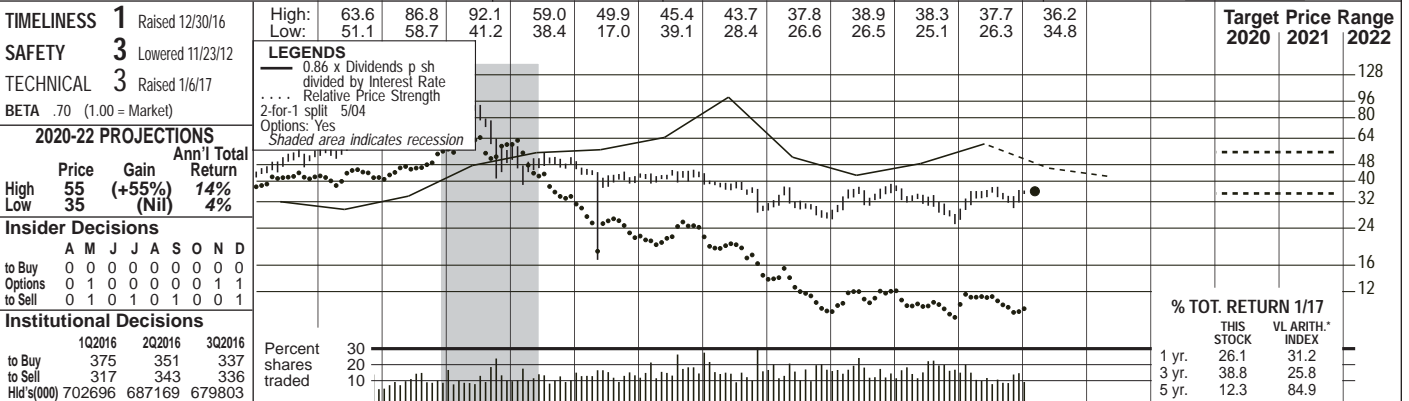


# EXELON CORP. NYSE-EXC

RECENT PRICE **35.81** P/E RATIO **14.0** (Trailing: 20.0 Median: 15.0) RELATIVE P/E RATIO **0.72** DIV'D YLD **3.7%** VALUE LINE



2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	© VALUE LINE PUB. LLC	20-22
23.58	23.13	24.09	21.85	23.05	23.37	28.62	28.65	26.25	28.17	28.53	27.48	29.03	31.90	32.01	33.90	33.10	34.15	Revenues per sh	37.00
5.06	5.03	5.06	5.68	6.19	6.71	7.43	7.64	8.25	8.32	7.23	6.61	6.72	6.61	6.80	7.85	8.70	9.05	"Cash Flow" per sh	10.00
2.20	2.40	2.44	2.75	3.21	3.50	4.03	4.10	4.29	3.87	3.75	1.92	2.31	2.10	2.54	1.80	2.65	2.80	Earnings per sh <sup>A</sup>	3.50
.91	.88	.96	1.26	1.60	1.64	1.82	2.05	2.10	2.10	2.10	2.10	1.46	1.24	1.24	1.26	1.29	1.32	Div'd Decl'd per sh <sup>B</sup>	1.70
3.18	3.33	2.98	2.89	3.25	3.61	4.05	4.74	4.96	5.03	6.09	6.77	6.29	7.07	8.29	9.25	7.35	6.40	Cap'l Spending per sh	5.75
12.82	11.97	12.95	14.19	13.69	14.89	15.34	16.78	19.16	20.49	21.68	25.07	26.52	26.29	28.04	27.90	29.60	31.55	Book Value per sh <sup>C</sup>	36.75
642.01	646.63	656.37	664.19	666.37	669.86	660.88	658.15	659.76	661.85	663.37	854.78	857.29	859.83	919.92	925.00	956.00	959.00	Common Shs Outst'g <sup>D</sup>	968.00
13.2	10.5	11.8	13.0	15.4	16.5	18.2	18.0	11.5	11.0	11.3	19.1	13.4	16.0	12.6	18.7	18.7	18.7	Avg Ann'l P/E Ratio	13.0
.68	.57	.67	.69	.82	.89	.97	1.08	.77	.70	.71	1.22	.75	.84	.63	.98	.98	.98	Relative P/E Ratio	.80
3.1%	3.5%	3.4%	3.5%	3.2%	2.8%	2.5%	2.8%	4.3%	4.9%	5.0%	5.7%	4.7%	3.7%	3.9%	3.7%	3.7%	3.7%	Avg Ann'l Div'd Yield	3.8%

**CAPITAL STRUCTURE as of 9/30/16**  
**Total Debt \$36051 mill. Due in 5 Yrs \$12658 mill.**  
**LT Debt \$32972 mill. LT Interest \$1273 mill.**  
 Includes \$642 mill. nonrecourse transition bonds. (LT interest earned: 4.1x)  
**Leases, Uncapitalized** Annual rentals \$133 mill.  
**Pension Assets-12/15** \$14347 mill. **Oblig** \$17753 mill.  
**Pfd Stock** None  
**Common Stock** 923,270,314 shs.  
**MARKET CAP: \$33 billion (Large Cap)**

	2013	2014	2015
% Change Retail Sales (KWH)	-5	-7	-1.0
Avg. Indust. Use (MWH)	NA	NA	NA
Avg. Indust. Revs. per KWH (¢)	NMF	NMF	NMF
Capacity at Peak (Mw)	NA	NA	NA
Peak Load (Mw)	NA	NA	NA
Nuclear Capacity Factor (%)	94.1	94.3	NA
% Change Customers (yr-end)	+6	+6	+1.1

ANNUAL RATES	Past 10 Yrs.	Past 5 Yrs.	Est'd '13-'15
of change (per sh)			to '20-'22
Revenues	3.0%	2.5%	2.5%
"Cash Flow"	1.5%	-3.5%	6.0%
Earnings	-2.0%	-10.5%	5.0%
Dividends	0.5%	-9.0%	4.0%
Book Value	7.0%	7.5%	4.0%

Cal-endar	QUARTERLY REVENUES (\$ mill.)				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2014	7237	6024	6912	7256	27429
2015	8830	6514	7401	6702	29447
2016	7573	6910	9002	7875	31360
2017	7950	7100	8800	7800	31650
2018	8350	7400	9000	8000	32750

Cal-endar	EARNINGS PER SHARE <sup>A</sup>				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2014	.10	.68	.96	.35	2.10
2015	.80	.74	.69	.33	2.54
2016	.26	.45	.76	.32	1.80
2017	.70	.66	.87	.42	2.65
2018	.74	.70	.90	.46	2.80

Cal-endar	QUARTERLY DIVIDENDS PAID <sup>B</sup>				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2013	.525	.31	.31	.31	1.46
2014	.31	.31	.31	.31	1.24
2015	.31	.31	.31	.31	1.24
2016	.31	.318	.318	.318	1.26
2017					

**BUSINESS:** Exelon Corporation is a holding company for Commonwealth Edison, PECO Energy, Baltimore Gas and Electric, Pepco, Delmarva Power, & Atlantic City Electric. Has 8.6 mill. elec., 1.3 mill. gas customers. Has nonregulated generating & electric-marketing ops. Acq'd Constellation Energy 3/12; Pepco Holdings 3/16. Elec. rev. breakdown: res'l, 63%; small comm'l & ind'l, 23%; large comm'l & ind'l, 13%; other, 1%. Generating sources: nuclear, 68%; other, 8%; purch., 24%. Fuel costs: 44% of revs. '15 depr. rates: 2.8%-3.5% elec., 2.2% gas. Has 34,000 empls. Chairman: Mayo A. Shattuck III. Pres. & CEO: Christopher M. Crane. Inc.: PA. Address: 10 S. Dearborn St., P.O. Box 805379, Chicago, IL 60680-5379. Tel.: 312-394-7398. Internet: www.exeloncorp.com.

**Exelon will benefit from a new law in Illinois.** Low electric prices (a result of low prices of natural gas) and subsidies for wind power had made the company's nuclear plants in the state unprofitable, so management had intended to shut the three units unless a law was passed that would provide subsidies to them. This law will take effect at the start of June. Despite this, we have cut our 2017 earnings estimate by \$0.15 a share, to \$2.65, because unfavorable conditions in the power markets are affecting the rest of Exelon's merchant generating units.

**A similar law in New York is facing legal challenges.** Another company, Entergy, had planned to shut a nuclear unit there until the law was enacted. Instead, Exelon will buy the 838-megawatt facility for \$110 million. The new law will boost Exelon's profits by \$0.08-\$0.10 a share, and the plant purchase will contribute another \$0.02-\$0.08—provided the legal challenges are decided in the company's favor.

**The enactment of these laws shows that conditions in the power markets are unfavorable for owners of merchant generating plants.** This has per-

sisted since early this decade, and explains why Exelon's profits are well below their level several years ago. This also explains why the company has placed increased emphasis on its regulated utility business in recent years, most notably by acquiring Pepco Holdings last March. Costs associated with this purchase hurt the bottom line in 2016.

**The utilities that came with the Pepco purchase are awaiting rate orders.** They are underearning their allowed returns on equity by a wide margin. Pepco is seeking an \$82.1 million increase in Washington, DC. Delmarva requested electric and gas raises of \$62.8 million and \$21.5 million, respectively, in Delaware and an electric boost of \$57.0 million in Maryland. Each application is based on a 10.6% ROE. Rate relief should benefit earnings this year and next.

**This timely stock has a dividend yield that is about equal to the utility average.** We think dividend growth will accelerate over the 3- to 5-year period, thanks to a low payout ratio. This should produce a respectable long-term total return.

*Paul E. Debbas, CFA February 17, 2017*

(A) Diluted eps. Excl. nonrec. gain (losses): '03, (\$1.06); '05, (\$1.85); '06, (\$1.15); '09, (20c); '12, (50c); '13, (31c); '14, 23c; '16, (58c). '14-'16 EPS don't add due to rounding or chg. in shs. Next eps. report due early May. (B) Div'ds paid in early Mar., June, Sept., & Dec. (C) Div'd reinv. plan avail. (D) In mill., adj. for split. (E) Rate all'd on com. eq. in IL in '15: 9.25%; in MD in '16: 9.75% elec., 9.65% gas; in NJ in '16: 9.75%; earn. on avg. com. eq., '15: 9.4%. Reg. Clim.: PA, NJ Avg.; IL, MD, Below Avg.

Company's Financial Strength	B++
Stock's Price Stability	85
Price Growth Persistence	5
Earnings Predictability	60

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