclear Fleet Expansion via Uprates:**

Industry leading, proven and value driven program to add 1,175 – 1,300 MW to the nation's largest nuclear fleet

### **RiteLine Transmission Project:**

First major foray into development of backbone transmission projects with \$1.1 billion investment

## Competitive Markets

### **Wolf Hollow Acquisition:**

Diversify generation technology and expand footprint in Texas via acquisition of 720 MW combined cycle plant

### **Merchant Transmission Projects:**

Investments to improve transmission infrastructure in western PJM and MISO to reduce congestion

## Renewables

### **Wind Development:**

Exelon Wind to expand its portfolio to at least 965 MW of capacity by year end 2012 with operations in eight states

### **Solar Investment:**

Acquisition of Antelope Valley Solar Ranch One (230 MW), one of the largest solar PV projects in the world

## Utility Infrastructure

### **PECO Smart Grid:**

Investment of \$650 million with rate recovery to build out advanced meter infrastructure network

### **ComEd System Modernization:**

\$2.6Bn of incremental investment over 10 years and formula rates for distribution

### **BGE Smart Grid:**

Investment of up to \$500 million with rate recovery to build out advance meter infrastructure network

**Exelon Continues to Diversify and Grow on a Standalone Basis With Investments That Are Earnings and Cash Flow Accretive**