

**Exelon Corp.
EXC
Investment Notes**

Please read Disclaimer at bottom of these notes!

Website: www.exeloncorp.com

Largest nuclear plant operator in the United States. Holding company for PECO Energy and Commonwealth Edison. Headquarters in Chicago. Strong presence in Midwest and Mid-Atlantic.

Exelon, a utility services holding company, operates through the following principal subsidiaries each of which is treated as a reportable segment:

- *Generation*, whose business consists of its owned and contracted electric generating facilities, its wholesale energy marketing operations and competitive retail sales operations.
- *ComEd*, whose business consists of the purchase and regulated retail sale of electricity and the provision of transmission and distribution services in northern Illinois, including the City of Chicago.
- *PECO*, whose business consists of the purchase and regulated retail sale of electricity and the provision of transmission and distribution services in southeastern Pennsylvania, including the City of Philadelphia, as well as the purchase and regulated retail sale of natural gas and the provision of distribution services in the Pennsylvania counties surrounding the City of Philadelphia.

See Note 20 of the Combined Notes to Consolidated Financial Statements for segment information.

Exelon is a utility services holding company engaged, through its subsidiaries, in the generation and energy delivery businesses discussed below. The generation business consists of the electric generating facilities, the wholesale energy marketing operations and competitive retail supply operations of Generation. The energy delivery businesses include the purchase and regulated retail sale of electricity and the provision of transmission and distribution services by ComEd in northern Illinois, including the City of Chicago, and by PECO in southeastern Pennsylvania, including the City of Philadelphia, and the purchase and regulated retail sale of natural gas and the provision of distribution services by PECO in the Pennsylvania counties surrounding the City of Philadelphia.

May 25, 2011 (41.78) Review of VL 5/27/11

1. Financial Strength 'A.'
2. Purchasing CEG for ~\$7.8B. They will issue 185.86M shares.
3. Projects the following for F2011 and F2012.

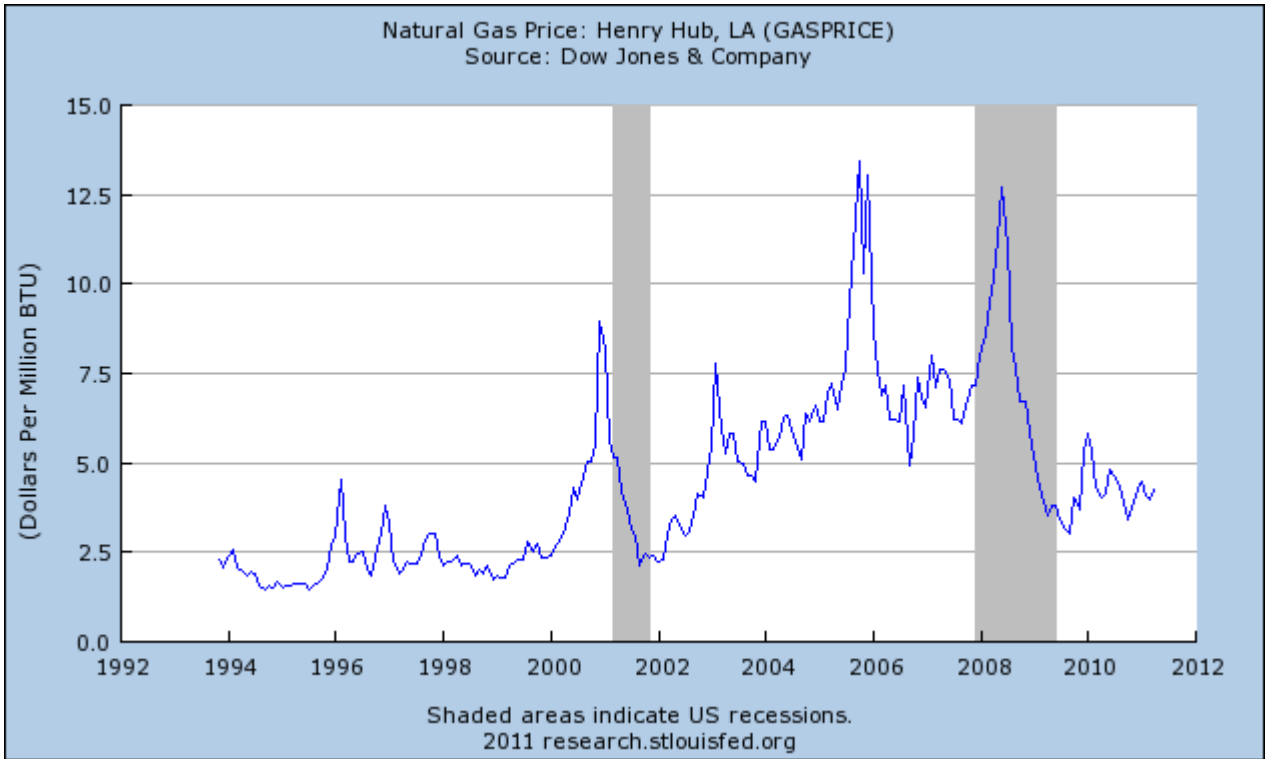
	F2011	F2012
Revenues	30.80	28.55
Cash Flow	8.15	7.25
EPS	3.85	2.90
Capex	6.10	6.10
Common Shares Outstanding	664	666
Long Term Debt Ratio	45.5%	45.5%
ROE	17.0%	12.5%

Dividend Payout Ratio	55%	72%
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May 12, 2011 (42.00) Thesis

Low cost generator of power. Expect increased demand as population increases, and economy improves from Great Recession. Electricity prices have remained low and demand flat in F2010. Dividend is ~5% (\$2.10), and projected dividend payout ratio of ~52.

The stock price is correlated with the forward spot price of Henry Hub Natural Gas. Natural Gas has been in a depression. Spot gas prices have dropped 70% and forward prices have dropped 50% from their 2008 peak through F2010. Natural gas prices along with electricity demand are the principal drivers of the wholesale market price of electricity.



2011 earnings are expected to increase slightly. 2012 earnings are expected to take a hit, as long term margin contracts will be replaced. Yet, we do not know what the energy wholesale prices will be at that time.

As of now, I am recommending this as a 4% to 5% portfolio holding within our group. We own a similar amount of Constellation Energy, and if all goes as planned, these will be consolidated.

I think the dividend is stable, and the industry in a slight depression. Fundamentally speaking, EXC could trade at a P/E of 15, which would make the market price near \$60. This is in the portfolio for defensive reasons, and P/E below long time average. Hoping for annualized returns of 8%.

“Exelon's 11 nuclear plants in the Midwest and Mid-Atlantic generate 17% of U.S. nuclear power and Nearly 4% of all U.S. electricity consumed. With power prices hovering around \$40 per megawatt-hour and nuclear plants generating power for just \$15 per megawatt-hour, nuclear plant owners

realize wide profit margins. While power prices remain volatile depending on weather, commodity prices, and electricity demand, nuclear costs should remain relatively low because of abundant uranium and enrichment supplies.” **Morningstar 4/29/11**

Fundamental Analysis

Company Name	Exelon
Symbol	EXC
Date Worked On	12-May-11
Base Year	31-Dec-11
Price	\$42.00
Shares Outstanding	664
Market Capitalization	\$27,888
Cash and CE	\$509
Long Term Debt	\$12,152
Minority Interests	\$0
Goodwill	\$2,625
Intangibles	\$0
Other Intangibles	\$0
Enterprise Value	\$39,531
Short Term Debt	\$1,624
Stockholders Equity	\$13,931
Depreciation and Amortization	\$1,500
CapEx	\$4,043
Revenues	\$19,000
Total Assets	\$51,376

Net Income	\$2,650
Dividend Per Share	\$2.10
Interest Expense	\$700
Net Income Before Taxes	\$4,140
Enterprise Value Per Share	\$59.53
Price To Enterprise Value	70.55%
Total Debt	\$13,776
Total Debt / Net Income	519.85%
Total Debt Per Share	\$20.75
Tangible Book Value	\$11,306
Book Value Per Share	\$20.98
Tangible Book Value Per Share	\$17.03
Price / Book Value	200.19%
Price / Tangible Book Value	246.67%
Price / Earnings Ratio	10.52
Enterprise Value / Earnings Ratio	14.92
Earnings Yield	9.50%
Earnings / Enterprise Value	6.70%
Price To Sales Ratio	146.78%
Net Income / Total Assets	5.16%
Total Assets / (Revenues/365)	986.96
Enterprise Value / Revenues	208.06%
Goodwill / Total Assets	5.11%
Goodwill / Stockholders Equity	18.84%
Debt / Equity	98.89%

Average P/E Last 10 Years	14.0
Free Operating Cash Flow	\$107
Free Operating Cash Flow Per Share	0.16
Free Operating Cash Flow Flow Yield	0.38%
Price / Free Operating Cash Flow	260.64
Revenues Per Share	\$28.61
Net Income Per Share	\$3.99
Return on Equity	19.02%
Bond Rating (S&P)	BBB - Stable
Growth Rate	1.00%
Dividend Yield	5.00%
Dividend / Net Income	52.62%
Dividend / Cash Flow	1303.18%
Interest Coverage Ratio	6.91
Insider Activity	Mixed - negligible
Buy-Backs	No
Dilution	Slight
Management Compensation	Fair
Price to consider to buy more	\$43.00
Price to sell or consider reducing	\$48.00
Action (Buy, Hold or Sell)	Buy
Portfolio Allocation Suggestion	4%

Company	Exelon
As of Date	March 31, 2011
EV Analysis	
Date Worked On	May 12, 2011
Share Outstanding	664.00
Share Price	\$42.00
Market Capitalization	\$27,888.00
Less: Cash and Short Term Investments	(\$509.00)
Add: Long Term Debt	\$12,152.00
Minority Interest	\$0.00
Enterprise Value	\$39,531.00
EV per share	\$59.53
Stockholders' Equity	\$13,931.00
Adjustments:	
Goodwill	(\$2,625.00)
Tradenames	\$0.00
Other Intangibles	\$0.00
Net Stockholders' Equity	\$11,306.00
Adjusted Book Value per Share	\$17.03

Quick Projections	May 12, 2011
Revenue	\$19,000.00
Net Margin % before tax	21.75%
Net Margin before taxes	\$4,132.50
Tax Rate	36.00%
Corporate Taxes	\$1,487.70
Net Income after Taxes	\$2,644.80
Net Margin %	13.92%

Shares Outstanding	664.00
eps	\$3.98

FV of current equity and future earnings	12-May-11
Adjusted Stockholder's Equity	\$11,306.00
Net Income after Taxes	\$2,644.80
Growth Rate of Net Profit for 10N	3.00%
Growth Rate of Net Profit after 10N through 15N	3.00%
FV of Net Profit in 10N	\$3,554.39
FV of Net Profit in 15N	\$4,120.51
FV of tangible book value plus Net Profits for 10N	\$45,513.99
FV of tangible book value plus Net Profits for years 11 - 15N	\$71,633.92
Current Enterprise Value	\$39,531.00
FV of tangible book value plus Net Profits for 10N	(\$45,513.99)
Years	10
ROI on tangible book value plus Net Profits for 10N	1.42%
FV of tangible book value plus Net Profits for 10N	\$45,513.99
FV of tangible book value multiplier	2.00
FV of Tangible Book Value using BV multiplier in year 10	\$91,027.97
Current Enterprise Value	\$39,531.00
FV of tangible book value plus Net Profits for years 11 - 15N	(\$71,633.92)
Years	15
ROI on tangible book value plus Net Profits for 15N	4.04%
FV of tangible book value plus Net Profits for 15N	\$71,633.92
FV of tangible book value multiplier	2.0
FV of Tangible Book Value using BV multiplier in year 15	\$143,267.85
Potential Future EV using BV multiplier above	
Current Enterprise Value	\$39,531.00
FV of Tangible Book Value using BV multiplier in year 10	(\$91,027.97)
Years	10
ROI on FV of Tangible Book Value using BV multiplier in year 10	8.70%
Current Enterprise Value	\$39,531.00
FV of Tangible Book Value using BV multiplier in year 15	(\$143,267.85)

Years	15
ROI on FV of Tangible Book Value using BV multiplier in year 15	8.96%
Sanity Checks:	
P/E in future	
FV of Net Profit in 15N	\$4,121
P/E estimate	14.00
Market Cap on above	-\$57,687
Years	15
Current Enterprise Value	\$39,531
ROI in 15N using above	2.52%
Potential Revenue Growth	
Current Revenues	\$19,000
Growth Rate of Revenues for 10N	3.00%
Growth Rate of Revenues after 10N through 15N	3.00%
FV of Revenues in 10N	(\$25,534)
FV of Revenues in 15N	\$29,601
FV of Revenues in 15N	\$29,601
Revenue Multiplier based on AI Meyer Rule of Thumb net margins	2.8
Possible Market Cap year 15	(\$82,884)
Years	15
Current Enterprise Value	\$39,531
ROI in 15N using above	5%

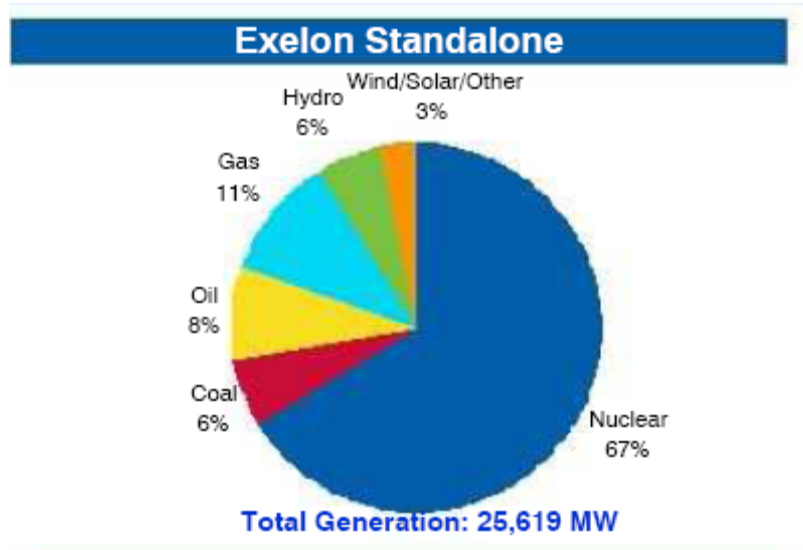
Company	Exelon
Report Date	12-May-11
Price	42
Growth Rate	3.00%
Price/Sales	1.47
Price/ Net Cash Flow	262.50
Price/ Net Book Value	2.47
P/E Ratio Current	10.53
P/E Ratio Year 2	10.50

Current Ratio	1.12
Quick Ratio	0.94
LT Debt / Shr. Equity	87.23%
LT Debt / Current Assets	260.83%
Return on Shr. Equity	19.02%
PEG Ratio (Current)	3.51
PEG Ratio Year 2	3.50
PEGY Ratio (Current)	1.32
PEGY Ratio Year 2	1.31
Graham Ratio (current)	25.96
Graham Ratio Year 2	25.90
Growth Flow Ratio (<12=nrml)	10.53
Cash King (s/b > 10 %)	0.56%
Flow Ratio (s/b < 1.25)	1.63
Intrinsic Value (current)	46.28
Intrinsic Value Year 2	46.40
Intrinsic Value Year 3	47.79
Intrinsic Value Year 4	49.23
Intrinsic Value Year 5	50.70
Intrinsic Value / Price (current)	10.20%
Intrinsic Value / Price Year 2	10.48%
Intrinsic Value / Price Year 3	13.79%
Intrinsic Value / Price Year 4	17.20%
Intrinsic Value / Price Year 5	20.72%

Date	31-Mar-11	31-Dec-10	31-Dec-09	31-Dec-08
Period Presented in Months	3	12	12	12
Operating Revenues	\$2,739	\$18,644	\$17,318	\$18,859
Purchased Power	\$549	\$4,425	\$3,215	\$4,270

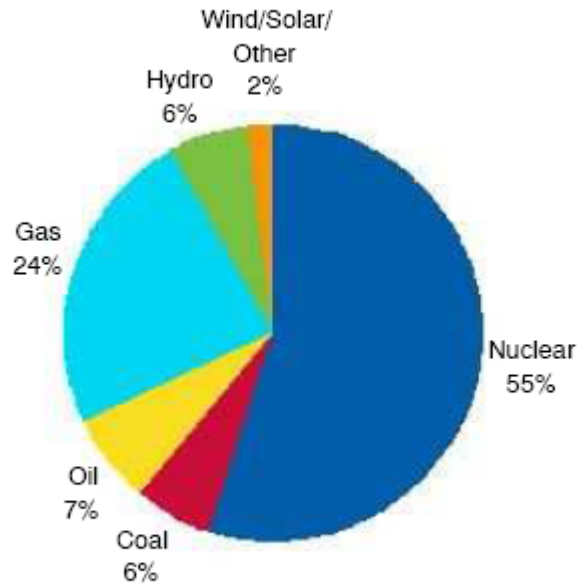
Fuel Costs	\$430	\$2,010	\$2,066	\$2,312
Total Direct Costs	\$979	\$6,435	\$5,281	\$6,582
Net Operating Margin	\$1,760	\$12,209	\$12,037	\$12,277
% of Revenues				
Operating Revenues	100.00%	100.00%	100.00%	100.00%
Purchased Power	20.04%	23.73%	18.56%	22.64%
Fuel Costs	15.70%	10.78%	11.93%	12.26%
Total Direct Costs	35.74%	34.52%	30.49%	34.90%
Net Operating Margin	64.26%	65.48%	69.51%	65.10%

Generation Pie Chart of Exelon without Constellation Energy



Generation if Combined with Constellation Energy

Pro forma Company (Net of Mitigation)⁽¹⁾



Total Generation: 34,401 MW

Standard and Poors Credit ratings as of May 12, 2011

Exelon Corp.

Issuer Credit Rating

	Ratings	Rating Date	Regulatory Identifiers	Last Credit Rating Action/
Foreign Long Term	BBB	21-Oct-2008	--	22-Jul-2009 Outlook Stable
Foreign Short Term	A-2	22-Dec-2000	--	
Local Long Term	BBB	21-Oct-2008	--	22-Jul-2009 Outlook Stable
Local Short Term	A-2	22-Dec-2000	--	

May 12, 2011 (41.00) Notes from 10-Q 3/31/11

Really nothing to report. See ratio analysis and valuation spreadsheets.

May 12, 2011 (41.00) Notes from 10K and Annual Report 12/31/10

1. Exelon states (2010 Summary Annual Report) their operating performance should be evaluated using the measure of "Revenue Net of Purchased Power and Fuel Expense."

2.

Capital expenditures by Registrant for 2010, 2009 and 2008 and projected amounts for 2011 are as follows:

	Projected			
	2011	2010	2009	2008
Generation ^(c)	\$ 2,562	\$1,883	\$1,977	\$1,699
ComEd	1,015	962	854	953
PECO	448	545	388	392
Other ^(d)	18	(64)	54	73
Total Exelon capital expenditures	\$ 4,043	\$3,326	\$3,273	\$3,117

	Generation ^(a)	ComEd	PECO	Other	Intersegment Eliminations	Consolidated
Total revenues ^(b) :						
2010	\$ 10,025	\$ 6,204	\$5,519	\$ 755	\$ (3,859)	\$ 18,644
2009	9,703	5,774	5,311	757	(4,227)	17,318
2008	10,754	6,136	5,567	697	(4,295)	18,859
Intersegment revenues ^(c) :						
2010	\$ 3,102	\$ 2	\$ 5	\$ 756	\$ (3,859)	\$ 6
2009	3,472	2	6	756	(4,227)	9
2008	3,586	4	10	695	(4,295)	—
Depreciation and amortization						
2010	\$ 474	\$ 516	\$1,060	\$ 25	\$ —	\$ 2,075
2009	333	494	952	55	—	1,834
2008	274	464	854	42	—	1,634
Operating expenses ^(b) :						
2010	\$ 6,979	\$ 5,148	\$4,858	\$ 792	\$ (3,859)	\$ 13,918
2009	6,408	4,931	4,614	840	(4,225)	12,568
2008	6,760	5,469	4,868	758	(4,295)	13,560
Interest expense, net:						
2010	\$ 153	\$ 386	\$ 193	\$ 85	\$ —	\$ 817
2009	113	319	187	112	—	731
2008	136	348	226	132	(10)	832
Income (loss) from continuing operations before income taxes:						
2010	\$ 3,150	\$ 694	\$ 476	\$ (91)	\$ (8)	\$ 4,221
2009	3,555	603	499	(235)	(3)	4,419
2008	3,388	329	475	(158)	—	4,034
Income taxes:						
2010	\$ 1,178	\$ 357	\$ 152	\$ (27)	\$ (2)	\$ 1,658
2009	1,433	229	146	(102)	6	1,712
2008	1,130	128	150	(91)	—	1,317
Income (loss) from continuing operations:						
2010	\$ 1,972	\$ 337	\$ 324	\$ (64)	\$ (6)	\$ 2,563
2009	2,122	374	353	(133)	(9)	2,707
2008	2,258	201	325	(67)	—	2,717
Income (loss) from discontinued operations:						
2010	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
2009	—	—	—	—	—	—
2008	20	—	—	—	—	20

	Generation ^(a)	ComEd	PECO	Other	Intersegment Eliminations	Consolidated
Net income (loss):						
2010	\$ 1,972	\$ 337	\$ 324	\$ (64)	\$ (6)	\$ 2,563
2009	2,122	374	353	(133)	(9)	2,707
2008	2,278	201	325	(67)	—	2,737
Capital expenditures:						
2010	\$ 1,883	\$ 962	\$ 545	\$ 14	\$ (78) ^(d)	\$ 3,326
2009	1,977	854	388	54	—	3,273
2008	1,699	953	392	73	—	3,117
Total assets:						
2010	\$ 24,534	\$21,652	\$8,985	\$6,651	\$ (9,582)	\$ 52,240
2009	22,406	20,697	9,019	6,088	(9,030)	49,180

May 12, 2011 (41.00) Various Notes

Argus 5/4/11

Financial & Risk Analysis

FINANCIAL STRENGTH	2008	2009	2010
Cash (\$ in Millions)	1,271	2,010	1,612
Working Capital (\$ in Millions)	1,288	1,203	2,158
Current Ratio	—	1.28	1.51
LT Debt/Equity Ratio (%)	—	90.1	88.5
Total Debt/Equity Ratio (%)	—	99.6	94.6

RATIOS (%)

Gross Profit Margin	65.1	69.5	65.5
Operating Margin	28.1	27.4	25.3
Net Margin	14.5	15.6	13.7
Return On Assets	5.9	5.6	5.1
Return On Equity	25.8	22.9	19.6

RISK ANALYSIS

Cash Cycle (days)	11.4	5.2	17.9
Cash Flow/Cap Ex	—	—	—
Oper. Income/Int. Exp. (ratio)	5.8	7.0	6.2
Payout Ratio	43.7	49.4	51.3

Standard & Poors 5/2/11

Company Financials Fiscal Year Ended Dec. 31

Per Share Data (\$)	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Tangible Book Value	16.52	15.06	12.58	11.86	11.08	8.48	7.10	5.77	4.26	4.51
Earnings	3.87	4.09	4.10	4.03	2.35	1.40	2.75	1.20	2.58	2.20
S&P Core Earnings	4.08	4.33	3.32	3.92	3.49	3.01	2.79	1.74	1.64	1.49
Dividends	2.10	2.10	2.02	1.76	2.00	1.60	1.53	0.96	0.88	0.91
Payout Ratio	54%	51%	49%	44%	85%	114%	56%	80%	34%	41%
Prices:High	49.88	58.98	92.13	86.83	63.62	57.46	44.90	33.31	28.50	35.13
Prices:Low	16.78	38.41	41.23	58.74	51.13	41.77	30.92	23.04	18.92	19.38
P/E Ratio:High	13	14	22	22	27	41	16	28	11	16
P/E Ratio:Low	4	9	10	15	22	30	11	19	7	9

Income Statement Analysis (Million \$)

Revenue	18,644	17,318	18,859	18,916	15,655	15,357	14,515	15,812	14,955	15,140
Depreciation	2,943	2,601	2,308	1,520	1,487	1,334	1,305	1,126	1,340	1,449
Maintenance	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Fixed Charges Coverage	NA	7.08	5.88	6.03	5.19	4.88	3.94	2.19	3.56	2.98
Construction Credits	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Effective Tax Rate	NA	38.8%	32.7%	34.7%	43.1%	49.8%	27.5%	29.4%	37.4%	39.7%
Net Income	2,563	2,706	2,717	2,726	1,590	951	1,841	793	1,670	1,416
S&P Core Earnings	2,700	2,865	2,197	2,656	2,358	2,035	1,865	1,142	1,062	962

Balance Sheet & Other Financial Data (Million \$)

Gross Property	NA	36,364	34,055	31,964	30,025	29,853	28,711	27,578	25,904	21,526
Capital Expenditures	3,326	3,273	3,117	2,674	2,418	2,165	1,921	1,954	2,150	2,041
Net Property	NA	27,341	25,813	24,153	22,775	21,981	21,482	20,630	17,134	13,742
Capitalization:Long Term Debt	NA	11,472	12,679	12,052	11,998	11,760	12,235	13,576	14,580	13,492
Capitalization:% Long Term Debt	46.1	47.6	53.5	54.3	54.6	56.3	56.5	61.5	65.3	62.1
Capitalization:Preferred	NA	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Capitalization:% Preferred	NA	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Capitalization:Common	13,560	12,640	11,047	10,137	9,973	9,125	9,423	8,503	7,742	8,230
Capitalization:% Common	NA	52.4	46.6	45.7	45.4	43.7	43.5	38.5	34.7	37.9
Total Capital	26,253	25,166	24,074	27,270	27,395	25,964	26,463	26,724	26,325	26,341
% Operating Ratio	NA	82.5	78.9	83.0	80.3	80.5	81.1	82.2	73.1	83.9
% Earned on Net Property	NA	17.9	21.2	19.9	15.7	12.5	16.3	11.4	21.3	25.2
% Return on Revenue	13.8	15.6	14.4	14.4	10.2	6.2	12.7	5.0	11.2	9.4
% Return on Invested Capital	NA	14.1	15.1	13.5	12.1	11.4	10.3	10.2	10.2	9.8
% Return on Common Equity	19.6	22.9	25.7	27.1	16.7	10.2	20.5	9.8	21.1	18.3

Morningstar 4/29/11
Exelon Corporation EXC [NYSE] | ★★★★★

Last Price	Fair Value	Consider Buy	Consider Sell	Uncertainty	Economic Moat™	Stewardship	Morningstar Credit Rating	Industry
42.09 USD	64.00 USD	44.80 USD	89.60 USD	Medium	Wide	B	BBB+	Utilities - Diversified

Deutsche Bank 4/27/11

Fiscal year end 31-Dec	2008	2009	2010	2011E	2012E	2013E
Financial Summary						
DB EPS (USD)	4.20	4.12	4.06	4.10	2.95	3.00
Reported EPS (USD)	4.20	4.12	4.06	4.10	2.95	3.00
DPS (USD)	2.10	2.10	2.10	2.10	2.10	2.10
BVPS (USD)	16.79	19.18	20.50	22.60	23.56	24.57
Valuation Metrics						
Price/Sales (x)	2.5	1.9	1.5	1.5	1.7	1.6
P/E (DB) (x)	17.5	12.0	10.4	10.1	14.1	13.8
P/E (Reported) (x)	17.5	12.0	10.4	10.1	14.1	13.8
P/BV (x)	3.3	2.5	2.0	1.8	1.8	1.7
FCF yield (%)	7.1	8.7	6.8	nm	0.4	1.1
Dividend yield (%)	2.9	4.3	5.0	5.1	5.1	5.1
EV/Sales	2.8	2.1	1.7	1.8	2.1	2.1
EV/EBITDA	8.1	5.3	4.7	5.4	6.8	6.7
EV/EBIT	10.6	7.2	6.7	6.7	9.2	9.1
Income Statement (USDm)						
Sales	19,104	17,431	18,668	18,135	16,683	17,208
EBITDA	6,726	6,786	6,798	6,132	5,094	5,362
EBIT	5,092	4,984	4,801	4,899	3,754	3,915
Pre-tax profit	4,351	4,337	4,245	4,260	3,066	3,122
Net income	2,781	2,723	2,688	2,722	1,968	2,007
Cash Flow (USDm)						
Cash flow from operations	6,551	6,094	5,244	4,116	4,381	4,252
Net Capex	-3,117	-3,273	-3,326	-4,206	-4,275	-3,950
Free cash flow	3,434	2,821	1,918	-90	107	302
Equity raised/(bought back)	-306	42	0	89	112	112
Dividends paid	-1,335	-1,385	-1,389	-1,395	-1,400	-1,404
Net inc/(dec) in borrowings	-576	-551	-391	1,073	1,150	1,275
Other investing/financing cash flows	-257	-188	-536	-226	-200	-200
Net cash flow	960	739	-398	-549	-231	85
<i>Change in working capital</i>	<i>414</i>	<i>-543</i>	<i>-1,659</i>	<i>-2,098</i>	<i>0</i>	<i>0</i>
Balance Sheet (USDm)						
Cash and cash equivalents	1,271	2,010	1,614	1,063	832	917
Property, plant & equipment	25,813	27,341	29,941	32,675	35,610	38,113
Goodwill	2,625	2,625	2,625	2,625	2,625	2,625
Other assets	18,108	17,204	18,062	17,715	17,715	17,715
Total assets	47,817	49,180	52,242	54,078	56,782	59,370
Debt	13,151	12,594	12,828	13,901	15,051	16,326
Other liabilities	23,532	23,859	25,767	25,113	25,987	26,584
Total liabilities	36,683	36,453	38,595	39,014	41,038	42,910
Total shareholders' equity	11,134	12,727	13,647	15,064	15,744	16,460
<i>Net debt</i>	<i>11,880</i>	<i>10,584</i>	<i>11,214</i>	<i>12,838</i>	<i>14,219</i>	<i>15,409</i>
Key Company Metrics						
Sales growth (%)	-0.3	-8.8	7.1	-2.9	-8.0	3.1
DB EPS growth (%)	-2.8	-2.0	-1.4	0.9	-27.9	1.7
Payout ratio (%)	49.7	50.8	51.7	51.1	70.9	69.7
EBITDA Margin (%)	35.2	38.9	36.4	33.8	30.5	31.2
EBIT Margin (%)	26.7	28.6	25.7	27.0	22.5	22.7
ROE (%)	26.3	23.0	20.5	19.1	12.8	12.5
Net debt/equity (%)	106.7	83.2	82.2	85.2	90.3	93.6
Net interest cover (x)	6.1	6.9	6.7	6.4	4.6	4.4
DuPont Analysis						
EBIT margin (%)	26.7	28.6	25.7	27.0	22.5	22.7
x Asset turnover (x)	0.4	0.4	0.4	0.3	0.3	0.3
x Financial cost ratio (x)	0.8	0.9	0.9	0.8	0.8	0.8
x Tax and other effects (x)	0.7	0.6	0.7	0.7	0.7	0.7
= ROA (post tax) (%)	5.9	5.6	5.3	5.1	3.6	3.5
x Financial leverage (x)	4.4	4.1	3.9	3.7	3.6	3.6
= ROE (%)	26.3	23.0	20.5	19.1	12.8	12.5
<i>annual growth (%)</i>	<i>-9.5</i>	<i>-12.4</i>	<i>-10.8</i>	<i>-7.0</i>	<i>-32.6</i>	<i>-2.5</i>
x NTA/share (avg) (x)	16.0	17.9	19.8	21.5	23.0	24.0
= Reported EPS	4.20	4.12	4.06	4.10	2.95	3.00
<i>annual growth (%)</i>	<i>-2.8</i>	<i>-2.0</i>	<i>-1.4</i>	<i>0.9</i>	<i>-27.9</i>	<i>1.7</i>

Source: Company data, Deutsche Bank estimates

April 14, 2011 (40.19) Morningstar notes from April edition of Stock Investor

1. Thinks management is one of the best in the utility industry.
2. 5* rating, FV \$67, consider buy \$46.90, consider sell \$93.80, P/E 10.5, Projected Yield 5.2%, P/CF 5.2.
3. Largest nuclear plant operator in USA. Produces low cost electricity, with minimal greenhouse emissions. This should provide shareholder value over the years. Costs should remain low, since uranium and supplies are abundant.
4. Nuclear plants take 7 years to build. This gives existing operators an effective monopoly.
5. 11 nuclear plants in Midwest and Mid-Atlantic generate 17% of U.S. Nuclear power and almost 4% of all U.S. electricity consumed.
6. Annual FCF is > \$1B or (\$1.50 per share).
7. Company is hoarding cash, focused on preserving its dividend and investment grade credit rating.
8. Indirectly leveraged to natural gas prices.

March 24, 2011 (41.01) Notes to Conference Call on Japan situation

Exelon claims their plants are safer than Japan's and have safeguards that Japan did not have. Claims the reason there are few new builds in USA is due to economics and not safety.

"But it appears thus far that the most important differentiating factor is the important equipment at the Japanese plant was not protected from these events, unlike our plants, where emergency diesel oil tanks are buried underground or in enclosed vaults."

December 22, 2010 (41.35)

One analyst wrote that, maintaining investment grade credit rating is "the most important constraint on its ability to pay the dividend." Company indicated in October it is more apt to adjust capex plans, rather than issue equity to maintain credit rating or dividend.

Morningstar - 12/9/10 Fair Value \$67. Wide moat, BBB+ credit rating.

Argus – 10/26/10 – Target of \$51. EPS est \$3.85 2010, \$4.15 2011.

"continues to improve operating performance in all business segments." Believes dividend is secure.

S&P - 10/26/10 – Target of \$49. EPS est of \$3.98 2010, \$4.14 2011. S&P Credit rating BBB.

Morgan Stanley – 10/26/10 – Target of \$43. EPS est of \$4.05 2010, \$4.25 2011. They project 2012 eps of \$2.90, whereas consensus per their report is \$3.16. Correlated to Natural Gas prices. Comprises 7.3% of XLU.

BAC Merrill Lynch – 10/25/10 - Target of \$38. EPS est of \$3.98 2010, \$4.04 2011, and \$3.08 2012. Rated “Underperform.” Thinks earnings power will fall nearly 20% in 2011-2013.

Table 12: Exelon (EXC)

<u>Financial Summary</u>	2010E	2011E	2012E	2013E
EPS	\$3.98	\$4.04	\$3.08	\$3.12
Mark to Market EPS	\$3.98	\$4.05	\$3.07	\$3.16
Open Earnings Mark to Market	\$3.69	\$2.63	\$2.49	\$3.01
 <u>Generation EBITDA</u>				
Generation EBITDA	\$3,466	\$3,788	\$2,635	\$2,686
Mark to Market EBITDA	\$3,467	\$3,800	\$2,615	\$2,725
Open EBITDA Mark to Market	\$2,823	\$2,294	\$2,032	\$2,602
 <u>Sensitivities</u>				
EPS Sensitivity: \$5 Power Change	\$0.00	\$0.07	\$0.28	\$0.75
% Change	0%	2%	9%	24%
EPS Sensitivity: \$1 Nat Gas Change	\$0.00	\$0.09	\$0.39	\$1.12
% Change	0%	2%	13%	36%
 <u>Hedges</u>				
% Overall Power Hedged	99%	89%	64%	10%
Capacity Payments (\$MM)	\$622	\$986	\$620	\$714
 <u>Valuation Metrics</u>				
P/E Current	10.0x	9.9x	13.0x	12.8x
P/E MTM	10.0x	9.9x	13.1x	12.7x
P/E Open MTM	10.9x	15.2x	16.1x	13.3x

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