

Financial Section

2018 Summary Annual Report



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Summary Annual Report

Summary of Earnings and Financial Condition

(Dollars in millions, except for per share data)	For the years ended Dec. 31,				
	2018	2017 ^(e)	2016 ^{(d)(e)}	2015	2014 ^(a)
Statement of operations data					
Operating revenues	\$ 35,985	\$ 33,565	\$ 31,366	\$ 29,447	\$ 27,429
Operating income	3,898	4,395	3,212	4,409	3,096
Net income on common stock	\$ 2,010	\$ 3,786	\$ 1,121	\$ 2,269	\$ 1,623
Earnings per average common share (diluted)					
Net income on common stock	\$ 2.07	\$ 3.99	\$ 1.21	\$ 2.54	\$ 1.88
Dividends per common share	\$ 1.38	\$ 1.31	\$ 1.26	\$ 1.24	\$ 1.24
Average shares of common stock outstanding – diluted	969	949	927	893	86

(Dollars in millions)	Dec. 31,				
	2018	2017 ^(e)	2016 ^{(d)(e)}	2015	2014 ^{(b)(c)}
Balance sheet data					
Current assets	\$ 13,360	\$ 11,896	\$ 12,451	15,334	\$ 11,853
Property, plant and equipment, net	76,707	74,202	71,555	57,439	52,170
Noncurrent regulatory assets	8,237	8,021	10,046	6,065	6,076
Goodwill	6,677	6,677	6,677	2,672	2,672
Other deferred debits and other assets	14,685	15,974	14,223	13,874	13,645
Total assets	\$119,666	\$116,770	\$114,952	\$95,384	\$ 86,416
Current liabilities	\$ 11,404	\$ 10,798	\$ 13,463	\$ 9,118	\$ 8,762
Long-term debt, including long-term debt to financing trusts and long-term debt of variable interest entities	34,465	32,565	32,216	19,853	18,165
Noncurrent regulatory liabilities	9,559	9,865	4,187	4,550	4,388
Other deferred credits and other liabilities	31,168	31,355	37,446	29,118	26,064
BGE preference stock not subject to mandatory redemption	–	–	–	193	19
Noncontrolling interests	2,306	2,291	1,780	1,332	1
Shareholders' equity	30,764	29,896	27,640	22,608	22,732
Total liabilities and shareholders' equity	\$119,666	\$116,770	\$114,952	\$ 86,416	\$ 79,243

^(a) Includes the operations of CENG from the date Generation assumed operation control of CENG's nuclear fleet, April 1, 2014, through December 31, 2014.

^(b) Includes the financial information of CENG.

^(c) Includes retrospective reclassifications to conform to 2015 presentation.

^(d) Includes the operations of PHI from the date of the merger, March 23, 2016, through December 31, 2016.

^(e) Certain amounts have been recasted to reflect new accounting standards adopted as of January 1, 2018.

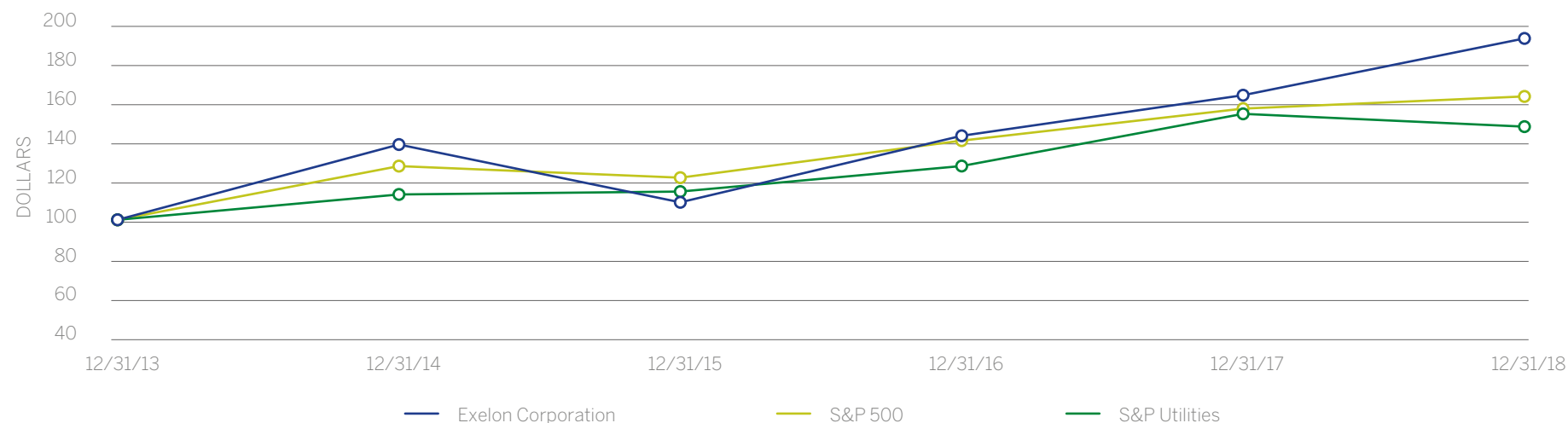
Stock Performance Graph

The performance graph below illustrates a 5-year comparison of cumulative total returns based on an initial investment of \$100 in Exelon common stock, as compared with the Standard and Poor's (S&P) 500 Stock Index and the S&P Utilities Index for the period 2014 through 2018.

This performance chart assumes:

- \$100 invested on Dec. 31, 2013, in Exelon common stock, in the S&P 500 Stock Index and in the S&P Utilities Index; and
- All dividends are reinvested.

Comparison of Five-Year Cumulative Return



	Value of investment at Dec. 31,					
	2013	2014	2015	2016	2017	2018
Exelon Corporation	\$ 100	\$ 140.61	\$109.44	\$145.34	\$ 167.22	\$197.86
S&P 500	\$ 100	\$ 113.68	\$ 115.24	\$129.02	\$ 157.17	\$150.27
S&P Utilities	\$ 100	\$128.98	\$122.73	\$142.72	\$160.00	\$166.57

Source: Bloomberg

Discussion of Financial Results

Exelon

Results of Operations – Exelon

The following table sets forth Exelon's GAAP consolidated Net Income attributable to common shareholders by Registrant for the year ended December 31, 2018 compared to the same period in 2017. For additional information regarding the financial results for the years ended December 31, 2018 and 2017 see Discussions of Financial Results by Business Segment.

(Dollars in millions)	2018	2017 ^(a)	Favorable (Unfavorable) Variance
Exelon	2,010	\$3,786	(1,776)
Generation	370	2,710	(2,340)
ComEd	664	567	97
PECO	460	434	26
BGE	313	307	6
PHI	398	362	36
Pepco	210	205	5
DPL	120	121	(1)
ACE	75	77	(2)
Other ^(b)	(195)	(594)	399

^(a) Certain amounts have been recasted to reflect new accounting standards adopted as of January 1, 2018.

^(b) Primarily includes eliminating and consolidating adjustments, Exelon's corporate operations, shared service entities and other financing and investing activities.

Discussion of Financial Results

Exelon (continued)

Net income attributable to common shareholders decreased by \$1,776 million and diluted earnings per average common share decreased to \$2.07 in 2018 from \$3.99 in 2017 primarily due to:

- Impacts associated with the one-time remeasurement of deferred income taxes in 2017 as a result of the Tax Cuts and Jobs Act (TCJA);
- Net unrealized losses on Nuclear Decommissioning Trust (NDT) funds in 2018 compared to net gains in 2017;
- Lower realized energy prices;
- Accelerated depreciation and amortization due to the decision to early retire the Oyster Creek and TMI nuclear facilities;
- The gain associated with the FitzPatrick acquisition in 2017;
- Decrease in reserves for uncertain tax positions in 2017 related to the deductibility of certain merger commitments associated with the 2012 Constellation and 2016 PHI acquisitions;
- Increased mark-to-market losses;
- The gain recorded upon deconsolidation of ExGen Texas Power's (EGTP) net liabilities in 2017;
- The absence of EGTP earnings resulting from its deconsolidation in the fourth quarter of 2017;
- Long-lived asset impairments of certain merchant wind assets in West Texas; and
- Increased storm costs at PECO and BGE.

The decreases were partially offset by:

- The impact of the New York and Illinois Zero Emission Credit (ZEC) revenue (including the impact of zero emission credits generated in Illinois from June 1, 2017 through December 31, 2017);
- Long-lived asset impairments primarily related to the EGTP assets held for sale in 2017;
- Increased capacity prices;
- The impact of lower federal income tax rate as a result of the TCJA at Generation;
- Net realized gains on NDT funds;
- The gain on the settlement of a long-term gas supply agreement;
- Decreased nuclear outage days;
- Increased electric distribution and energy efficiency formula rate earnings at ComEd;
- Regulatory rate increases at PECO, BGE and PHI;
- The impact of favorable weather at PECO, DPL and ACE; and
- The absences of a 2017 impairment of certain transmission-related income tax regulatory assets at ComEd, BGE and PHI.

The decrease in diluted earnings per share was also due to the increase in Exelon's average diluted shares outstanding as a result of the June 2017 common stock issuance.

Discussion of Financial Results by Business Segment

Results of Operations

The Registrants' Results of Operations includes discussion of Revenue Net of Purchased Power and Fuel Expense (RNF), which is a financial measure not defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report. The chief operating decision makers (CODMs) for Exelon and Generation evaluate the performance of Generation's electric business activities and allocate resources based on RNF. Generation believes that RNF is a useful measure because it provides information that can be used to evaluate its operational performance. For the Utility Registrants, their Operating revenues reflect the full and current recovery of commodity procurement costs given the rider mechanisms approved by their respective state regulators. The commodity procurement costs, which are recorded in Purchased power and fuel expense, and the associated revenues can be volatile. Therefore, the Utility Registrants believe that RNF is a useful measure because it excludes the effect on Operating revenues caused by the volatility in these expenses.

Discussion of Financial Results

Generation

Results of Operations — Generation

(Dollars in millions)	2018	2017 ^(a)	Favorable (Unfavorable) Variance
Operating revenues	\$ 20,437	\$18,500	\$ 1,937
Purchased power and fuel expense	11,693	9,690	(2,003)
Revenues net of purchased power and fuel expense	8,744	8,810	(66)
Other operating expenses			
Operating and maintenance	5,464	6,299	(835)
Depreciation and amortization	1,797	1,457	(340)
Taxes other than income	556	555	(1)
Total other operating expenses	7,817	8,311	494
Gain on sales of assets	48	2	46
Bargain purchase gain	0	233	(233)
Gain on deconsolidation of business	0	213	(213)
Operating income	975	947	28
Other income and (deductions)			
Interest expense	(432)	(440)	8
Other, net	(178)	948	(1,126)
Total other income and (deductions)	(610)	508	(1,118)
Income before income taxes	365	1,455	(1,090)
Income taxes	(108)	(1,376)	(1,268)
Equity in losses of unconsolidated affiliates	(30)	(33)	3
Net income	443	2,798	(2,355)
Net income attributable to noncontrolling interests	73	88	(15)
Net income attributable to membership interest	\$ 370	\$ 2,710	\$ (2,340)

^(a) Certain amounts have been recasted to reflect new accounting standards adopted as of January 1, 2018.

Discussion of Financial Results

Generation (continued)

Generation's Net income attributable to membership interest decreased by \$2,340 million primarily due to:

- Impacts associated with the one-time remeasurement of deferred income taxes in 2017 as a result of the TCJA;
- Net unrealized losses on NDT funds in 2018 compared to net gains in 2017;
- Lower realized energy prices;
- Accelerated depreciation and amortization due to the decision to early retire the Oyster Creek and TMI nuclear facilities;
- The gain associated with the FitzPatrick acquisition in 2017;
- Increased mark-to-market losses;
- The gain recorded upon deconsolidation of EGTP's net liabilities in 2017;
- The absence of EGTP earnings resulting from its deconsolidation in the fourth quarter of 2017; and
- Long-lived asset impairments of certain merchant wind assets in West Texas.

The decreases were partially offset by;

- The impact of the New York and Illinois ZEC revenue (including the impact of zero emission credits generated in Illinois from June 1, 2017 through December 31, 2017);
- Long-lived asset impairments primarily related to the EGTP assets held for sale in 2017;
- Increased capacity prices;
- The impact of lower federal income tax rate as a result of the TCJA at Generation;
- Net realized gains on NDT funds; and
- Decreased nuclear outage days.

Discussion of Financial Results

ComEd

Results of Operations — ComEd

(Dollars in millions)	2018	2017	Favorable (Unfavorable) Variance
Operating revenues	\$5,882	\$5,536	\$ 346
Purchased power expense	2,155	1,641	(514)
Revenues net of purchased power expense	3,727	3,895	(168)
Other operating expenses			
Operating and maintenance	1,355	1,427	92
Depreciation and amortization	940	850	(90)
Taxes other than income	311	296	(15)
Total other operating expenses	2,586	2,573	(13)
Gain on sales of assets	5	1	4
Operating income	1,146	1,323	(177)
Other income and (deductions)			
Interest expense, net	(347)	(361)	14
Other, net	33	22	11
Total other income and (deductions)	(314)	(339)	25
Income before income taxes	832	984	(152)
Income taxes	168	417	249
Net income	\$ 664	\$ 567	\$ 97

ComEd's Net income increased by \$97 million primarily due to higher electric distribution and energy efficiency formula rate earnings (reflecting the impacts of increased capital investment). The TCJA did not significantly impact Net income as the favorable income tax impacts were predominantly offset by lower revenues resulting from the pass back of the tax savings through customer rates.

Discussion of Financial Results

PECO

Results of Operations — PECO

(Dollars in millions)	2018	2017	Favorable (Unfavorable) Variance
Operating revenues	\$3,038	\$2,870	\$ 168
Purchased power and fuel expense	1,090	969	(121)
Revenues net of purchased power and fuel expense	1,948	1,901	47
Other operating expenses			
Operating and maintenance	898	806	(92)
Depreciation and amortization	301	286	(15)
Taxes other than income	163	154	(9)
Total other operating expenses	1,362	1,246	(116)
Gain on sales of assets	1	0	1
Operating income	587	655	(68)
Other income and (deductions)			
Interest expense, net	(129)	(126)	(3)
Other, net	8	9	(1)
Total other income and (deductions)	(121)	(117)	(4)
Income before income taxes	466	538	(72)
Income taxes	6	104	98
Net income	\$ 460	\$ 434	\$ 26

PECO's Net income was higher due to favorable weather and volumes. The TCJA did not significantly impact Net Income as the favorable income tax impacts were predominantly offset by lower revenues resulting from the requirement to pass back the tax savings through customer rates.

Discussion of Financial Results

BGE

Results of Operations — BGE

(Dollars in millions)	2018	2017	Favorable (Unfavorable) Variance
Operating revenues	\$3,169	\$3,176	\$ (7)
Purchased power and fuel expense	1,182	1,133	(49)
Revenues net of purchased power and fuel expense	1,987	2,043	(56)
Other operating expenses			
Operating and maintenance	777	716	(61)
Depreciation and amortization	483	473	(10)
Taxes other than income	254	240	(14)
Total other operating expenses	1,514	1,429	(85)
Gain on sales of assets	1	—	1
Operating income	474	614	(140)
Other income and (deductions)			
Interest expense, net	(106)	(105)	(1)
Other, net	19	16	3
Total other income and (deductions)	(87)	(89)	2
Income before income taxes	387	525	(138)
Income taxes	74	218	144
Net income	313	307	6
Net income attributable to common shareholder	\$ 313	\$ 307	\$ 6

BGE's Net income attributable to common shareholder increased by \$6 million primarily due to an increase in transmission formula rate revenues and the absence of the 2017 impairment of certain transmission-related income tax regulatory assets offset by increased storm restoration costs as a result of storms in March 2018 and September 2018. The TCJA did not significantly impact Net income attributable to common shareholder as the favorable income tax impacts were predominantly offset by lower revenues resulting from the pass back of the tax savings through customer rates.

Discussion of Financial Results

PHI

Results of Operations — PHI

(Dollars in millions)	2018	2017	Favorable (Unfavorable) Variance
PHI	\$398	\$362	\$36
Pepco	210	205	5
DPL	120	121	(1)
ACE	75	77	(2)
Other ^(a)	(7)	(41)	34

^(a) Primarily includes eliminating and consolidating adjustments, PHI's corporate operations, shared service entities and other financing activities.

PHI's Net income increased by \$36 million primarily due to distribution rate increases (not reflecting the impact of the TCJA), favorable weather and volume, the absence of 2017 impairments of certain transmission-related income tax regulatory assets and the District of Columbia (DC) sponsorship intangible asset, partially offset by an increase in asset retirement obligations primarily related to asbestos identified at the Buzzard Point property and the deferral of accumulated merger integration cost as regulatory assets in 2017. The TCJA did not significantly impact Net income as the favorable tax impacts were predominantly offset by lower revenues resulting from the pass back of the tax savings through customer rates.

Discussion of Financial Results

Pepco

Results of Operations — Pepco

(Dollars in millions)	2018	2017	Favorable (Unfavorable) Variance
Operating revenues	\$2,239	\$2,158	\$ 81
Purchased power expense	654	614	(40)
Revenues net of purchased power expense	1,585	1,544	41
Other operating expenses			
Operating and maintenance	501	454	(47)
Depreciation and amortization	385	321	(64)
Taxes other than income	379	371	(8)
Total other operating expenses	1,265	1,146	(119)
Gain on sales of assets	0	1	(1)
Operating income	320	399	(79)
Other income and (deductions)			
Interest expense, net	(128)	(121)	(7)
Other, net	31	32	(1)
Total other income and (deductions)	(97)	(89)	(8)
Income before income taxes	223	310	(87)
Income taxes	13	105	92
Net income	\$ 210	\$ 205	\$ 5

Pepco's Net income increased by \$5 million primarily due to higher electric distribution base rates (not reflecting the impact of the TCJA) in Maryland that became effective October 2017 and June 2018 and higher electric distribution base rates (not reflecting the impact of the TCJA) in the District of Columbia that became effective August 2017 and August 2018, partially offset by an increase in asset retirement obligations related primarily to the Buzzard Point property, deferral of accumulated merger integration costs as regulatory assets in 2017 and higher regulatory asset amortization due to additional regulatory assets related to rate case activity. The TCJA did not significantly impact Net income as the favorable tax impacts were predominantly offset by lower revenues resulting from pass back of tax savings through customer rates.

Discussion of Financial Results

DPL

Results of Operations — DPL

			Favorable (Unfavorable) Variance
(Dollars in millions)	2018	2017	
Operating revenues	\$1,332	\$1,300	\$ 32
Purchased power and fuel expense	561	532	(29)
Revenues net of purchased power and fuel expense	771	768	3
Other operating expenses			
Operating and maintenance	344	315	(29)
Depreciation and amortization	182	167	(15)
Taxes other than income	56	57	1
Total other operating expenses	582	539	(43)
Gain on sales of assets	1	—	1
Operating income	190	229	(39)
Other income and (deductions)			
Interest expense, net	(58)	(51)	(7)
Other, net	10	14	(4)
Total other income and (deductions)	(48)	(37)	(11)
Income before income taxes	142	192	(50)
Income taxes	22	71	49
Net income	\$ 120	\$ 121	\$ (1)

DPL's Net income remained relatively consistent. The TCJA did not significantly impact Net income as the favorable tax impacts were predominately offset by lower revenues resulting from the pass back of the tax savings through customer rates.

Discussion of Financial Results

ACE

Results of Operations — ACE

(Dollars in millions)	2018	2017	Favorable (Unfavorable) Variance
Operating revenues	\$1,236	\$ 1,186	\$ 50
Purchased power and fuel expense	616	570	(46)
Revenues net of purchased power and fuel expense	620	616	4
Other operating expenses			
Operating and maintenance	330	307	(23)
Depreciation, amortization and accretion	136	146	10
Taxes other than income	5	6	1
Total other operating expenses	471	459	(12)
Gain on sales of assets	0	—	0
Operating income	149	157	(8)
Other income and (deductions)			
Interest expense, net	(64)	(61)	(3)
Other, net	2	7	(5)
Total other income and (deductions)	(62)	(54)	(8)
Income before income taxes	87	103	(16)
Income taxes	12	26	14
Net income	\$ 75	\$ 77	\$ (2)

ACE's Net income remained relatively consistent. The TCJA did not significantly impact Net income as the favorable income tax impacts were predominately offset by lower revenues resulting from the pass back of the tax savings through customer rates.

Consolidated Statements of Operations and Comprehensive Income

Exelon Corporation and Subsidiary Companies

(Dollars in millions, except per share data)	For the years ended Dec. 31,		
	2018	2017 ^(b)	2016 ^{(a)(b)}
Operating revenues			
Competitive business revenues	\$ 19,168	\$ 17,394	\$16,330
Rate-regulated utility revenues	16,879	15,964	14,988
Revenues from alternative revenue programs	(62)	207	48
Total operating revenues	35,985	33,565	31,366
Operating expenses			
Competitive businesses purchased power and fuel	11,679	9,668	8,817
Rate-regulated utility purchased power and fuel	4,991	4,367	3,823
Operating and maintenance	9,337	10,025	9,954
Depreciation and amortization	4,353	3,828	3,936
Taxes other than income	1,783	1,731	1,576
Total operating expenses	32,143	29,619	28,106
Gain (loss) on sales of assets	56	3	(48)
Bargain purchase gain	0	233	—
Gain on deconsolidation of business	0	213	—
Operating income	3,898	4,395	3,212
Other income and deductions			
Interest expense, net	(1,554)	(1,560)	(1,536)
Other, net	(112)	947	297
Total other income and deductions	(1,666)	(613)	(1,239)
Income before income taxes	2,232	3,782	1,973
Income taxes	120	(126)	753
Equity in losses of unconsolidated affiliates	(28)	(32)	(24)
Net income	2,084	3,876	1,196
Net income attributable to noncontrolling interests and preference stock dividends	74	90	75
Net income attributable to common shareholders	\$ 2,010	\$ 3,786	\$ 1,121

Consolidated Statements of Operations and Comprehensive Income (continued)

Exelon Corporation and Subsidiary Companies

(Dollars in millions, except per share data)	For the years ended Dec. 31,		
	2018	2017 ^(b)	2016 ^{(a)(b)}
Comprehensive income, net of income taxes			
Net income	\$2,084	\$3,876	\$1,196
Other comprehensive income (loss), net of income taxes			
Pension and non-pension postretirement benefit plans:			
Prior service benefit reclassified to periodic benefit cost	\$ (66)	\$ (56)	\$ (48)
Actuarial loss reclassified to periodic benefit cost	247	197	184
Pension and non-pension postretirement benefit plan valuation adjustment	(143)	10	(181)
Unrealized gain on cash flow hedges	12	3	2
Unrealized gain on marketable securities	0	6	1
Unrealized gain (loss) on equity investments	2	4	(4)
Unrealized (loss) gain on foreign currency translation	(10)	7	10
Other comprehensive income (loss)	42	171	(36)
Comprehensive income	2,126	4,047	1,160
Comprehensive income attributable to noncontrolling interest and preference stock dividends	75	88	75
Comprehensive income attributable to common shareholders	\$2,051	\$3,959	\$1,085
Average shares of common stock outstanding:			
Basic	967	947	924
Diluted	969	949	927
Earnings per average common share:			
Basic	\$ 2.08	\$ 4.00	\$ 1.21
Diluted	\$ 2.07	\$ 3.99	\$ 1.21

^(a) Includes the operations of PHI from the date of the merger, March 23, 2016, through December 31, 2016.

^(b) Certain amounts have been recasted to reflect new accounting standards adopted as of January 1, 2018.

The information in the Consolidated Statements of Operations and Comprehensive Income shown above is a replication of the information in the Consolidated Statements of Operations and Comprehensive Income in Exelon's 2018 Form 10-K. For complete consolidated financial statements, including notes, please refer to pages 212 through 478 of Exelon's 2018 Form 10-K filed with the SEC. Also see Management's Discussion and Analysis of Financial Condition and Results of Operations, which includes a discussion of critical accounting policies and estimates, on pages 72 through 162 of Exelon's 2018 Form 10-K filed with the SEC.

Consolidated Statements of Cash Flows

Exelon Corporation and Subsidiary Companies

(Dollars in millions)	For the years ended Dec. 31,		
	2018	2017 ^(b)	2016 ^{(a)(b)}
Cash flows from operating activities			
Net income	\$2,084	\$3,876	\$ 1,196
Adjustments to reconcile net income to net cash flows provided by operating activities:			
Depreciation, amortization and accretion, including nuclear fuel and energy contract amortization	5,971	5,427	5,576
Impairment losses of long-lived assets, intangibles and regulatory assets	50	573	306
Gain on deconsolidation of business	0	(213)	—
(Gain) loss on sales of assets	(56)	(3)	48
Bargain purchase gain	0	(233)	—
Deferred income taxes and amortization of investment tax credits	(106)	(362)	656
Net fair value changes related to derivatives	294	151	24
Net realized and unrealized (gains) losses on NDT funds	303	(616)	(229)
Other non-cash operating activities	1,124	721	1,333
Changes in assets and liabilities:			
Accounts receivable	(565)	(470)	(432)
Inventories	(37)	(72)	7
Accounts payable and accrued expenses	551	(388)	771
Option premiums received (paid), net	(43)	28	(66)
Collateral (posted) received, net	82	(158)	931
Income taxes	340	299	576
Pension and non-pension postretirement benefit contributions	(383)	(405)	(397)
Deposit with IRS	0	—	(1,250)
Other assets and liabilities	(965)	(675)	(589)
Net cash flows provided by operating activities	8,644	7,480	8,461

Consolidated Statements of Cash Flows (continued)

Exelon Corporation and Subsidiary Companies

(Dollars in millions)	For the years ended Dec. 31,		
	2018	2017 ^(b)	2016 ^{(a)(b)}
Cash flows from investing activities			
Capital expenditures	\$(7,594)	\$(7,584)	\$ (8,553)
Proceeds from termination of direct financing lease investment	0	—	360
Proceeds from NDT fund sales	8,762	7,845	9,496
Investment in NDT funds	(8,997)	(8,113)	(9,738)
Reduction of restricted cash from deconsolidation of business	0	(87)	0
Acquisitions of assets and businesses, net	(154)	(208)	(6,923)
Proceeds from sales of assets and businesses	91	219	61
Other investing activities	58	(43)	(153)
Net cash flows used in investing activities	(7,834)	(7,971)	(15,450)

Consolidated Statements of Cash Flows (continued)

Exelon Corporation and Subsidiary Companies

(Dollars in millions)	For the years ended Dec. 31,		
	2018	2017 ^(b)	2016 ^{(a)(b)}
Cash flows from financing activities			
Changes in short-term borrowings	\$ (338)	\$ (261)	\$ (353)
Proceeds from short-term borrowings with maturities greater than 90 Days	126	621	240
Repayments on short-term borrowings with maturities greater than 90 Days	(1)	(700)	(462)
Issuance of long-term debt	3,115	3,470	4,716
Retirement of long-term debt	(1,786)	(2,490)	(1,936)
Retirement of long-term debt to financing trust	0	(250)	—
Common stock issued from treasury stock	0	1,150	—
Redemption of preference stock	0	—	(190)
Dividends paid on common stock	(1,332)	(1,236)	(1,166)
Proceeds from employee stock plans	105	150	55
Sale of noncontrolling interests	0	396	372
Other financing activities	(108)	(83)	(85)
Net cash flows (used in) provided by financing activities	(219)	767	1,191
Increase (decrease) in cash and cash equivalents	591	276	(5,798)
Cash and cash equivalents at beginning of period	1,190	914	6,712
Cash and cash equivalents at end of period	\$ 1,781	\$ 1,190	\$ 914

^(a) Includes the operations of PHI from the date of the merger, March 23, 2016, through December 31, 2016

^(b) Certain amounts have been recasted to reflect new accounting standards adopted as of January 1, 2018.

The information in the Consolidated Statements of Cash Flows shown above is a replication of the information in the Consolidated Statements of Cash Flows in Exelon's 2018 Form 10-K. For complete consolidated financial statements, including notes, please refer to pages 212 through 478 of Exelon's 2018 Form 10-K filed with the SEC. Also see Management's Discussion and Analysis of Financial Condition and Results of Operations, which includes a discussion of critical accounting policies and estimates, on pages 72 through 162 of Exelon's 2018 Form 10-K filed with the SEC.

Consolidated Balance Sheets

Exelon Corporation and Subsidiary Companies

(Dollars in millions)	Dec. 31,	
	2018	2017 ^(a)
Assets		
Current assets		
Cash and cash equivalents	\$ 1,349	\$ 898
Restricted cash and cash equivalents	247	207
Accounts receivable, net		
Customer	4,607	4,445
Other	1,256	1,132
Mark-to-market derivative assets	804	976
Unamortized energy contract assets	48	60
Inventories, net		
Fossil fuel and emission allowances	334	340
Materials and supplies	1,351	1,311
Regulatory assets	1,222	1,267
Assets held for sale	904	0
Other	1,238	1,260
Total current assets	13,360	11,896
Property, plant and equipment, net	76,707	74,202
Deferred debits and other assets		
Regulatory assets	8,237	8,021
Nuclear decommissioning trust funds	11,661	13,272
Investments	625	640
Goodwill	6,677	6,677
Mark-to-market derivative assets	452	337
Unamortized energy contract assets	372	395
Other	1,575	1,330
Total deferred debits and other assets	29,599	30,672
Total assets^(b)	\$119,666	\$116,770

Consolidated Balance Sheets (continued)

Exelon Corporation and Subsidiary Companies

	Dec. 31,	
(Dollars in millions)	2018	2017 ^(a)
Liabilities and shareholders' equity		
Current liabilities		
Short-term borrowings	\$ 714	\$ 929
Long-term debt due within one year	1,349	2,088
Accounts payable	3,800	3,532
Accrued expenses	2,112	1,837
Payables to affiliates	5	5
Regulatory liabilities	644	523
Mark-to-market derivative liabilities	475	232
Unamortized energy contract liabilities	149	231
Renewable energy credit obligation	344	352
Liabilities held for sale	777	—
Other	1,035	1,069
Total current liabilities	11,404	10,798
Long-term debt	34,075	32,176
Long-term debt to other financing trusts	390	389
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	11,330	11,235
Asset retirement obligations	9,679	10,029
Pension obligations	3,988	3,736
Non-pension postretirement benefit obligations	1,928	2,093
Spent nuclear fuel obligation	1,171	1,147
Regulatory liabilities	9,559	9,865
Mark-to-market derivative liabilities	479	409
Unamortized energy contract liabilities	463	609
Other	2,130	2,097
Total deferred credits and other liabilities	40,727	41,220
Total liabilities	\$86,596	\$84,583

Consolidated Balance Sheets (continued)

Exelon Corporation and Subsidiary Companies

	Dec. 31	
	2018	2017 ^(a)
(Dollars in millions)		
Commitments and contingencies		
Shareholders' equity		
Common stock (No par value, 2,000 shares authorized, 968 and 963 shares outstanding at Dec. 31, 2018, and 2017, respectively)	19,116	18,964
Treasury stock, at cost (2 shares held at Dec. 31, 2018, and 2017)	(123)	(123)
Retained earnings	14,766	14,081
Accumulated other comprehensive loss, net	(2,995)	(3,026)
Total shareholders' equity	30,764	29,896
Noncontrolling interests	2,306	2,291
Total equity	33,070	32,187
Total liabilities and equity	\$119,666	\$116,770

^(a) Certain amounts have been recasted to reflect new accounting standards adopted as of January 1, 2018.

^(b) Exelon's consolidated assets include \$9,667 million and \$9,597 million at December 31, 2018 and 2017, respectively, of certain VIEs that can only be used to settle the liabilities of the VIE. Exelon's consolidated liabilities include \$3,548 million and \$3,618 million at December 31, 2018 and 2017, respectively, of certain VIEs for which the VIE creditors do not have recourse to Exelon.

The information in the Consolidated Balance Sheets shown above is a replication of the information in the Consolidated Balance Sheets in Exelon's 2018 Form 10-K. For complete consolidated financial statements, including notes, please refer to pages 212 through 478 of Exelon's 2018 Form 10-K filed with the SEC. Also see Management's Discussion and Analysis of Financial Condition and Results of Operations, which includes a discussion of critical accounting policies and estimates, on pages 72 through 162 of Exelon's 2018 Form 10-K filed with the SEC.

Consolidated Statements of Changes in Equity

Exelon Corporation and Subsidiary Companies

(Dollars in millions, shares in thousands)	Issued Shares	Common Stock	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Preference Stock	Total Equity
Balance, Dec. 31, 2015^(a)	954,668	\$18,676	\$(2,327)	\$ 12,104	\$(2,624)	\$ 1,308	\$ 193	\$27,330
Net income	—	—	—	1,121	—	67	8	1,196
Long-term incentive plan activity	2,868	85	—	—	—	—	—	85
Employee stock purchase plan issuances	1,242	55	—	—	—	—	—	55
Tax benefit on stock compensation	—	(18)	—	—	—	—	—	(18)
Change in equity of noncontrolling interests	—	—	—	—	—	5	—	5
Adjustment of contingently redeemable noncontrolling interest to redemption value	0	0	0	0	0	157	0	157
Common stock dividends (\$1.26/common share)	0	0	0	(1,172)	0	0	0	(1,172)
Preferred and preference stock	0	0	0	0	0	0	(8)	(8)
Sale of noncontrolling interest	—	(4)	—	—	—	243	—	396
Redemption of preference stock	—	—	—	—	—	—	(193)	(193)
Other comprehensive loss, net of income taxes	—	—	—	—	(36)	—	—	(36)
Balance, Dec. 31, 2016^(a)	958,778	\$18,794	\$(2,327)	\$ 12,053	\$(2,660)	\$ 1,780	\$ —	\$27,640
Net income	—	—	—	3,786	—	90	—	3,876
Long-term incentive plan activity	5,066	56	—	—	—	—	—	56
Employee stock purchase plan issuances	1,324	150	—	—	—	—	—	150
Common stock issued from treasury stock	—	—	2,204	(1,054)	—	—	—	1,150
Sale of noncontrolling interests	0	(36)	0	0	0	443	0	407
Changes in equity of noncontrolling interests	—	—	—	—	—	(20)	—	(20)
Common stock dividends (\$1.31/common share)	—	—	—	(1,243)	—	—	—	(1,243)
Other comprehensive income, net of income taxes	—	—	—	—	173	(2)	—	171
Impact of adoption of reclassification of certain tax effects from AOIC standard	0	0	0	539	(539)	0	0	0

Consolidated Statements of Changes in Equity (continued)

Exelon Corporation and Subsidiary Companies

(Dollars in millions, shares in thousands)	Issued Shares	Common Stock	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Preference Stock	Total Equity
Balance, Dec. 31, 2017^(a)	965,168	\$18,964	\$ (123)	\$ 14,081	\$(3,026)	\$ 2,291	\$ —	\$ 32,187
Net income	0	0	0	2,010	0	74	0	2,084
Long-term incentive plan activity	3,534	41	0	0	0	0	0	41
Employee stock purchase plan issuances	1,318	105	0	0	0	0	0	105
Changes in equity of noncontrolling interests	0	0	0	0	0	(60)	0	(60)
Sale of noncontrolling interests	0	6	0	0	0	0	0	6
Common stock dividends (\$1.38/common share)	0	0	0	(1,339)	0	0	0	(1,339)
Other comprehensive income, net of income taxes	0	0	0	0	41	1	0	42
Impact of adoption of recognition and measurement of financial assets and liabilities standard	0	0	0	14	(10)	0	0	4
Balance, December 31, 2018	970,020	19,116	(123)	14,766	(2,995)	2,306	0	33,070

^(a) Certain amounts have been recasted to reflect new accounting standards adopted as of January 1, 2018.

The information in the Consolidated Statements of Changes in Shareholders' Equity shown above is a replication of the information in the Consolidated Statements in Shareholders' Equity in Exelon's 2018 Form 10-K. For complete consolidated financial statements, including notes, please refer to pages 212 through 478 of Exelon's 2018 Form 10-K filed with the SEC. Also see Management's Discussion and Analysis of Financial Condition and Results of Operations, which includes a discussion of critical accounting policies and estimates, on pages 72 through 162 of Exelon's 2018 Form 10-K filed with the SEC.

Management's Report on Internal Control Over Financial Reporting

The management of Exelon Corporation (Exelon) is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Exelon's management conducted an assessment of the effectiveness of Exelon's internal control over financial reporting as of December 31, 2018. In making this assessment, management used the criteria in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, Exelon's management concluded that, as of December 31, 2018, Exelon's internal control over financial reporting was effective.

The effectiveness of Exelon's internal control over financial reporting as of December 31, 2018, has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm.

February 8, 2019

Information Derived from 2018 Form 10-K

We have presented a condensed discussion of financial results, excerpts from our consolidated financial statements and a copy of our Management's Report on Internal Control Over Financial Reporting in this summary annual report. A complete discussion of our financial results and our complete consolidated financial statements, including notes, appears on pages 212 through 478 of our Form 10-K annual report for the year ended Dec. 31, 2018. That annual report was filed with the Securities and Exchange Commission on Feb. 8, 2019, and can be viewed and retrieved through the Commission's website at www.sec.gov or our website at www.exeloncorp.com.

Exelon evaluates its operating performance using the measure of adjusted (non-GAAP) operating earnings because management believes it represents earnings directly related to the ongoing operations of the business. Adjusted (non-GAAP) operating earnings exclude certain costs, expenses, gains and losses and other specified items. This information is intended to enhance an investor's overall understanding of year-to-year operating results and provide an indication of Exelon's baseline operating performance excluding items that are considered by management to be not directly related to the ongoing operations of the business. In addition, this information is among the primary indicators management uses as a basis for evaluating performance, allocating resources, setting incentive compensation targets and planning and forecasting of future periods. Adjusted (non-GAAP) operating earnings is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information.

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Employee Stock Purchase Plan

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Shareholder Services Voice Mailbox

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Independent Public Accountants

PricewaterhouseCoopers LLP

Website

www.exeloncorp.com

Twitter

@Exelon

Stock Ticker

EXC

Corporate Profile

Exelon Corporation (NYSE: EXC) is a Fortune 100 energy company with the largest number of electricity and natural gas customers in the U.S. Exelon does business in 48 states, the District of Columbia and Canada and had 2018 revenue of \$36 billion. Exelon serves approximately 10 million customers in Delaware, the District of Columbia, Illinois, Maryland, New Jersey and Pennsylvania through its Atlantic City Electric, BGE, ComEd, Delmarva Power, PECO and Pepco subsidiaries. Exelon is one of the largest competitive U.S. power generators, with more than 32,000 megawatts of nuclear, gas, wind, solar and hydroelectric generating capacity comprising one of the nation's cleanest and lowest-cost power generation fleets. The company's Constellation business unit provides energy products and services to approximately 2 million residential, public sector and business customers, including more than two-thirds of the Fortune 100. Follow Exelon on Twitter @Exelon.

Shareholder Inquiries

Exelon Corporation has appointed EQ Shareowner Services as its transfer agent, stock registrar, dividend disbursing agent and dividend reinvestment agent. Should you have questions concerning your registered shareholder account or the payment or reinvestment of your dividends, or if you wish to make a stock transaction or stock transfer, you may call shareowner services at EQ Shareowner Services at the toll-free number shown to the left or access its website at www.shareowneronline.com.

Morgan Stanley administers the Employee Stock Purchase Plan (ESPP), employee stock options and other employee equity awards. Should you have any questions concerning your employee plan shares or wish to make a transaction, you may call the toll-free numbers shown to the left or access its website at www.stockplanconnect.com.

The company had approximately 100,000 holders of record of its common stock as of Dec. 31, 2018.

The 2018 Form 10-K Annual Report to the Securities and Exchange Commission was filed on Feb. 8, 2019. To obtain a copy without charge, write to Carter Culver, Senior Vice President, Deputy General Counsel and Assistant Secretary, Exelon Corporation, Post Office Box 805379, Chicago, Illinois 60680-5379.



Exelon Corporation

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Exelon 2018 Financial Section