

Industry Perspective: Overcoming Revenue Challenges

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Exelon Generation®

About Us

EXC

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

Exelon is the #1 utility company on the FORTUNE 500 (#89 overall).

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

\$31.4B

Operating revenue in 2016

Presence in 48 states

Exelon is a FORTUNE 100 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. 2.2 million residential, public sector and business customers.

Exelon was named to Fortune magazine's 2017 list of the "World's Most Admired Companies."

33,300

Megawatts of total power generation

20,200

Megawatts of nuclear generation

Learn more about our family of companies



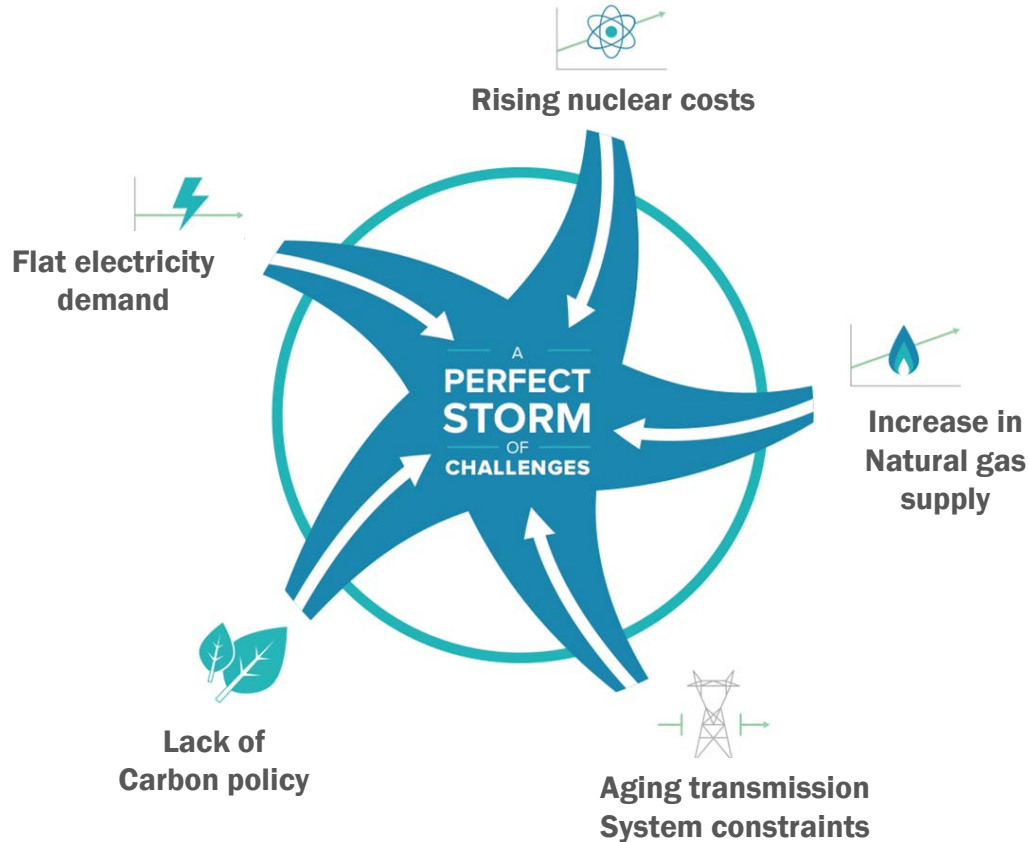
Want to learn more?
Download our Fact Sheet.



U.S. Nuclear Energy Market

A Nuclear Operator's View

Economic Challenges to Nuclear Energy



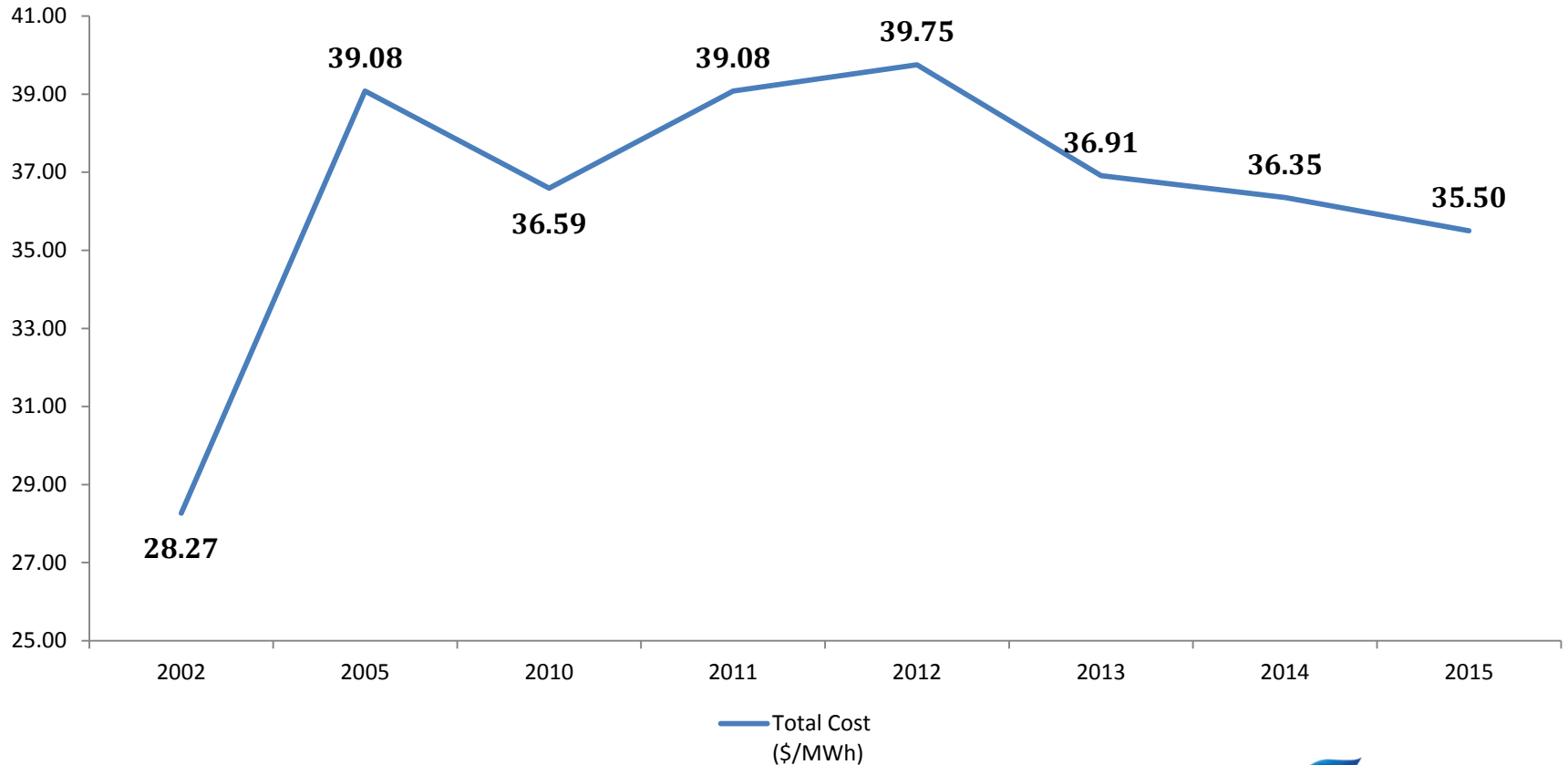
Premature Nuclear Plant Shutdowns

Plant	MWe	Reason	Closure Year	Latest Electricity Generated (bkWh/year)	Latest CO2 Emissions Avoided (million tons/year)
Crystal River 3	860	Mechanical	2013	7.0	5.3
San Onofre 2 & 3	2,150	Mechanical	2013	18.1	8.8
Kewaunee	566	Market	2013	4.5	4.8
Vermont Yankee	620	Market	2014	5.1	2.7
Fort Calhoun	479	Market	2016	3.5	3.7
FitzPatrick*	838	Market	2017*	5.9	3.3
Clinton*	1,065	Market	2017*	8.7	9.2
Quad Cities 1 & 2*	1,819	Market	2018*	15.6	13.2
Pilgrim	678	Market	2019	5.0	2.6
Oyster Creek	610	Policy	2019	5.3	4.4
Diablo Canyon 1 & 2	2,240	Combination	2024-2025	18.5	8.3
Three Mile Island 1	838	Market	2019	7	2.9
Indian Point	2,069	Market	2021	17	8.5

- 13,156 MWe of baseload capacity
- 77 million short tons of CO2 avoided
- 15% of Clean Power Plan's 2030 414-million-ton target
- Approximately 9,550 direct jobs

* Closure avoided due to revised legislation in Illinois and New York

Rising Nuclear Plant Costs

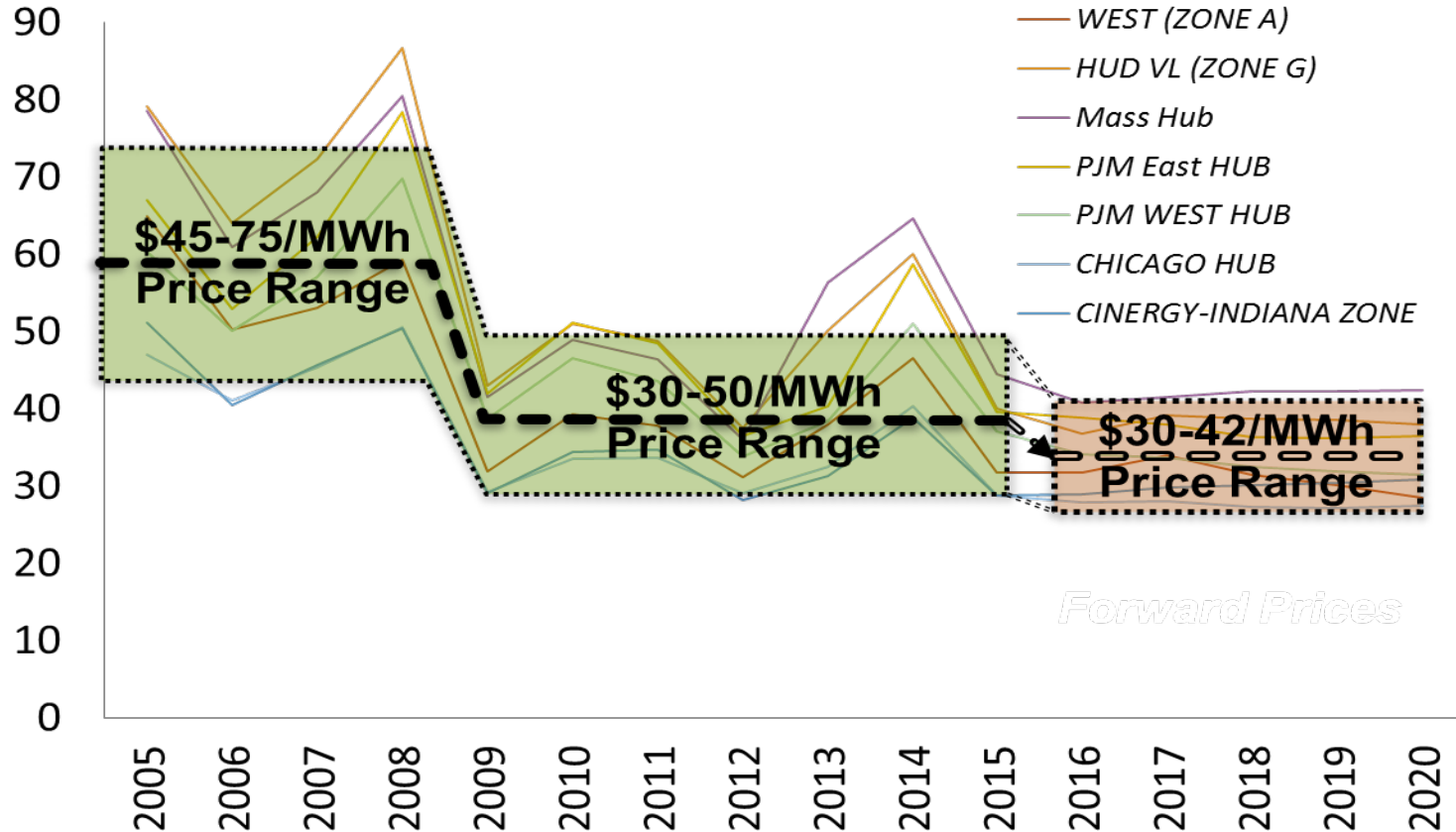


Reactor Size/Scale Impacts Costs

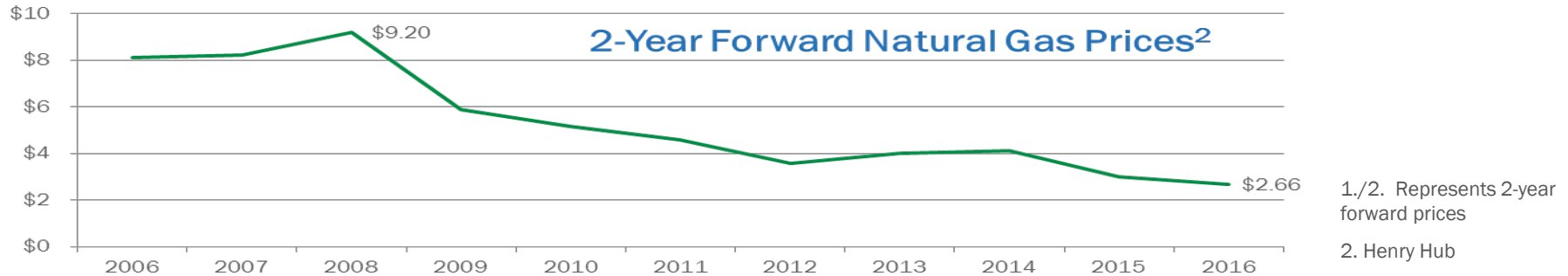
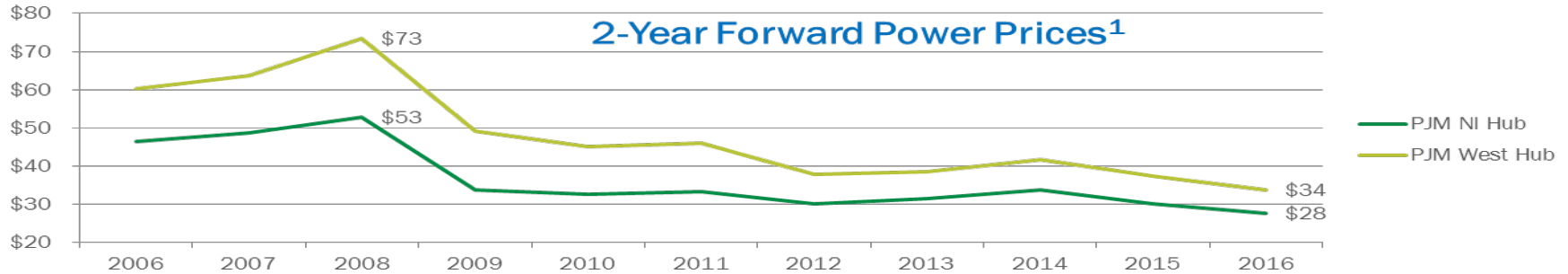
	Category	Number of Plants / Sites	Fuel	Capital	Operating	Total Operating (Fuel + Operating)	Total Generating (Fuel + Capital + Operating)
All U.S.		60*	6.76	6.82	20.42	27.17	34.00
Plant Size	Single Unit	25	6.77	8.37	25.83	32.60	40.97
	Multi Unit	35	6.75	6.34	18.75	25.50	31.85
Operator	Single	12	7.18	8.51	21.05	28.23	36.74
	Fleet	48	6.63	6.33	20.24	26.87	33.20

- Costs exclude shutdown plants
- Source: Electric Utility Cost Group (EUCG)

Declining Wholesale Electricity Prices



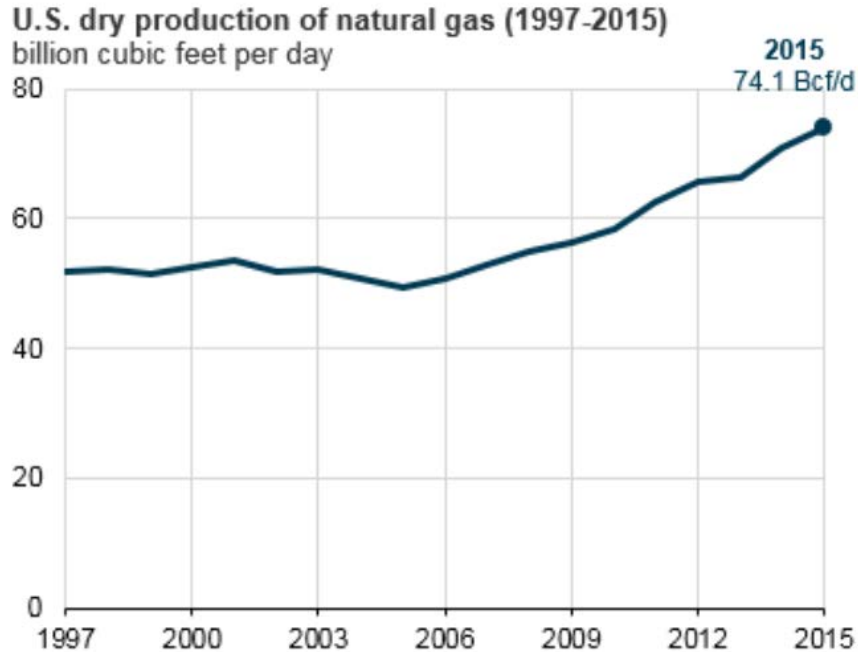
10-Year Power and Gas Price Degradation - PJM



1./2. Represents 2-year forward prices
2. Henry Hub

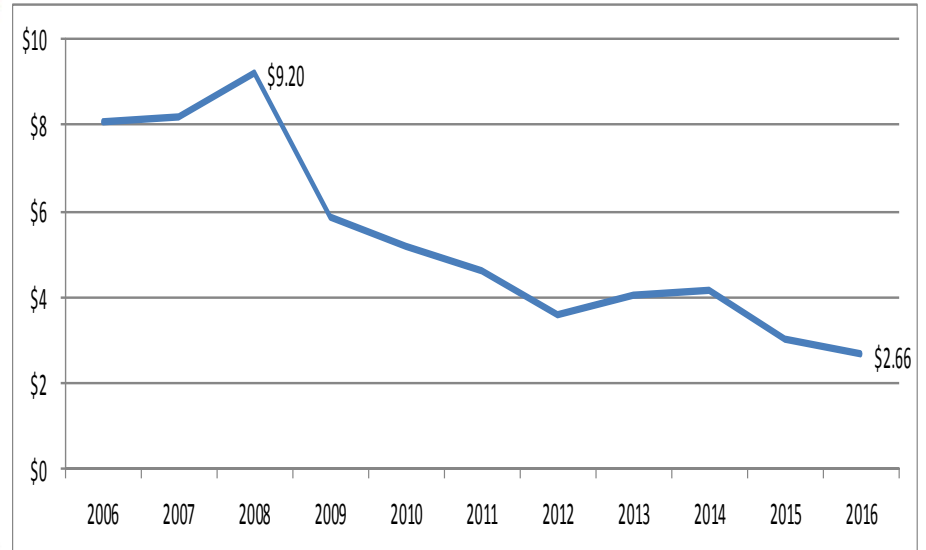
The power price is set by the price of natural gas; both have deteriorated substantially over the past 10 years. Energy prices in PJM are at a 10-year low and lower than forward projections from just a year ago.

Fracking's Impact on Cost



Source: U.S. Energy Information Administration, [Natural Gas Annual](#)

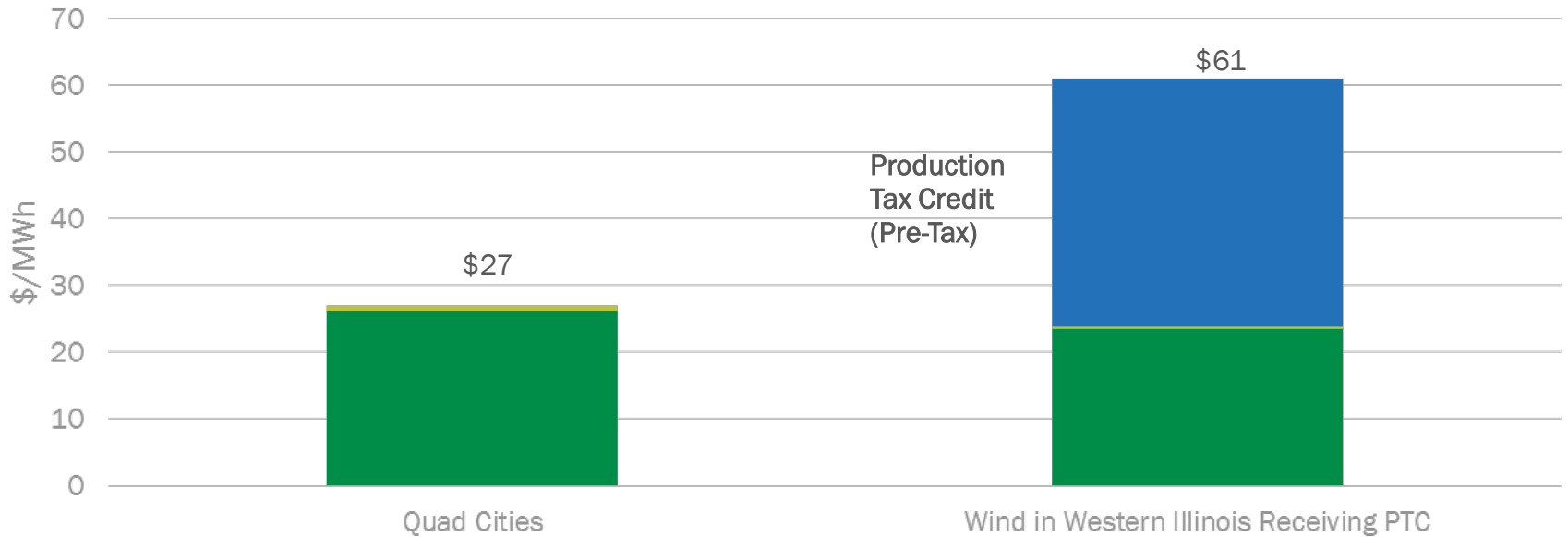
Two-year forward on natural gas prices



As production increases, prices decrease.

Uneven Compensation

Revenue Received per Unit of Production in 2013



Due to the Production Tax Credits for wind, that technology is growing in otherwise uneconomic markets, suppressing prices and driving out unsubsidized competitors. The subsidy insulates it from market feedback.

U.S. Nuclear Energy Market

Valuing Nuclear Energy

Valuing Our Generation Fleet



NY Governor Andrew Cuomo at a rally at FitzPatrick with the Nine Mile Point cooling tower in the background.



Ginna employees at a rally for the RSSA

Valuing Our Generation Fleet



Illinois Governor Bruce Rauner celebrating the legislation at a local high school

KEEPING ILLINOIS NUCLEAR PLANTS OPEN: GOOD FOR OUR COMMUNITIES & ILLINOIS

As Police Chief in Clinton, I know firsthand of the significant impact the Clinton Power Station has on my community. It employs nearly 700 of our friends and neighbors and funds local government services including schools, fire and emergency response through the \$12.6 million it pays in taxes every year.

Outdated energy policies are forcing nuclear energy plants nationwide to close down and Clinton could be next, even though it is a state-of-the-art plant with many years of useful life left. These closures devastate local communities. Jobs are lost. Services are cut. Recently, a Vermont town eliminated its entire police department after its local plant closed down.

Clinton cannot afford this and neither can Illinois. That is why I support a legislative proposal called the Next Generation Energy Plan. This proposal is good for our state's economic health and would help prevent plants like Clinton Power Station from closing. Please help communities see my own from suffering this devastating loss.

**I URGE OUR LEGISLATORS IN
SPRINGFIELD TO VOTE YES ON THE
NEXT GENERATION ENERGY PLAN
BY MAY 31ST - BEFORE IT'S TOO LATE.**
JOIN OUR CAMPAIGN: WWW.NUCLEARPOWERSILLINOIS.COM



BEN LOWERS
Police Chief in
Clinton, Illinois



Other States Take On Reform



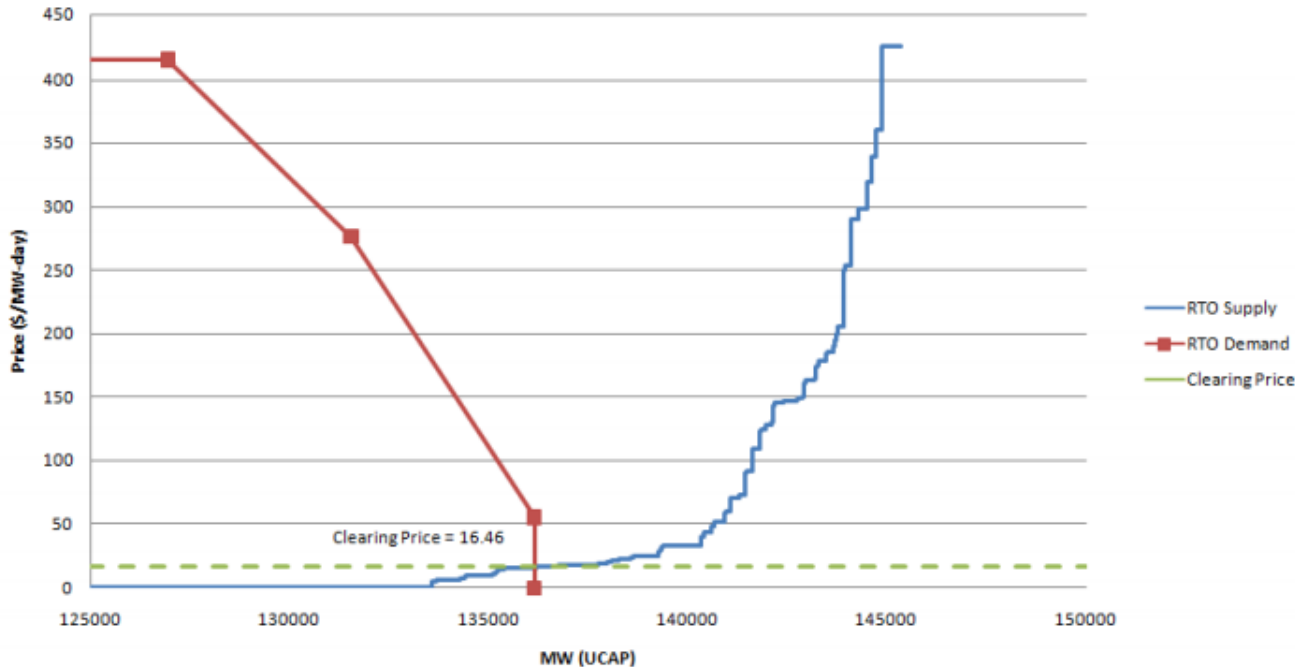
Pennsylvania created the nation's first state "Nuclear Energy Caucus" with more than 60 members of the legislature



Local coalition formed after TMI announcement. For more details, visit www.CleanJobsforPennsylvania.com

Capacity Markets Help

2012/2013 RTO Supply and Demand

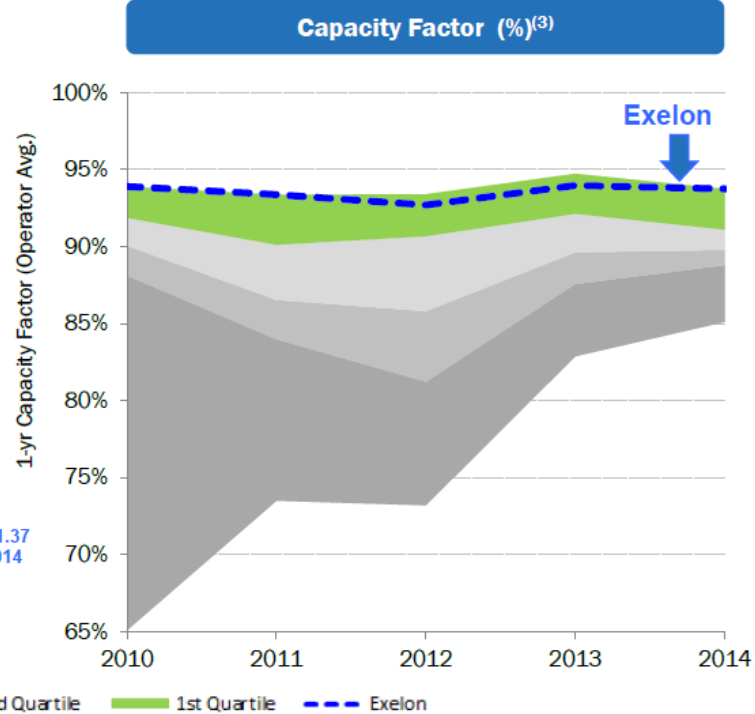
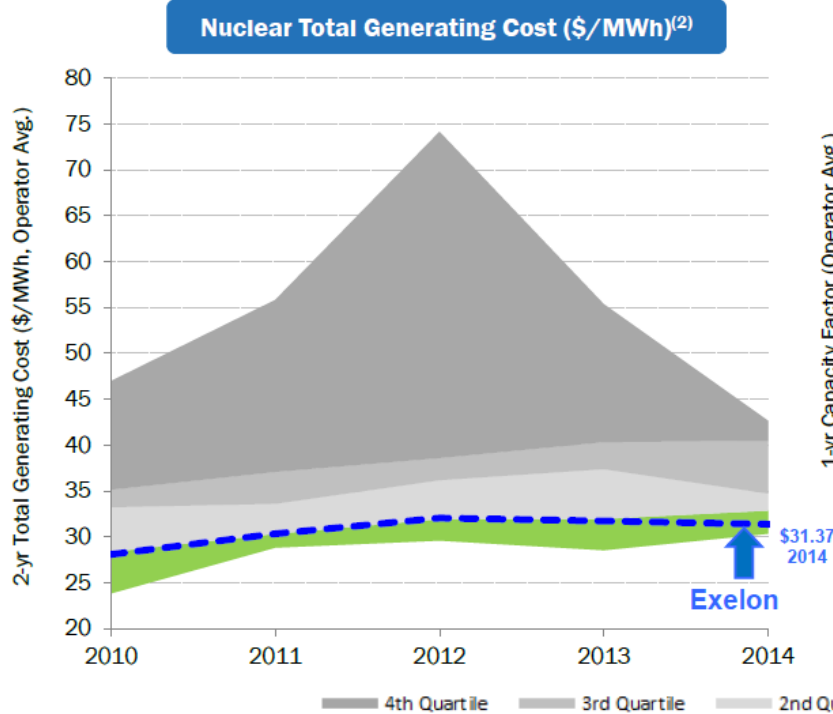


The PJM capacity market creates prices that attract energy-related investments and power supply resources needed to meet consumer needs for electricity years into the future

Clearing determined by the intersection of the supply and the demand curves.

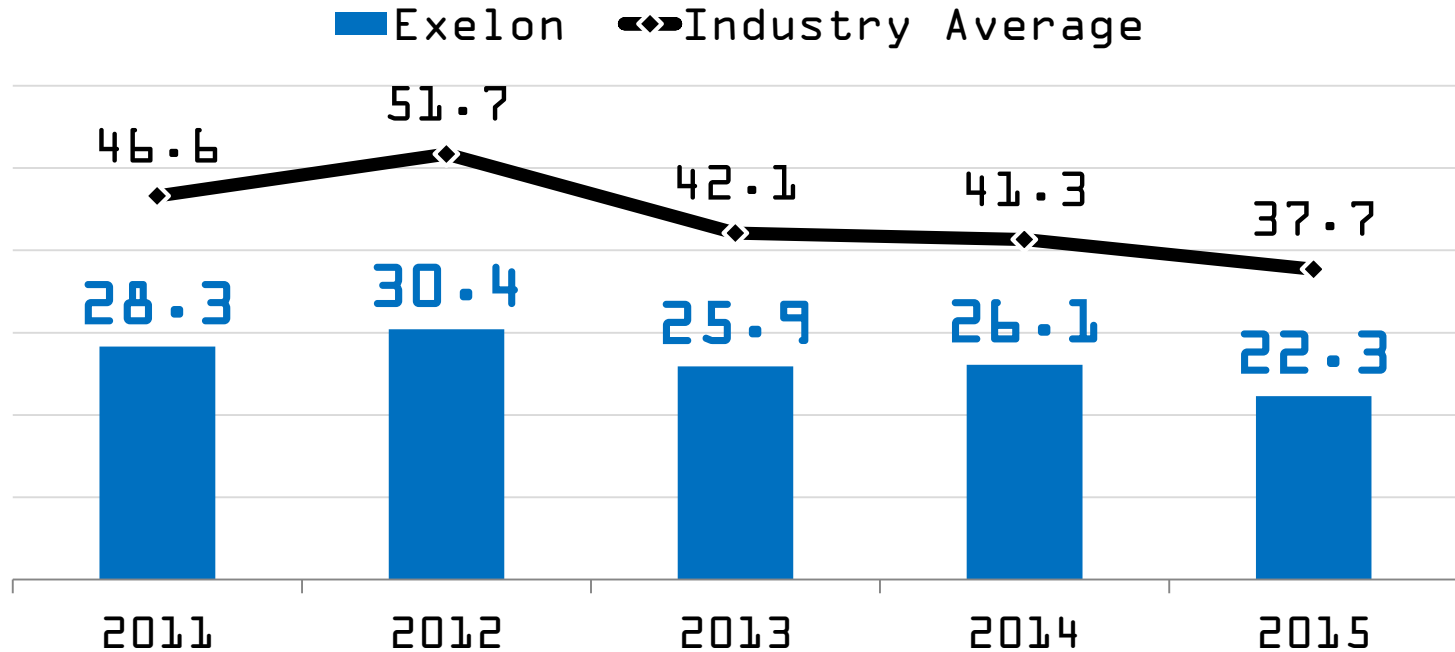
U.S. Nuclear Energy Market Operators' Focus Areas

In Our Control... Operations



- 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

Example: Average Nuclear Refueling Days



Exelon 2016 Average Refueling – 22.3 Days

U.S. Nuclear Energy Market Licensing to Support 80 Years

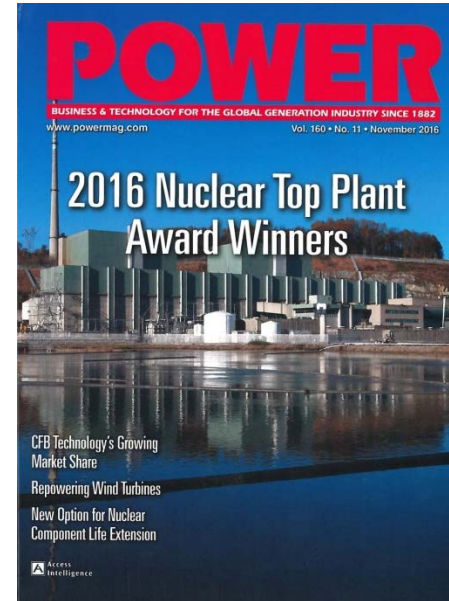
Subsequent License Renewal

- On June 7, 2016, Exelon announced it is seeking an additional 20-year operating license for Peach Bottom
- Allow operation until 2053 and 2054
- File formal application for license extension in 2018
- Ongoing discussions with Nuclear Regulatory Commission (NRC) on licensing process
- Clear path forward for relicensing to 80 full years



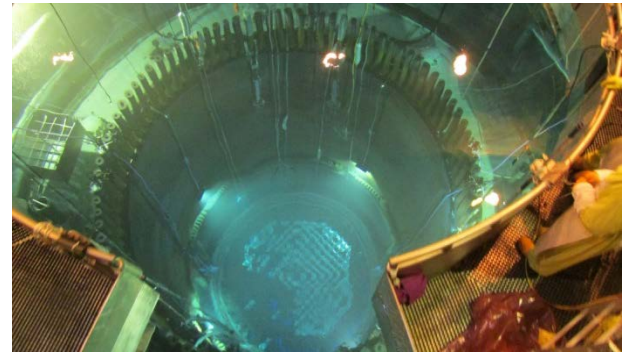
Why Peach Bottom?

- Strong Record of Performance
- 95.83% capacity factor in 2016
- No automatic trips in more than 10 years
- Five consecutive breaker-to-breaker runs
- Completed major extended power uprate in 2015, under budget and ahead of schedule, that increased site output by more than 12%



License Renewal & Costs

- Industry's clear path to license renewal is undercut by declining profits and even substantial losses across the industry
- State policies are helpful, RTO-level changes would better position sites to withstand the market fluctuations over the long-term
- National energy policy?



Questions?