Constellation

# Investor Presentation

March 2022

# Cautionary Statements Regarding Forward-Looking Information

This presentation contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that are subject to risks and uncertainties. Words such as "could," "may," "expects," "anticipates," "will," "targets," "goals," "projects," "intends," "plans," "believes," "seeks," "estimates," "predicts," and variations on such words, and similar expressions that reflect our current views with respect to future events and operational, economic, and financial performance, are intended to identify such forward-looking statements.

The factors that could cause actual results to differ materially from the forward-looking statements made by Constellation Energy Corporation (Constellation) include those factors discussed herein, as well as the items discussed in (1) Constellation's 2021 Annual Report on Form 10-K in (a) Part I, ITEM 1A. Risk Factors, (b) Part II, ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, and (c) Part II, ITEM 8. Financial Statements and Supplementary Data: Note 19, Commitments and Contingencies; and (2) other filings made by Constellation with the SEC.

Investors are cautioned not to place undue reliance on these forward-looking statements, whether written or oral, which apply only as of the date of this presentation. Constellation undertakes no obligation to publicly release any revision to its forward-looking statements to reflect events or circumstances after the date of this presentation.



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# Non-GAAP Financial Measures

Constellation reports its financial results in accordance with accounting principles generally accepted in the United States (GAAP). Constellation supplements the reporting of financial information determined in accordance with GAAP with certain non-GAAP financial measures, including:

- *Adjusted EBITDA* represents earnings before interest, taxes, depreciation and amortization, and excludes certain costs, expenses, gains and losses and other specified items, including mark-to-market adjustments from economic hedging activities, decommissioning related activity, asset impairments, certain amounts associated with plant retirements and divestitures, pension and OPEB non-service costs, separation related costs and other items as set forth in the Appendix. Includes nuclear fuel amortization expense.
- *Adjusted operating and maintenance expense* excludes direct cost of sales for certain Constellation and Power businesses, ARO accretion expense from unregulated units and decommissioning costs that do not affect profit and loss, the impact from operating and maintenance expense related to variable interest entities at Constellation, and other items as set forth in the reconciliation in the Appendix
- *Total gross margin* is defined as operating revenues less purchased power and fuel expense, excluding revenue related to decommissioning, gross receipts tax, JExel Nuclear JV, variable interest entities, and net of direct cost of sales for certain Constellation and Power businesses
- *Adjusted cash flows from operations* primarily includes net cash flows from operating activities and Collection of Deferred Purchase Price (DPP) related to the revolving accounts receivable arrangement, which is presented in cash flows from investing activities for GAAP
- *Free cash flows before growth (FCFbg)* is Adjusted cash flows from operations less capital expenditures for maintenance and nuclear fuel, non-recurring capital expenditures related to separation and ERP system implementation, changes in collateral, net merger and acquisitions, and equity investments and other items as forth in Appendix
- *Adjusted operating revenues* exclude the Mark-to-Market impact of economic hedging activities due to the volatility and unpredictability of the future changes in commodity prices
- *Adjusted purchased power and fuel* excludes the Mark-to-Market impact of economic hedging activities due to the volatility and unpredictability of the future changes in commodity prices

Due to the forward-looking nature of some forecasted non-GAAP measures, information to reconcile the forecasted adjusted (non-GAAP) measures to the most directly comparable GAAP measure may not be currently available, as management is unable to project all of these items for future periods



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# Non-GAAP Financial Measures Continued

This information is intended to enhance an investor's overall understanding of period over period financial results and provide an indication of Constellation's baseline operating performance by 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.

These non-GAAP financial measures are not a presentation defined under GAAP and may not be comparable to other companies' presentations. Constellation has provided these non-GAAP financial measures as supplemental information and in addition to the financial measures that are calculated and presented in accordance with GAAP. These non-GAAP measures should not be deemed more useful than, a substitute for, or an alternative to the most comparable GAAP measures provided in the materials presented.

Non-GAAP financial measures are identified by the phrase "non-GAAP" or an asterisk (*). Reconciliations of these non-GAAP measures to the most comparable GAAP measures are provided in the appendices and attachments to this presentation, except for the reconciliation for total gross margin, which appears on slide 41 of this presentation.



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# Constellation: America's Leading Clean Energy Company

## Carbon-Free Generation Fleet:

- #1 provider of carbon-free 24/7 energy in the United States
- Lowest carbon emissions and carbon intensity generator in the United States
- 32,400 MWs of total generating capacity
- ~78 million metric tonnes of carbon avoided through our fleet
- 94.3% capacity factor at nuclear plants
- Ability to extend fleet to 80 years – providing 24/7 carbon-free power through 2050 and beyond

## Industry Leading Customer Business:

- #1 in market share for C&I customers
- #2 retail electricity provider
- #3 in market share for mass market customers
- Top 10 natural gas provider in the U.S
- Serve ¾ of the Fortune 100
- 2 million total customers
- 215 TWhs of load served
- Operate in 48 states and the District of Columbia

## Supporting our Communities:

- Expected to be a Fortune 200 company, based on $17.6 billion in operating revenues in 2020
- Approximately 13,000 employees nationwide
- Investing in local communities through $207 million in local property taxes and $87 million in state payroll taxes
- Employees volunteered nearly 53,000 hours in 2020
- Increasingly diverse workforce, with strong diverse hiring and promotion rates and community workforce development partnerships



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# Constellation's Value Proposition

## Enduring Businesses Ready to Meet the Climate Crisis

- World-Class nuclear operator and largest generator of 24/7 carbon-free firm electricity with ability to extend asset lives
- Largest provider of energy and solutions to commercial and industrial customers
- Strong advocate for, and ideally situated to benefit from, energy policies that drive the transition to carbon-free energy

## Delivering Value for Our Shareholders

- Strong free cash flows, optimized through industry-leading operations, support of carbon-free energy and focus on costs
- Disciplined capital allocation strategy supports strong investment grade balance sheet, growth investment consistent with corporate strategy, and return of capital to owners

## Premier ESG Company

- ~90% carbon-free energy growing to 100% carbon-free by 2040
- Committed to advancing diversity, equity and inclusion in our workplace and communities
- Maintaining the highest standards of corporate governance



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# Our Unique Businesses Give Us a Durable, Competitive Advantage

Constellation is the largest producer of carbon-free electricity in the United States – nearly two times more than the next producer. Our plants provide firm, resilient, reliable, 24/7 power no matter the weather with 18-24 months of fuel on site. Two-thirds of our output is compensated for its carbon-free attributes, and we see bipartisan policy support for continued operation of these assets, which are essential to addressing the climate crisis. With continued supportive policy, we can extend the licenses of our plants to 80 years meaning they can provide reliable energy beyond 2050 while the U.S. rapidly scales up new renewable generation. Given their access to land, transmission and transportation, our plants can serve as flexible carbon-free generation centers where other clean energy production like hydrogen and behind the meter solutions for customers can help balance the grid. All of this is possible through our high-performing, specialized workforce and our world-class management model that drives industry leading operational performance.

Our commercial business delivers nearly 1 in 4 MWhs of electricity to competitive C&I customers in the U.S. – including 3/4 of the Fortune 100. Our strong, long-standing relationships with our customers average 6 years, putting us in the best position to meet the growing demand for customer-driven carbon-free energy and products that allow our customers to meet their own carbon reduction goals.



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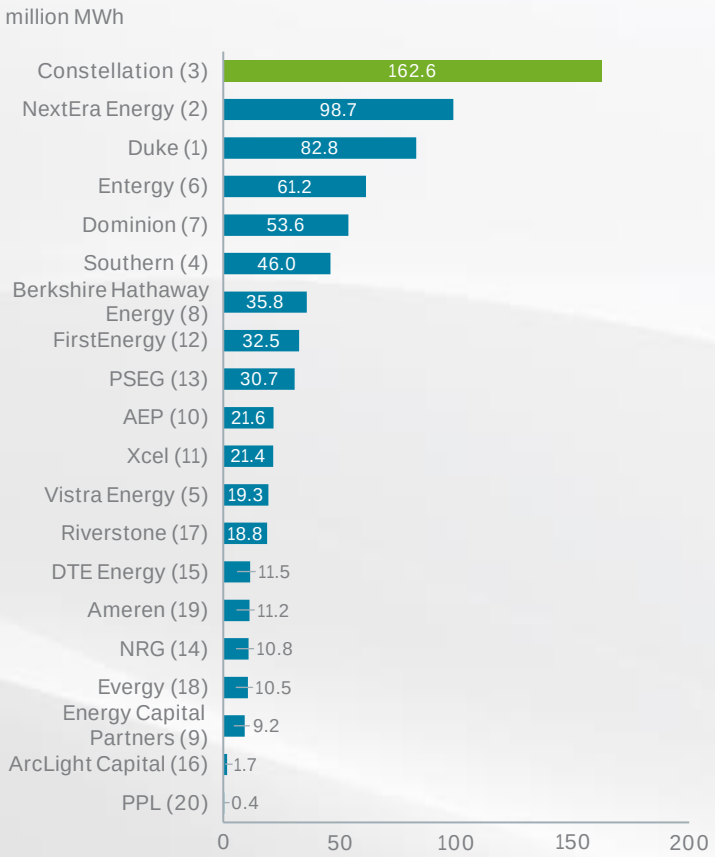
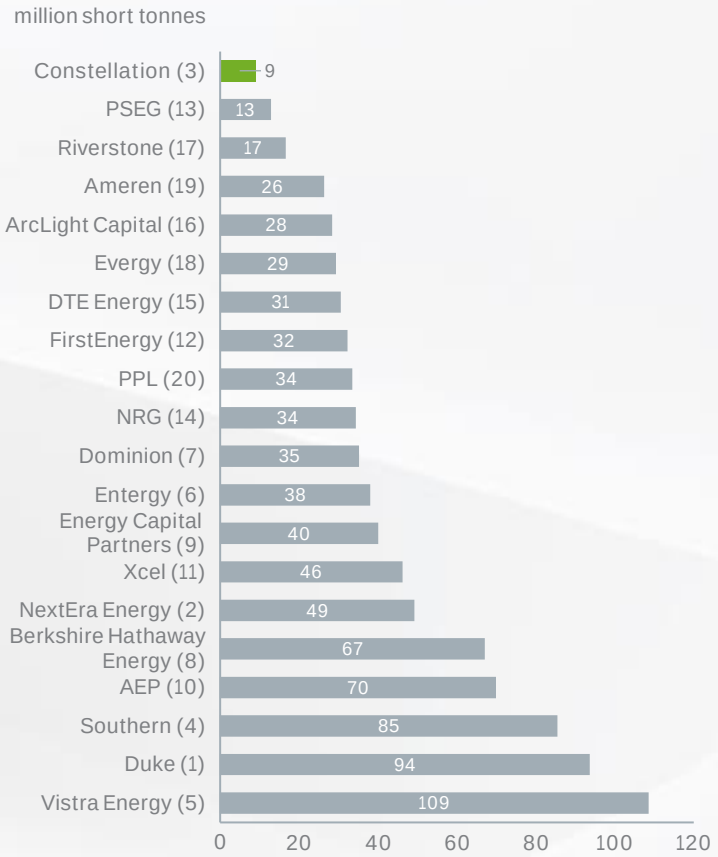
# Constellation is the Largest Producer of Carbon-Free Electricity in the United States

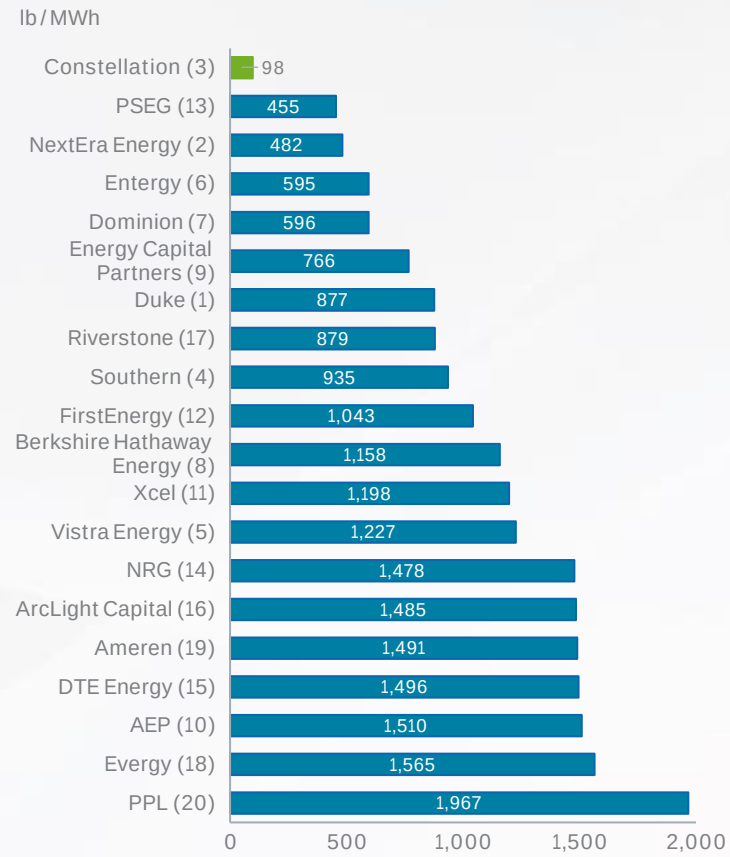
## Largest Producers of Carbon-Free Generation(1,2)




## Lowest $CO_2$ Emissions Among Major Investor-Owned Generators(2)




## Lowest Carbon Intensity Among Major Investor-Owned Generators(2)




## Constellation produces 1 of every 10 MWh of carbon-free electricity in the United States

(1) Reflects 2019 regulated and non-regulated generation. Source: M.J. Bradley & Associates Benchmarking Air Emissions, July 2021; https://www.mjbradley.com/sites/default/files/Presentation_of_Results_2021.pdf

(2) Number in parentheses is the company's ranking among the 20 largest investor-owned producers (total MWh) in 2019, i.e. Constellation was the third largest generator in 2019



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# Firm Nuclear Power Plays a Unique Role in the Fight Against the Climate Crisis


## Firm Carbon-Free

Nuclear power provides firm carbon-free electricity while displacing fossil fuels in applications requiring a continuous power supply

## Resilient

Nuclear power has onsite fuel for 18-24 months, providing resilient and reliable power every season, no matter the weather

## Variable Renewables

Nuclear power can support higher deployment of variable wind and solar generation without the need for backup capacity from fossil fuel generation


## License Renewals

Second license renewals will extend carbon-free production to 80-years – more than 3 times the useful life of renewables and 2 times the useful life of coal



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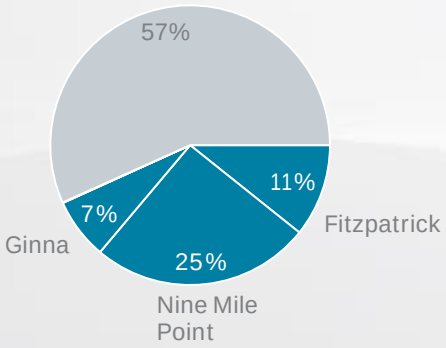
# Constellation's Generation is Essential for States to Meet Carbon-Free Energy Goals

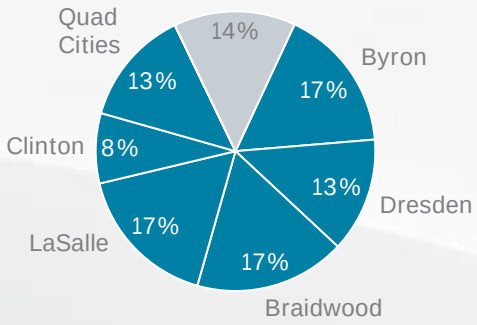
## Constellation's Contribution to Carbon-Free Electricity by State(1)

### New York
100% carbon-free by 2040(3)



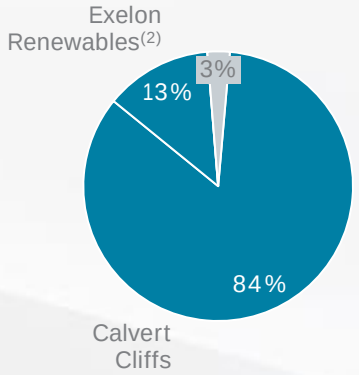

~43%

### Illinois
100% carbon-free by 2045(3)



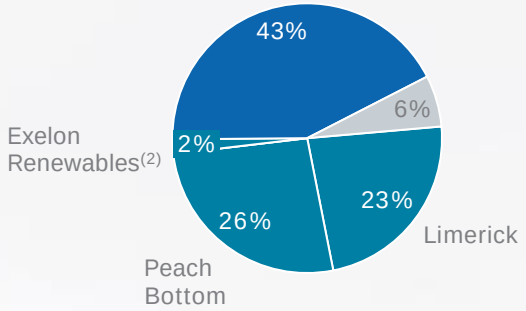

~86%

### Maryland
100% carbon-free by 2040(3)



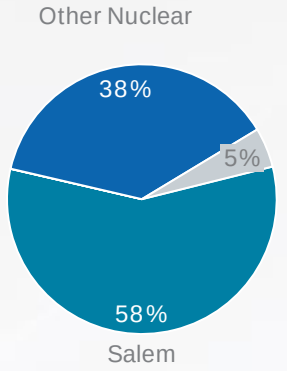

~97%

### Pennsylvania
80% emission reduction by 2050(3)

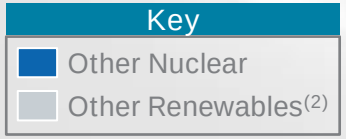



~51%

### New Jersey
100% carbon-free by 2050(3)




~58%




Note: may not sum due to rounding

(1) Source: 2020 U.S. EIA data. Assumes whole unit output of CENG and other partially-owned generation. New York is adjusted to exclude Indian Point Units 2 and 3 to reflect retirements in April 2020 and 2021, respectively.

(2) Renewables include hydroelectric, solar and wind generation; excludes biomass

(3) Reflects clean energy goals as outlined in the state's existing law or goal established by the state's Governor; Reflects Salem's full output and not ownership share



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# **Constellation's Customer Platform Provides Tools to Help Communities,** Families and Businesses Meet Their Sustainability and Carbon Reduction Targets

### Carbon Footprint

Measures customers' carbon footprint across all locations to develop a plan to lower emissions factors

### Carbon-Free Power

Reduce emissions with renewable energy certificates (RECs) from solar or wind generation and emission-free energy credits (EFECs) from nuclear power

### Carbon Reduction

Reduce Greenhouse emissions through Renewable Natural Gas (RNG), Carbon offsets and Renewable Identification Number (RINs)

### Renewable On-site

Install renewable energy generation on-site to reduce energy costs and carbon emissions

### Renewable Projects

Off-site renewable energy and REC products for customers help them meet their clean energy goals

### Energy Efficiency

Building automation, lighting improvements, electrification solutions, and water conservation



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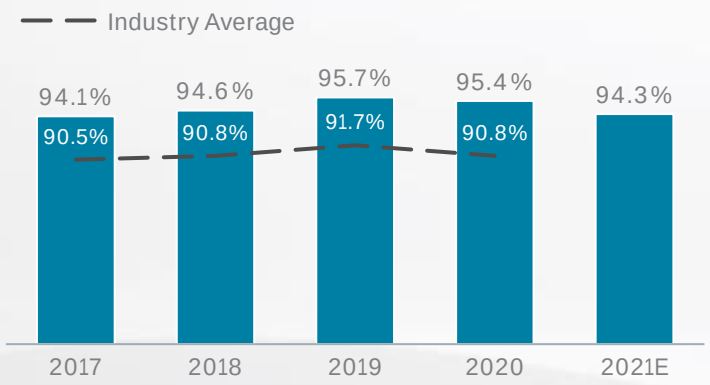
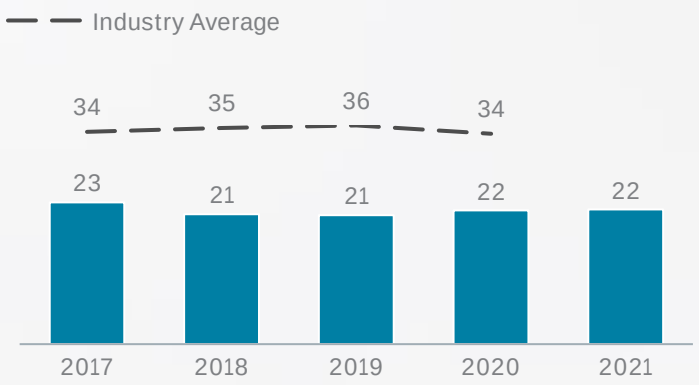
# Best-in-Class Nuclear Operations Resulting in More Carbon-Free Energy

## Nuclear Capacity Factor (%) (1,2,3)




| Ranking Among Major Operators (2-Yr) (4) | |
|---|---|
| 2020 | 1 |
| 2019 | 1 |
| 2018 | 1 |
| 2017 | 1 |
| 2016 | 1 |

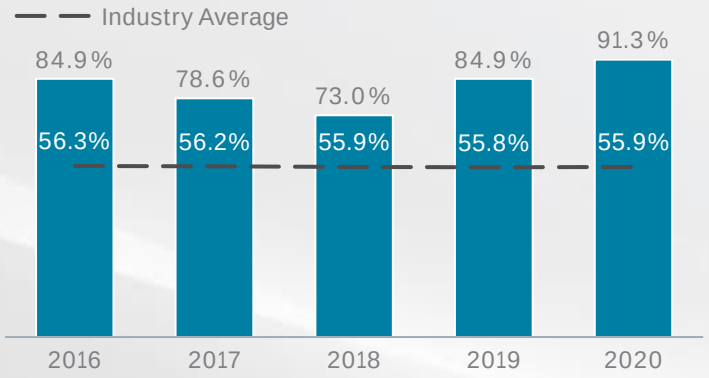
## Average Nuclear Refueling Outage Days (3,5)




| Ranking Among Major Operators (4) | |
|---|---|
| 2020 | 1 |
| 2019 | 1 |
| 2018 | 1 |
| 2017 | 2 |
| 2016 | 1 |

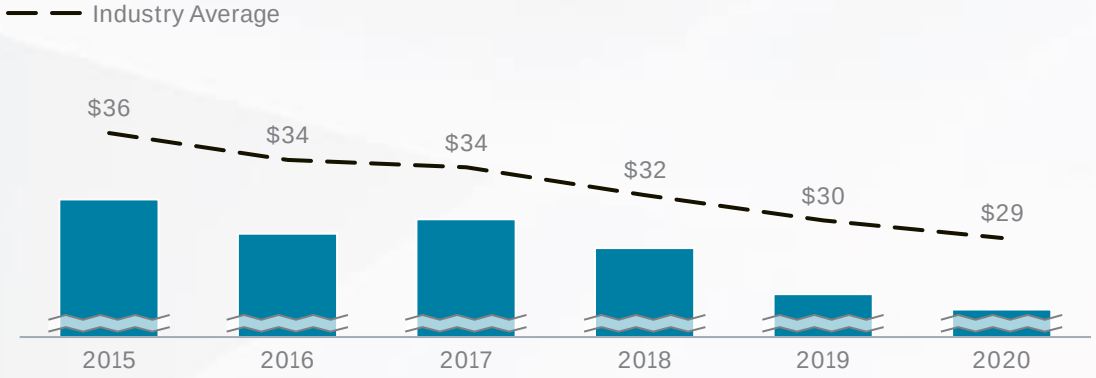
## Nuclear Composite Operational Excellence (6)

*(Total of Rankings of 14 Indicators)*




| Ranking Among Major Operators (4) | |
|---|---|
| 2020 | 1 |
| 2019 | 1 |
| 2018 | 2 |
| 2017 | 1 |
| 2016 | 1 |

## Average Cost ($ / MWh) (7)




Source: Constellation's internal benchmarking report

(1) Reflects Constellation's ownership share of CENG and other partially-owned units. Includes 100% ownership of CENG following closure of EDF Put on August 6, 2021.
(2) 2021 reflects projected production and capacity factor as of November 30, 2021; 2021 Industry Averages were not available at the time of publication
(3) Excludes Salem. Includes FitzPatrick beginning in April 2017 for Capacity Factor and in 2018 for Refueling Outage Days. Constellation and Industry averages reflect Oyster Creek and TMI partial year operation in 2018 and 2019, respectively.
(4) Major nuclear operator is defined as one entity responsible for the operation of at least two sites and comprising of at least four units
(5) Refueling outage values are not ownership adjusted
(6) Composite Operational Excellence Metric consisting of 14 indicators in Production, Cost, and Safety. Value represents the percentage of the maximum available score by ranking of Major Operators across the 14 indicators.
(7) Total Generating Cost ($/MWh) is Fuel Expense, Capital and Total Operating & Maintenance Cost divided by generation output



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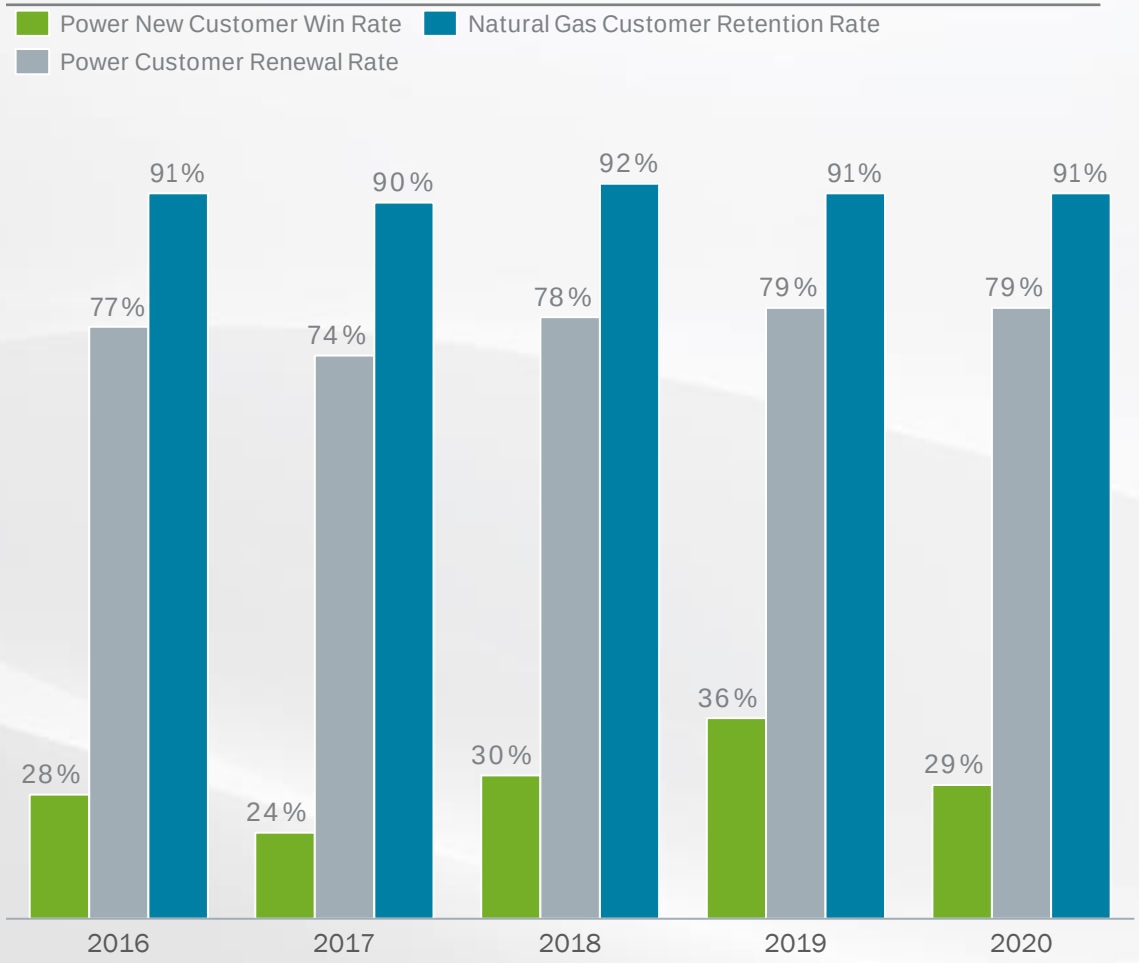
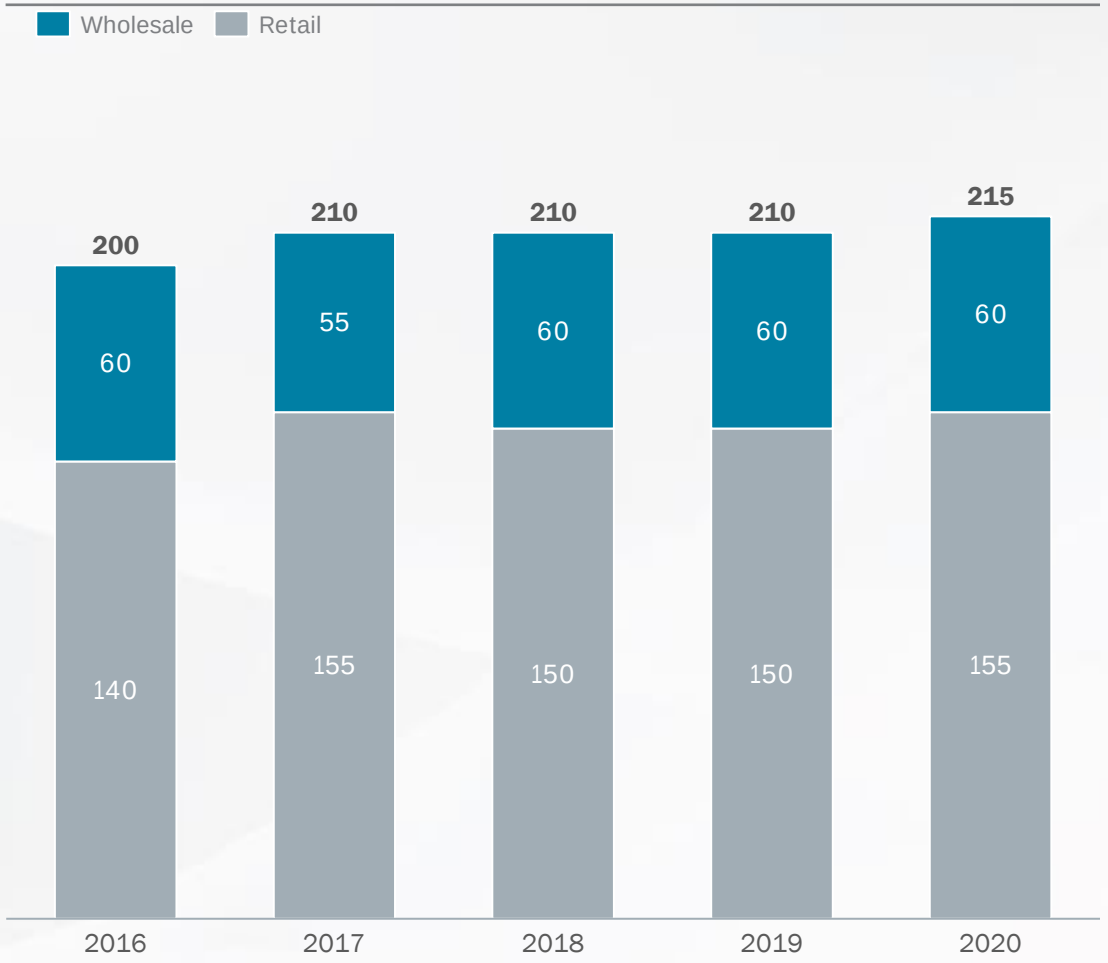
# Leading Customer Operational Metrics Result in Consistent and Repeatable Load

## Leading Customer Operational Metrics




## Consistent Load(1)




(1) Reflects retail load and wholesale load auction volumes as of December 31, 2020. Does not equate to annualized retail load volumes under contract as reported in DNV GL Market Share Landscape.



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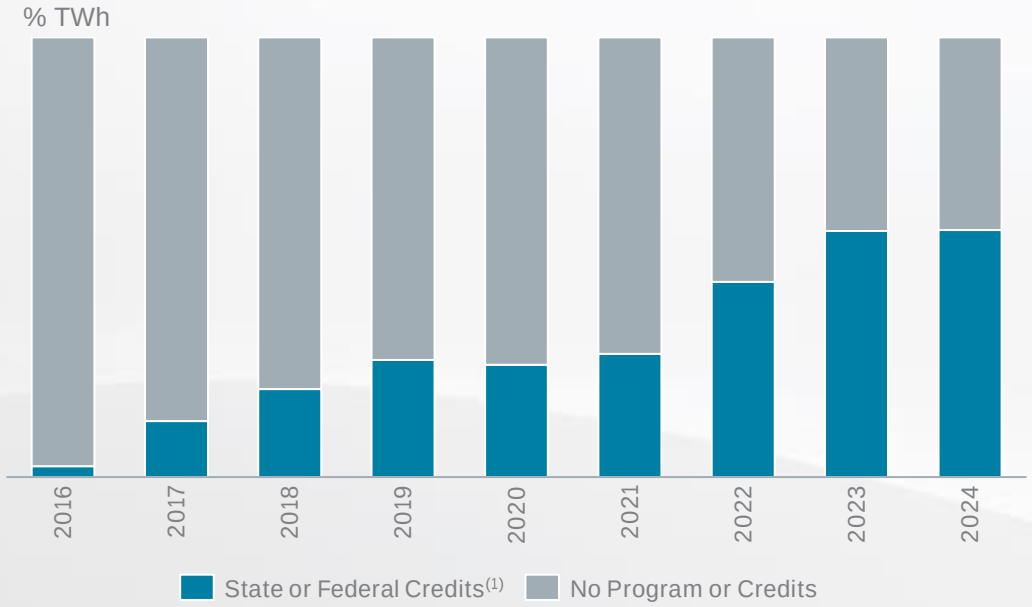
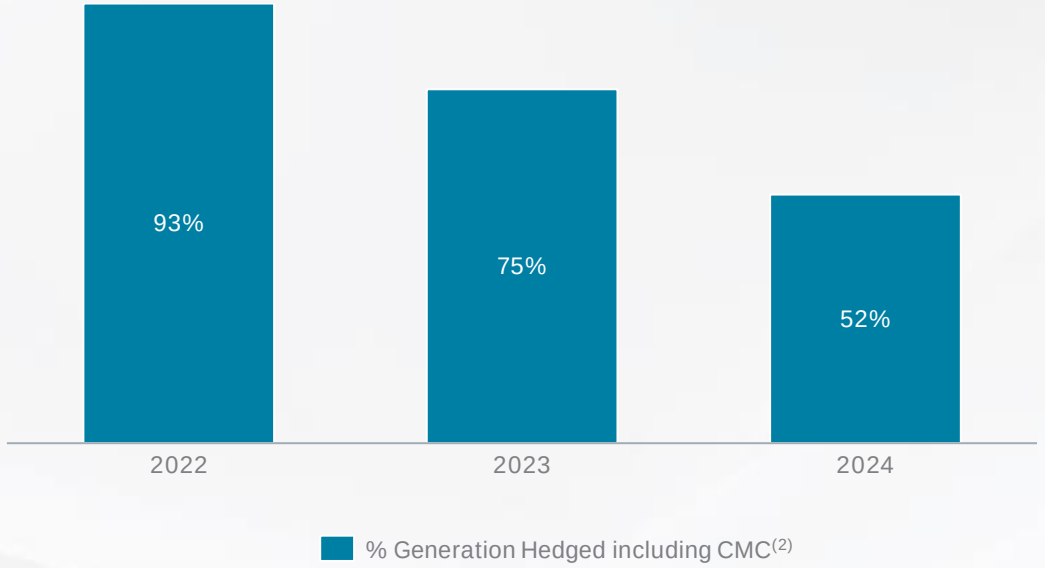
# De-risking Generation Platform through Hedging and Contracted Revenue




Our generation supported by state programs will increase to 56**% of total output by 2023...**

Such that the IL CMC program plus our ratable hedging program on the remaining fleet increases overall generation hedge levels, ultimately providing significant visibility to gross margins over the next 3 years

Gross margin visibility is supported by the IL CMC program, ZEC and capacity revenues, our strong customer supply business, and the ratable hedging program for non-contracted generation

(1) Includes IL, NY, and NJ ZEC programs, IL CMC program, and PTCs for renewables
(2) Hedged percentages as of November 30, 2021
(3) Includes capacity revenues; 23/24 & 24/25 PJM capacity results are based on internal assumptions given PJM has not run the auctions to date



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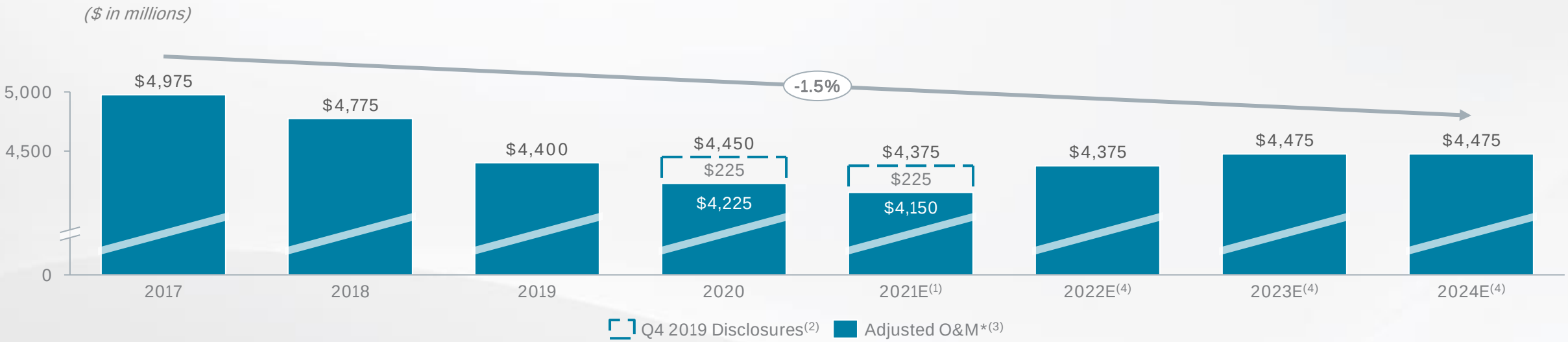
# Cost Management Outpacing Inflation




## Focus on Efficiencies and Cost Management

- Constellation has a proven track record of effective cost management
- Projected to save over $1.4B in inflation-adjusted costs by 2024(5)

**Constellation's focus on efficiencies and cost reduction, while ensuring safety and operational excellence, will support free cash flow generation**

Note: All amounts rounded to the nearest $25M and may not sum due to rounding
(1) 2021 adjusted O&M* is estimated based on November 30, 2021 forecasts. Actual results may vary.
(2) Represents the additional adjusted O&M* disclosed in Q4 2019 Earnings call under normal conditions. 2020 and 2021 O&M spend is lower due to savings achieved to offset impacts of Covid-19 and Texas Weather Event, respectively.
(3) 2017-2021 include adjustments for purposes of comparing to forward-looking measures. Adjustments include reflecting CENG at 100% ownership, ARO accretion expense of unregulated units, and reclass of pension and OPEB non-service costs from O&M in accordance with SEC reporting guidelines that will apply to Constellation post-separation.
(4) Post-separation Constellation will apply single-employer pension accounting, which requires non-service costs to be reclassed out from O&M to Other, Net for SEC reporting purposes. Constellation's non-service costs are anticipated to be in a credit position of $100M, $150M, and $175M in 2022, 2023, and 2024, respectively. Impact is P&L neutral.
(5) Calculated using 2017 actuals and adjusting for annual inflation through 2024 (Source: Federal Reserve Bank of Minneapolis); 2022-2024 assumes inflation rate of 2.5%



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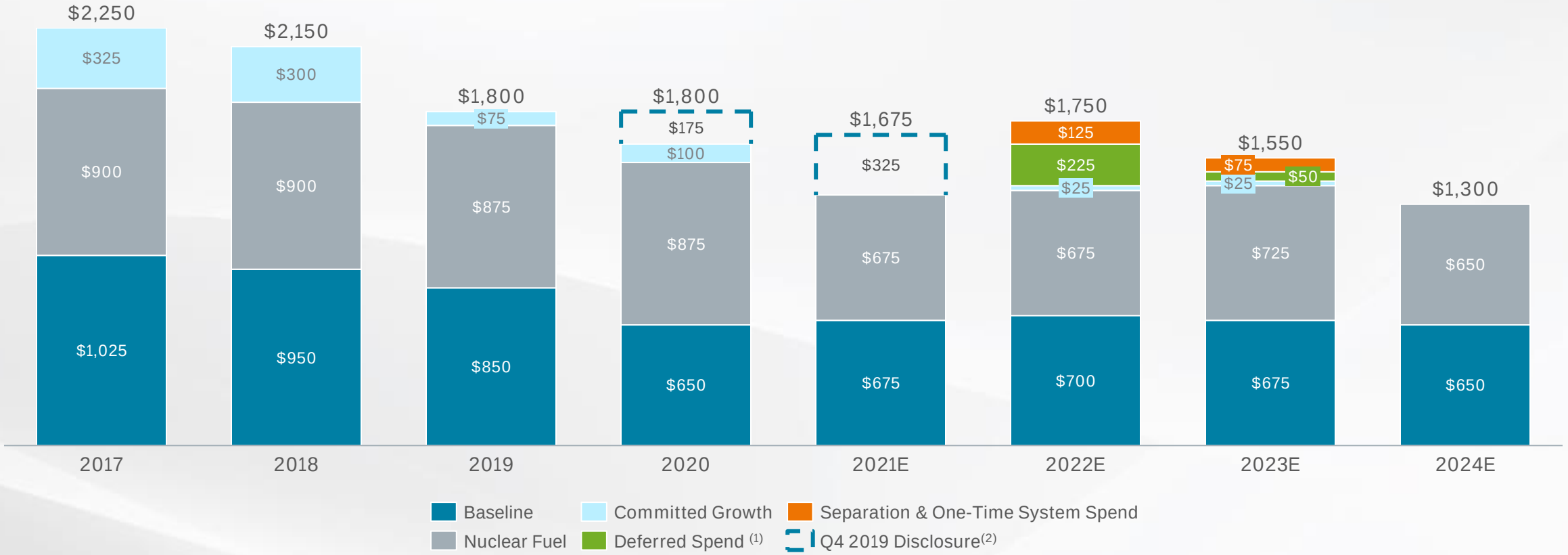
# Carbon-Free Capital Investment Plans

*($ in millions)*




## ~90% of Capital will be Invested in Carbon-Free Over the Next 3 Years(3)

(1) Represents capital expenditures that were deferred due to Covid-19, ERCOT, and Byron and Dresden announcements
(2) Represents the additional capital included in the plan as of Q4 2019 Earnings call, which was prior to announcement of Byron and Dresden retirements
(3) Reflects spend related to nuclear and renewable assets



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# Disciplined Capital Allocation Strategy Designed to Deliver Value for Our Shareholders




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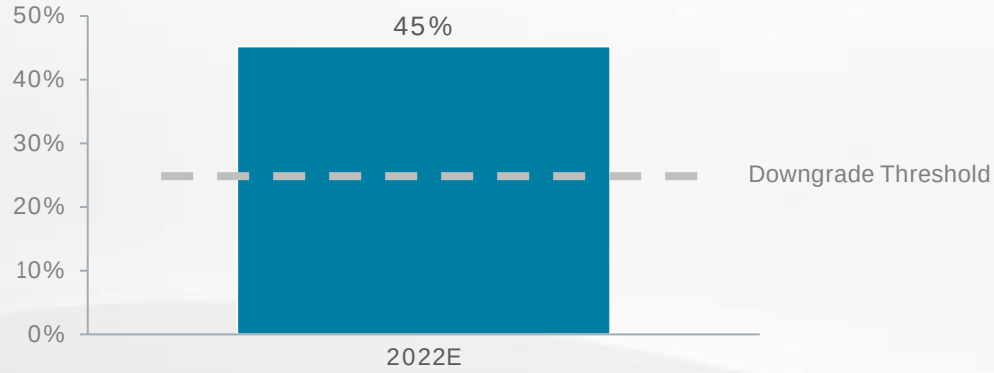
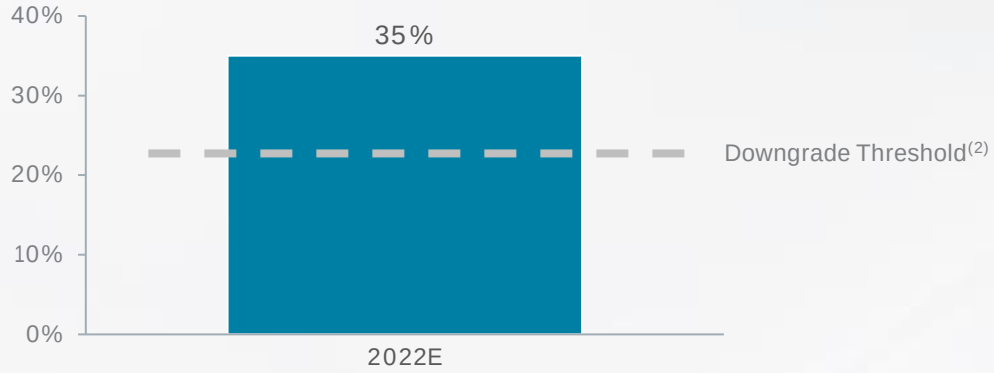
# Maintaining Strong Investment Grade Credit Ratings is a Top Financial Priority

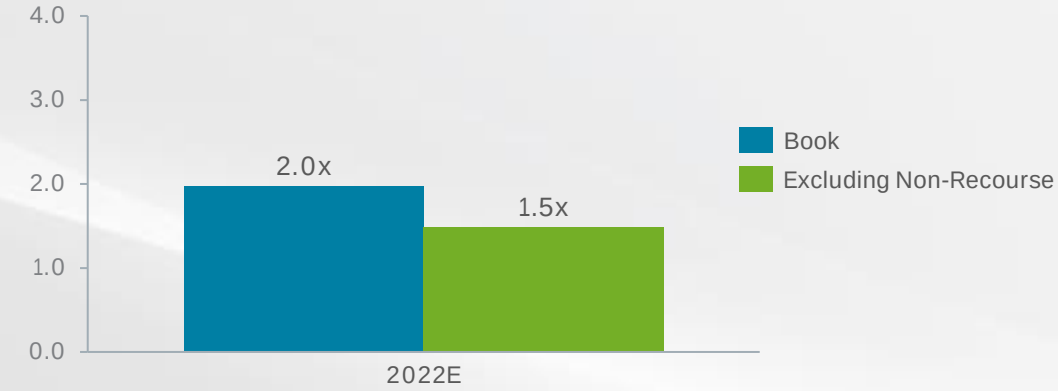
## S&P FFO/Debt (%)*(1)




## Moody's CFO Pre-WC/Debt (%)*(2)




## Debt/Adjusted EBITDA Ratio*(3)




## Constellation Credit Ratings

| | S&P | Moody's |
|---|---|---|
| Issuer Rating | BBB- | Baa2 |
| Short-Term Rating | A-3 | P-2 |

(1) S&P and Moody's anticipated downgrade thresholds post-separation based on their latest published reports for Exelon Generation
(2) Moody's metrics and thresholds account for nuclear fuel as a cash expense
(3) Reflects net book debt (YE debt less cash on hand) / adjusted EBITDA*



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# Growth Opportunities Can Deliver Value for Our Shareholders

We may pursue growth opportunities that provide additional value building on our core businesses or expanding our competitive advantages

- Opportunistic carbon-free energy acquisitions, particularly nuclear plants with supportive policy
- Create new value from the existing fleet through repowering, co-location and other opportunities
- Grow sustainability products and services for our customers focused on clean energy, efficiency, storage and electrification; help our C&I customers develop and meet sustainability targets
- Produce clean hydrogen using our carbon-free fleet
- Engagement with the technology and innovation ecosystem through continued partnerships with national labs, universities, startups, and research institutions
- Explore advanced nuclear technology for investment and participation via advisory services to maintain our leadership position as stewards of a carbon-free energy future



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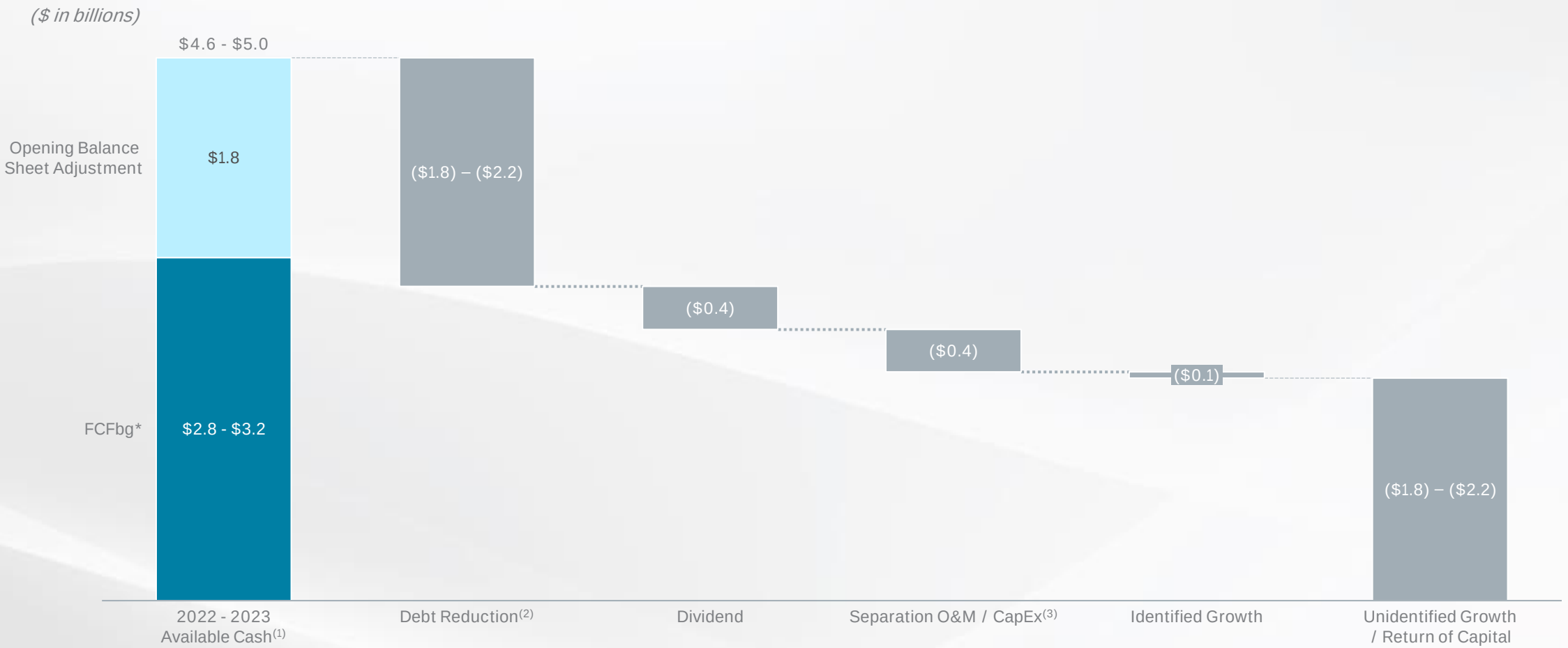
# Available Cash Flow Outlook




(1) Available Cash is a midpoint of a range based on November 30, 2021 market prices
(2) Debt Reduction includes collateral activity
(3) Separation O&M / CapEx includes costs and investments related to separation and multi-year implementation of Enterprise Resource Program (ERP) system



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# Initiating 2022 Guidance




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# ESG Principles are Core to Constellation's Strategy




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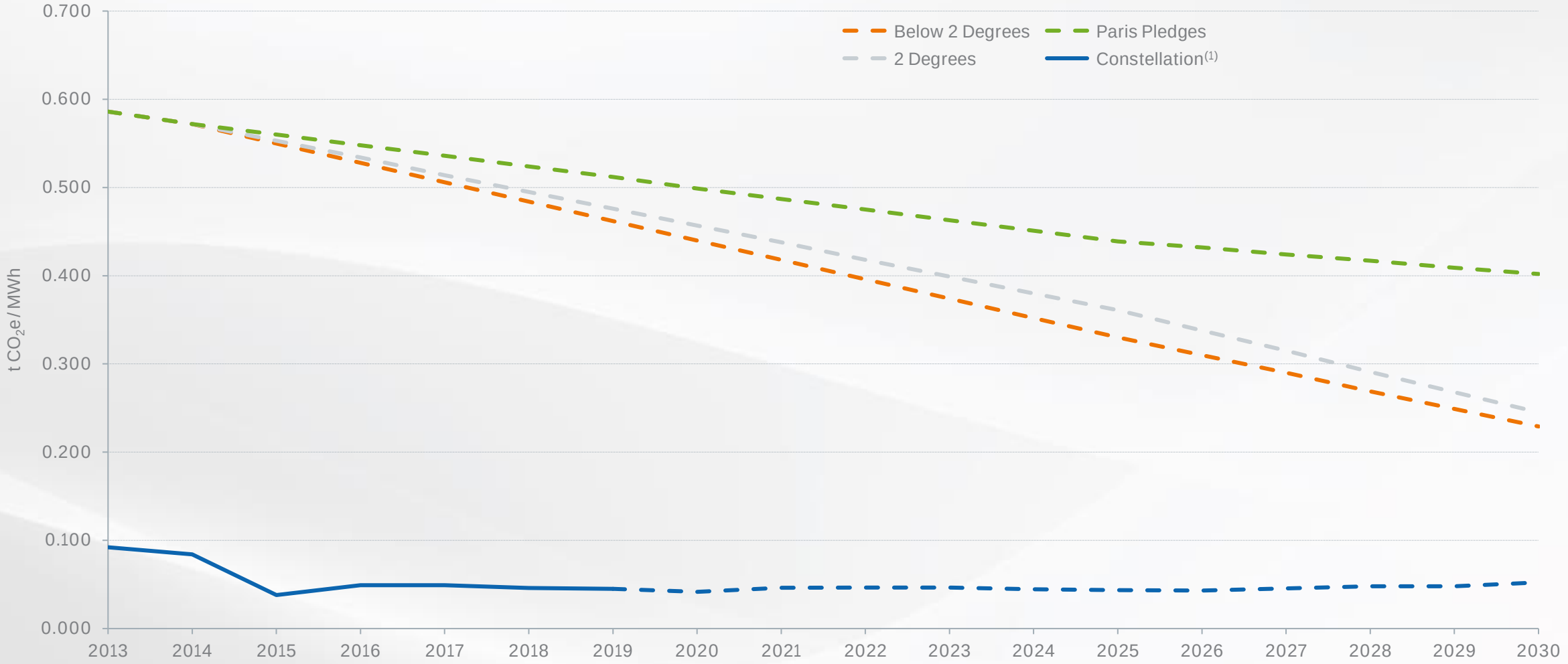
# Constellation's Emissions are Already Significantly Below Paris Climate Agreement Levels




Reflects Transition Pathway Initiative data as of January 20, 2021; https://www.transitionpathwayinitiative.org/tpi/sectors/electricity-utilities

(1) 2020 – 2030 reflects projected emission intensity adjusted for publicly announced fossil retirements



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# Constellation's Climate Commitment

**100%**

Of our owned generation will be carbon-free by 2040

**100%**

Reduction of our operations-driven emissions by 2040[(1)]

**100%**

Of C&I customers provided with specific information about how to meet GHG reduction goals

## ✓ Clean Energy Supply:

- **Clean Electricity Supply:** We commit that our owned generation supply will be **100% carbon-free by 2040**; with an interim goal of **95% carbon-free by 2030** subject to policy support and technology advancements.
- **Operational Emissions Reduction Goal:** We aspire to reduce operations driven emissions by 100% by 2040 subject to technology and policy advancement
  - Interim target to reduce carbon emissions by 65% from 2020 levels by 2030 (through 100% 24/7 clean electric use at our owned facilities by 2030 and 100% electrification of our vehicle fleet) and reduce methane emissions 30% from 2020 by 2030.
  - Constellation commits to reducing methane emissions 30% from 2020 by 2030, aligned with the Administration's global methane pledge
- **Supply Chain Engagement:** Partner with our key energy suppliers on their GHG emissions and climate adaptation strategies

## ✓ Clean Customer Transformation:

- Commit to providing 100% of C&I customers with customer- specific information on their GHG impact for facilities contracting for power and gas supply from Constellation including mitigation opportunities that include 24/7 clean electric use
- Commit to support reductions in customers' gas emissions and a transition to low carbon fuels

## ✓ Technology Enablement and Commercialization:

- Commit to **enable the future technologies and business models needed to drive the clean energy economy** to improve the health and welfare of communities through **venture investing and R&D**. We will **target 25% of these investments to minority and women led businesses** and will require investment recipients to disclose how they engage in equitable employment and contracting practices, using performance as a factor when considering investments

(1) Any emissions that cannot be technologically reduced by that time will be offset; includes all GHGs except methane which is addressed in separate methane reduction goal



Constellation®

# Diversity, Equity and Inclusion is a Core Value at Constellation

## We center our DE&I strategy around three primary values:

- Integrating diversity, equity and inclusion as a business imperative, core value and moral obligation
- Attracting, retaining and advancing employees who will best serve and represent our customers, partners and communities
- Providing a workplace that ensures mutual respect and where each individual has the opportunity to grow and contribute at their greatest potential

## We commit to:

- Disclosing our EEO1 data
- Strengthen diversity recruiting, hiring, retention, development and promotion
- Conduct annual analysis through an independent third party on gender and racial pay equity
- Quarterly CEO review of DE&I dashboard for each business holds leaders accountable for their actions and progress
- Maintain, grow, and continue to invest in programs and partnerships to improve pipeline, support recruiting and retention
- Continue workforce development and internship and scholarship programs and support of 10 employee resource groups with multiple chapters



Constellation®

# Constellation is Committed to Safe Operations and Environmental Performance

## Best Safety Records in the Industry

- Nuclear plants have lowest recordable injury rates of any form of electricity
- INPO evaluates plant and industry safety and reliability
  - Continuous improvement over life of fleet with current performance at highest industry levels
- NRC performance oversight
  - All nuclear generating units operated by Constellation are in the highest performance group

## Strong Safety Culture

- Multiple levels of oversight to ensure continued safety including Safety Peer Group and executive-level Safety Council
- Comprehensive Safety Management Systems (SMS) and targeted initiatives for high-risk areas
- Regular and rigorous training at each of our 12 operated sites, 3 centralized training facilities, and fire academy
- NRC licenses and INPO Instructor Certification Program

## Environmental Performance

- Focus on full compliance with legal requirements utilizing our Environmental Management System (EMS)
- Lowest $NO_X$, $SO_2$ and $CO_2$ among large power producers
- Wildlife Habitat Council Certifications at 16 locations
- 100% of spent nuclear fuel is packaged, numbered, catalogued, tracked and isolated from the environment

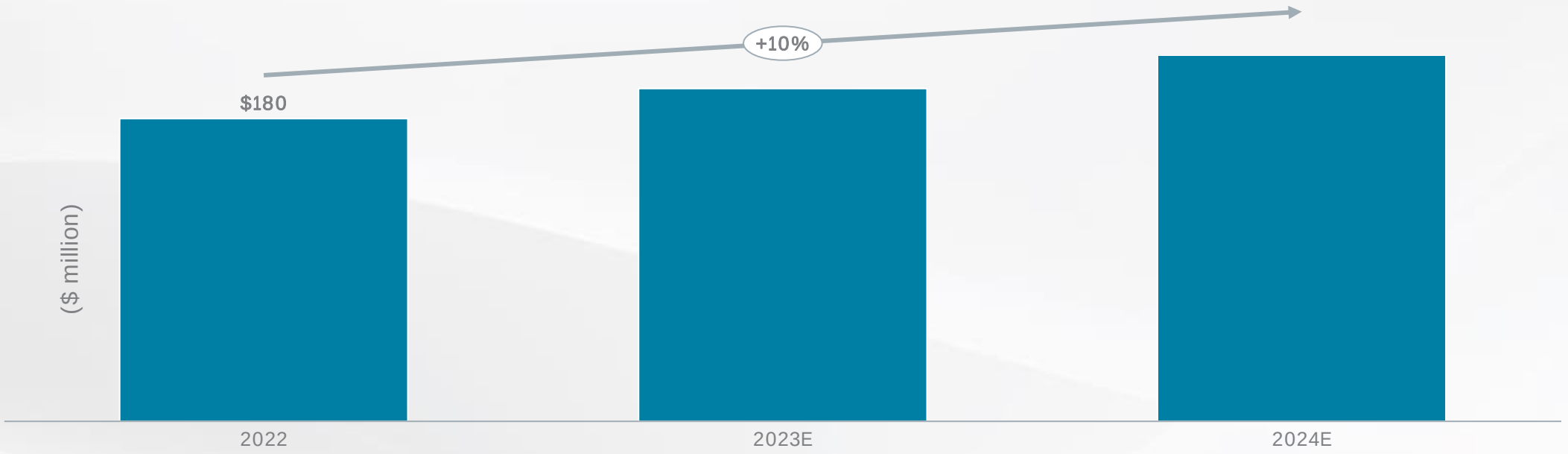


Constellation

Constellation.

# Appendix

# Returning Value to Our Shareholders Through an Annual Dividend[1]

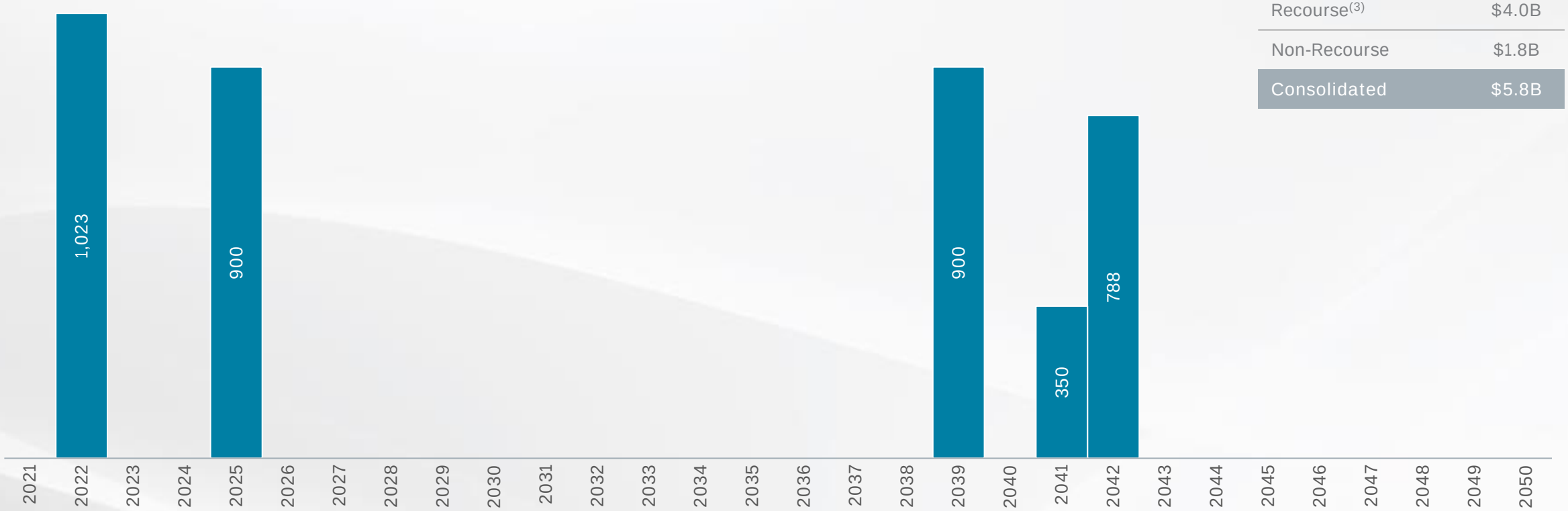



(1) Dividend is subject to approval by Constellation's Board of Directors



Constellation

# Long-Term Debt Maturity Profile




| LT Debt Balances[2] | |
|---|---|
| Recourse[3] | $4.0B |
| Non-Recourse | $1.8B |
| Consolidated | $5.8B |

**Constellation's weighted average LTD maturity is approximately 10 years[1]**

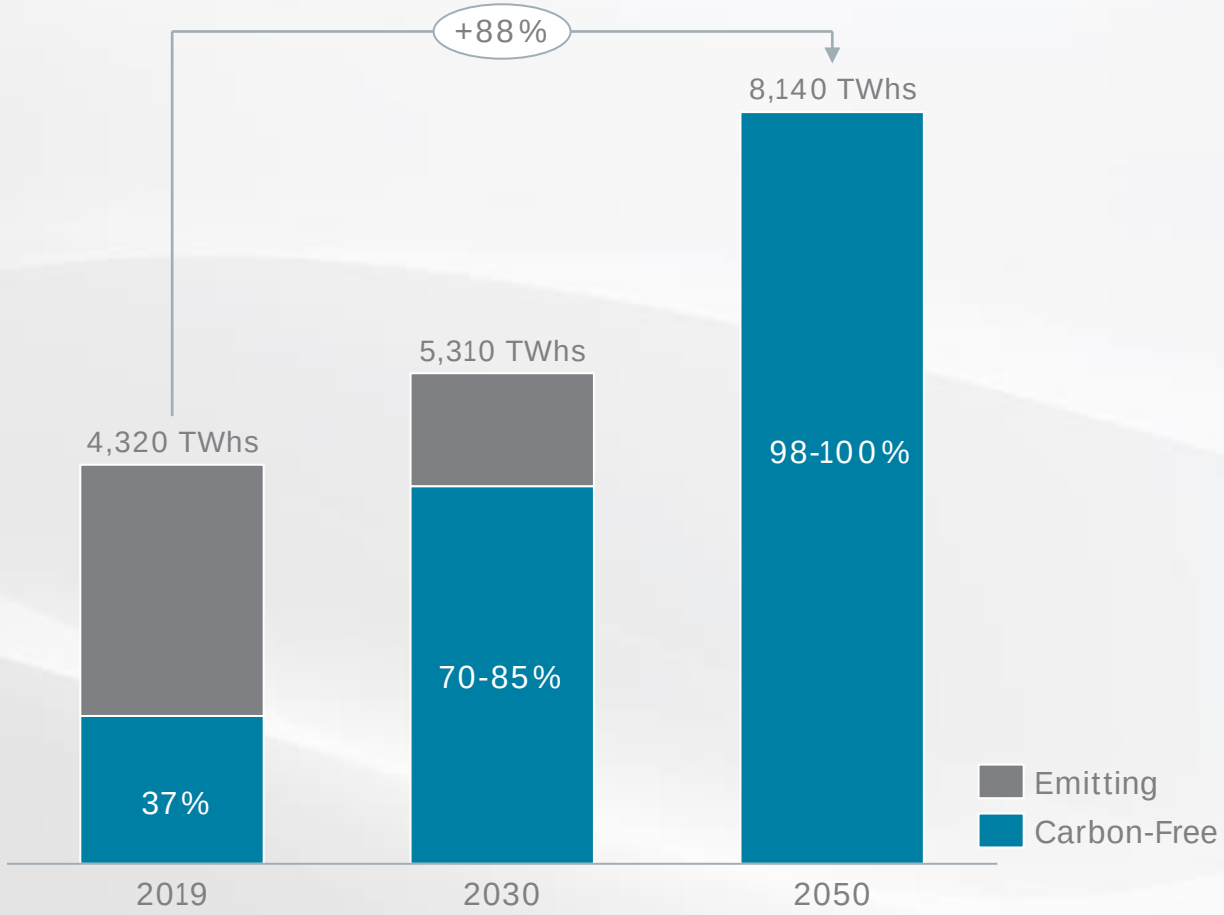
(1) Maturity profile excludes non-recourse debt, securitized debt, capital leases, fair value adjustments, unamortized debt issuance costs and unamortized discount / premium
(2) Long-term debt balances reflect 2021 10-K GAAP financials, which include items listed in footnote 1
(3) Excludes $258M intercompany loan and $62M FV adjustment from ExGen to Corporate (Legacy CEG notes maturing April 1, 2032), which were settled upon close



Constellation®

# Positioned for Long-Term Success – Demand for Carbon-Free Electricity and Byproducts

## Electricity Demand Will Nearly Double and Carbon-Free Electricity Will Expand Five-fold to Meet Net Zero by 2050



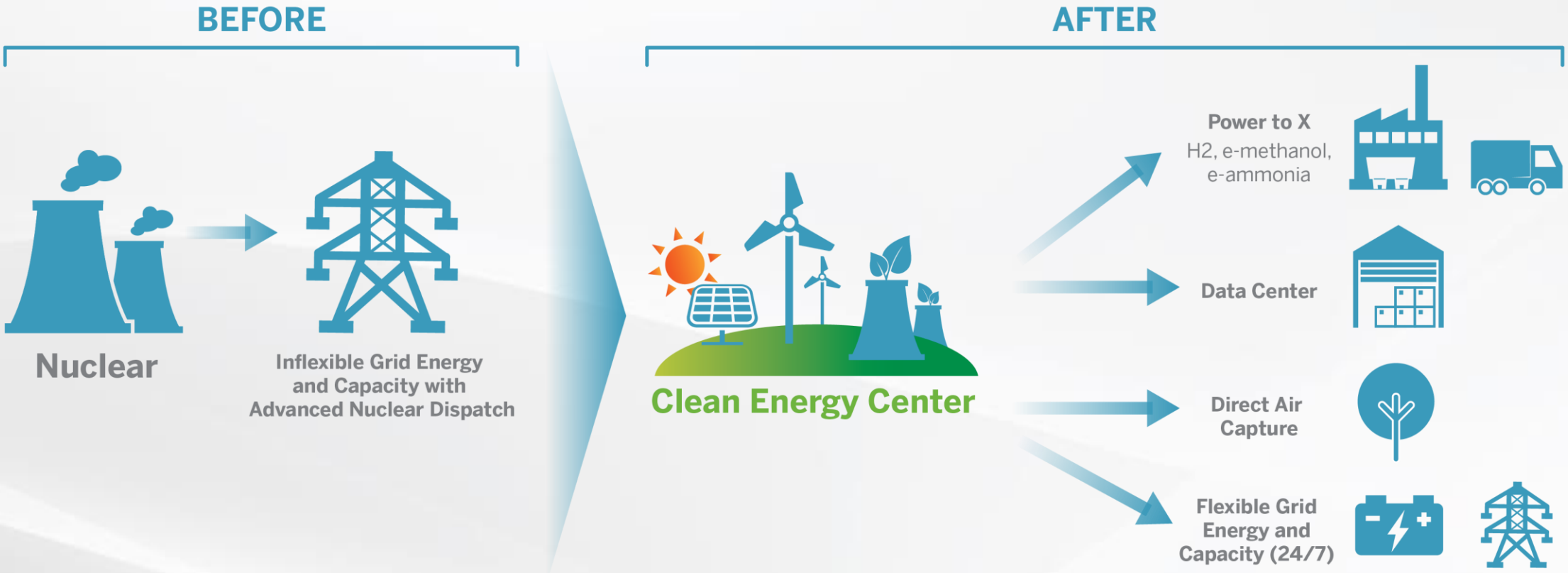

- Electricity must grow to ~50% of energy used in industry, transport and buildings to meet net zero by 2050 – up from 19% today
- By 2050, electricity is a predominant transportation fuel
- Fossil fuels in the primary energy mix decline by 62% to 100% from 2020 to 2050 across scenarios. Oil and gas decline 56% to 100%.
- Up to 17% of light-duty vehicles will be electric in 2030 and 61-96% in 2050
- 16-23% of homes will be heated with electric heat pumps in 2030 and 54-80% in 2050
- 70-90% of commercial building energy use will be electric by 2050

Sources:
https://www.mckinsey.com/industries/electric-power-and-natural-gas/our-insights/net-zero-by-2035-a-pathway-to-rapidly-decarbonize-the-us-power;
https://netzeroamerica.princeton.edu/img/Princeton_NZA_Interim_Report_15_Dec_2020_FINAL.pdf; https://about.bnef.com/blog/getting-on-track-for-net-zero-by-2050-will-require-rapid-scaling-of-investment-in-the-energy-transition-over-the-next-ten-years/



Constellation

# Constellation's Pathway to Flexible Clean Energy Centers

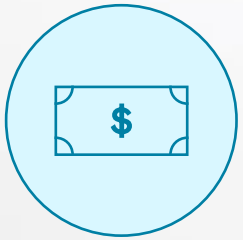



**Nuclear energy sites will evolve to meet America's demand for flexible, clean energy**



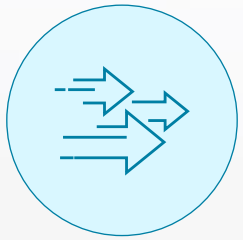
Constellation®

# Zero-Emitting Nuclear is Prime Vehicle for Producing Hydrogen



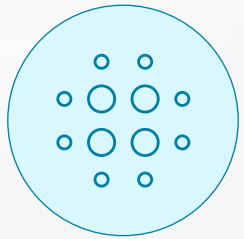
## Superior Economics

Green hydrogen from nuclear currently beats hydrogen production from renewables on a levelized cost basis



## Low barriers to implementation

Nuclear plants require no siting or permitting and offer a secure and steady production source



## Scalable and iterative

Electrolyzer capacity can be modularly ramped onto nuclear assets from pilot stage to at-scale production – allowing iterative electrolyzer installation cost-downs and quick production scale-up with new offtakers

## Advantageous end-uses

Certain end-uses benefit from high heat industrial process – such as synfuels – that create a synergistic relationship with nuclear sites

## Enhanced criticality of nuclear assets

With increasing renewables intermittency, electrolyzers can also be used to add flexibility to nuclear assets to improve value in a decarbonizing world



Constellation®

# Zero-Emission Credit (ZEC) Overview and Timelines

| Plant | State | Capacity (MW)[1] |
|---|---|---|
| Clinton | IL | 1,080 |
| Quad Cities | IL | 1,403 |
| Fitzpatrick | NY | 842 |
| Ginna | NY | 576 |
| Nine Mile Point | NY | 1,676 |
| Salem | NJ | 995 |


| Program Elements | New York ZEC Program | Illinois ZEC Program | New Jersey ZEC Program |
|---|---|---|---|
| General Description | Under the state's clean energy standard, load serving entities must purchase Zero Emission Credits from NYSERDA who purchases them from the eligible nuclear plants. | Under Future Energy Jobs Act, utilities in the state contract with zero emission facilities to procure all of the Zero Emission Credits produced in a year by the facility. | Under the state's clean energy standard, utilities will purchase Zero Emission Certificates from certified nuclear plants in an amount equivalent to all of the output of the plant. |
| Eligibility | PSC selects units based on:<br>• Impact on NY air quality based on PSC evaluation<br>• Financial distress<br>• Alternatives, customer impact, public interest | IPA selects units based on:<br>• Impact on IL air quality based on a formula<br>• Financial distress | BPU selects units based on:<br>• Impact on NJ air quality based on bidder input<br>• Financial distress<br>• New application required for each 3-year period |
| Bidder Data provided | Multi-year costs, risks and revenue projections | 6 year costs, risks and generation projection | 3 year costs, risks and revenue projections. Air impacts. |
| Term | 12 years (six 2-year periods) | 10 years | 3-year periods |
| ZEC Price | $17.48/MWh for 1st period<br>(additional ~$2.30/period thereafter) | $16.50/MWh for 6 years<br>(additional $1/year thereafter) | ~$10/MWh for initial 3 years |
| Price Adjustment(s) | $39/MWh – Market Price Index<br>RGGI price deduct | $31.40/MWh – Market Price Index | Determined by NJ BPU for 2nd<br>3-year period and beyond |
| Program Budget Cap | $480M per year initially | $235M per year cost cap | ~$270M per year initially |

(1) Reflects partially-owned units at ownership (Quad Cities is owned at 75% and Salem at 42.59%)



Constellation

# Our C&I Concentration is a Core Strength

## Financial Stability

- Predictable load and stable unit margins
- Repeatable business with high retention and win rates
- Insulation from weather-driven volatility
- Better aligned to baseload fleet
- Maximized cash flows from high customer satisfaction and win and renewal rates

## Scalable Platform

- Broad suite of energy, sustainability, and analytics solutions for customers
- Lower customer acquisition and services costs allows for scalability
- Curtailable load enables grid stability

## Strong Foundation for Growth

- Best positioned to sell sustainability and carbon-free products due to our strong customer relationships



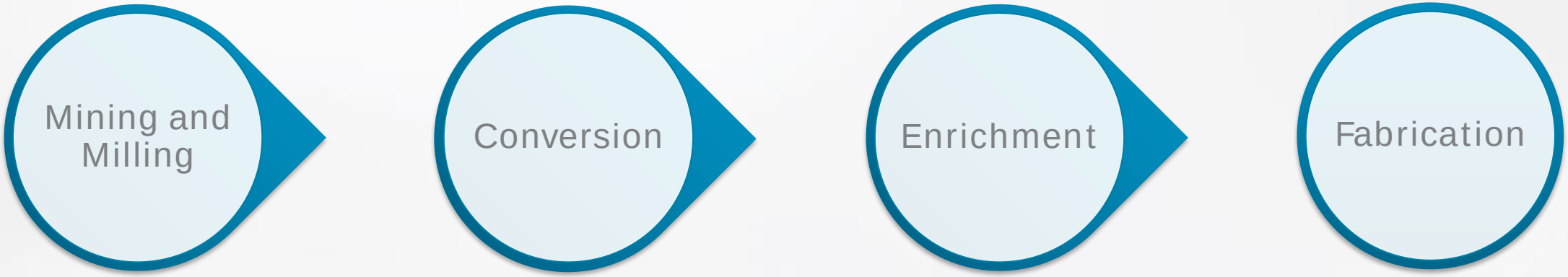
Constellation®

# Nuclear Fuel Cycle



Constellation®

# Nuclear Fuel Cycle – Front End




- Uranium mining can be done through conventional methods (surface mining, open pits, underground) or non-conventional methods (in-situ recovery)
- Uranium milling process results in uranium concentrate ($U_3O_8$), commonly referred to as "yellowcake"

- $U_3O_8$ is then converted to uranium hexafluoride ($UF_6$)
- $UF_6$ is a solid at room temperature but can be transformed to a gas at higher temperatures, which is required for enrichment

- When uranium is mined, milled and converted, only approximately 0.7% is U235, the uranium isotope needed for most commercial nuclear fuel
- Enrichment is the process in which the concentration of the U235 isotope in the uranium hexafluoride is increased from 0.7% to 3%-5%, which is the level used by most nuclear reactors

- Fabrication plants convert enriched uranium into uranium oxide ($UO_2$) powder and form that into small ceramic pellets
- These pellets are loaded into fuel rods and combined to form fuel bundles or assemblies, which are then shipped to reactors

(1) 95% represents <USD 130 / kgU cost category as of 1 January 2019; Source: Uranium 2020: Resources, Production and Demand OECD 2020 NEA No 7551 Nuclear Energy Agency, Organization for Economic Co-operation and Development



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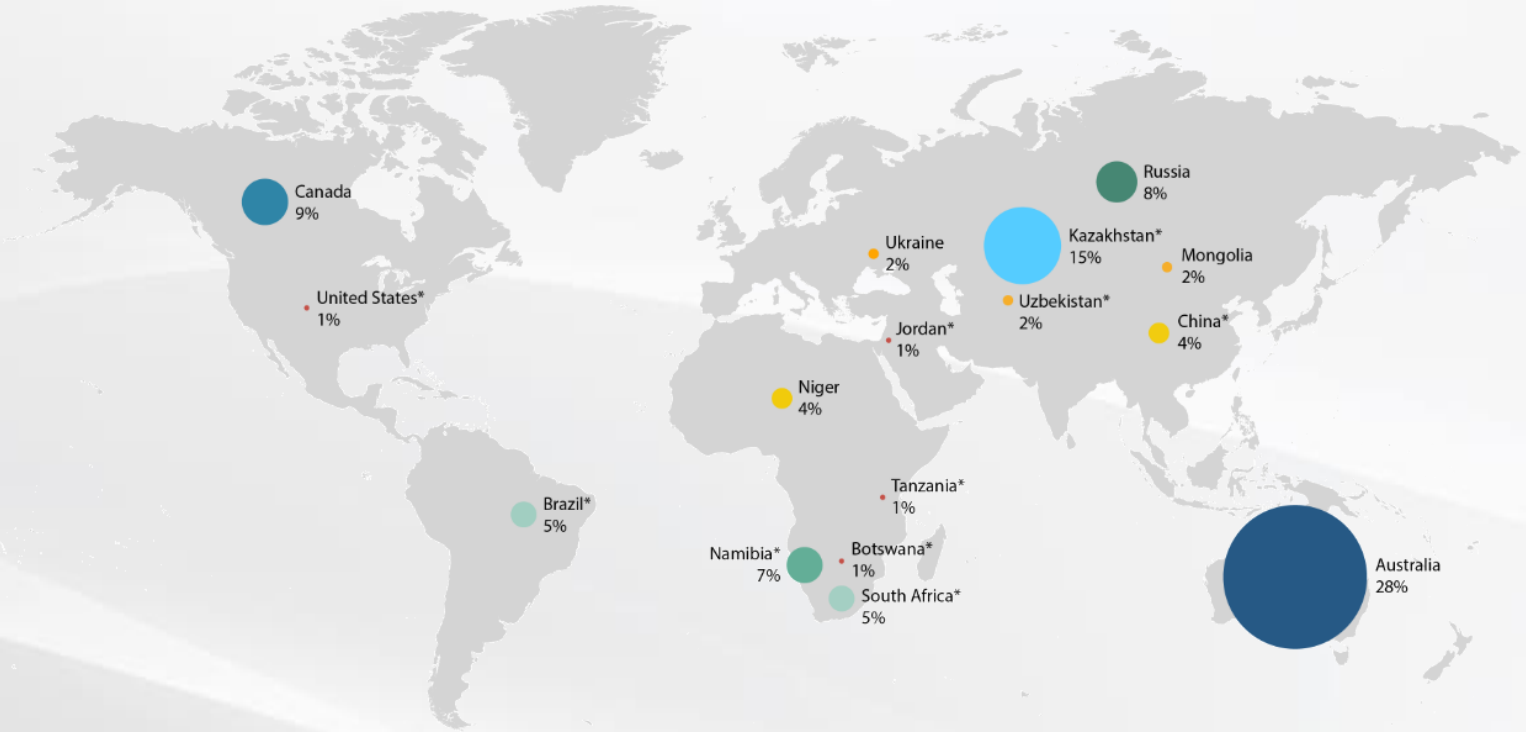
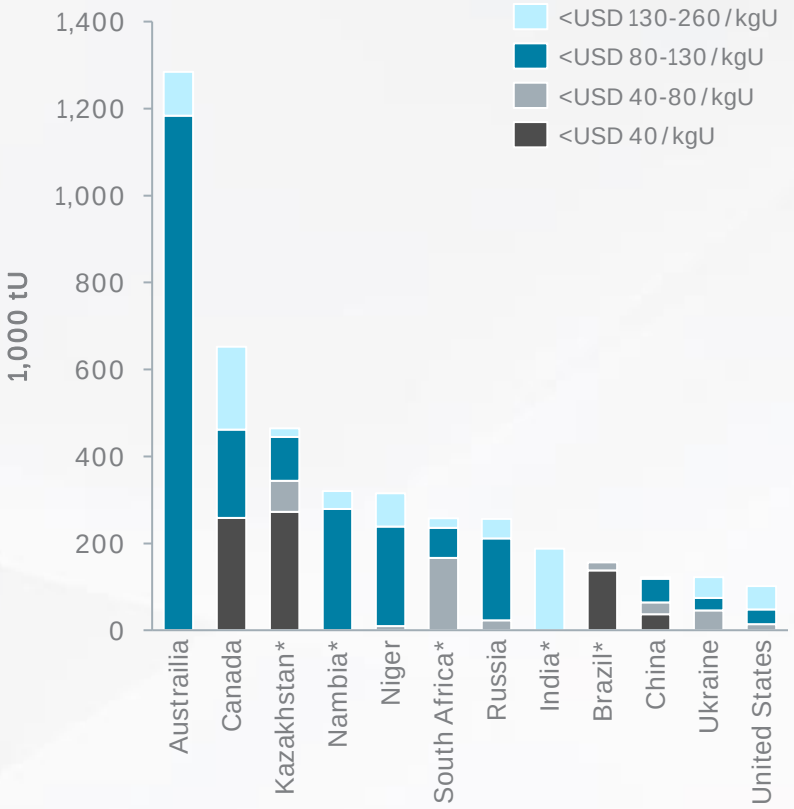
# Uranium is Relatively Abundant

## Global Distribution of Identified Resources
(<USD 130/kgU as of 1 January 2019)




*Secretariat estimate or partial estimate

## Distribution of Reasonably Assured Resources (RAR)




95% of the global distribution of identified conventional resources are spread across 16 countries

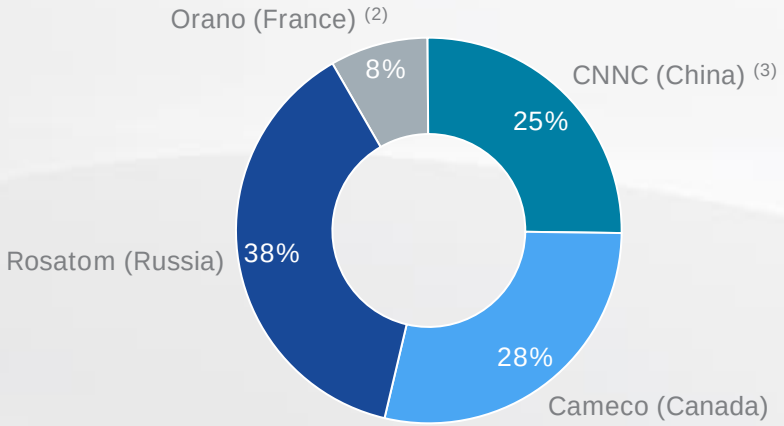


Source: Uranium 2020: Resources, Production and Demand OECD 2020 NEA No 7551 Nuclear Energy Agency, Organization for Economic Co-operation and Development

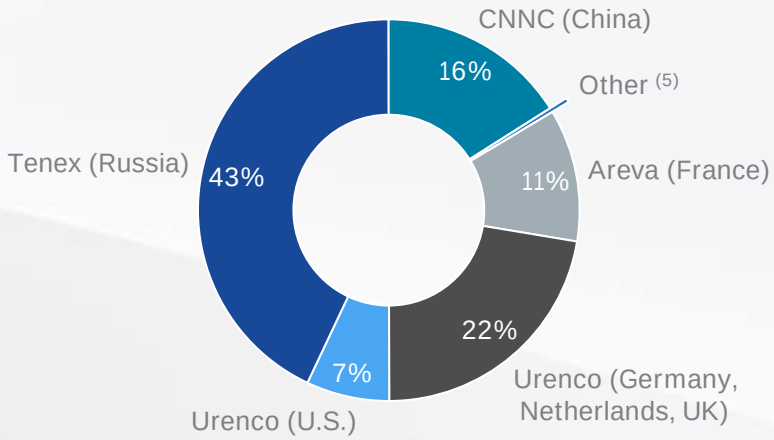
Constellation

# Conversion, Enrichment and Fabrication

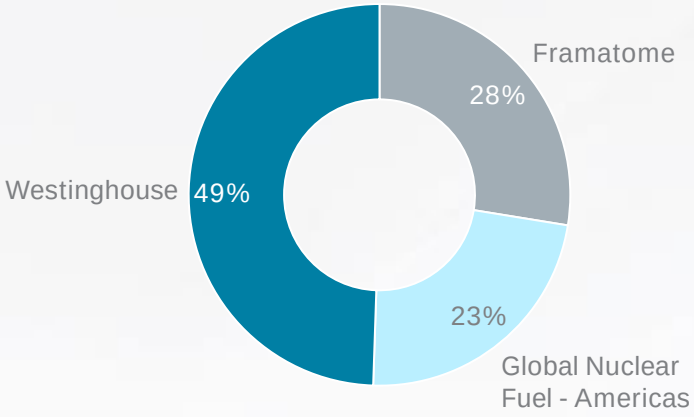
## 2020 Conversion (% Total Capacity Utilization) [1]




## Enrichment (% Total Capacity)




## Fabrication (% U.S. Capacity) [6]




Note: ConverDyn (U.S.) [4] is not currently operating

Source: World Nuclear Association: https://www.world-nuclear.org/information-library/nuclear-fuel-cycle/conversion-enrichment-and-fabrication.aspx

(1) Based on 2020 Total Capacity utilization
(2) Orano's conversion facility is in the process of production ramp-up, which is expected to be finalized by 2023
(3) Estimated capacity according to the assumption that China will develop its conversion capacity to supply the needs of the domestic reactor fleet
(4) ConverDyn (U.S.) reduced capacity of its Metropolis plant in 2016 and then subsequently closed in 2017. In January 2021, it announced plans to restart the plant after refurbishment in 2023.
(5) Other includes JNFL (Japan), Resend (Brazil), Rattehallib (India), and Natanz (Iran)
(6) Represents capacity for assembling fuel rods of three U.S. fabricators; there is not substantial use of overseas fabricators



Constellation

# Nuclear Fuel Hedging Strategy Leads to Cost Stability

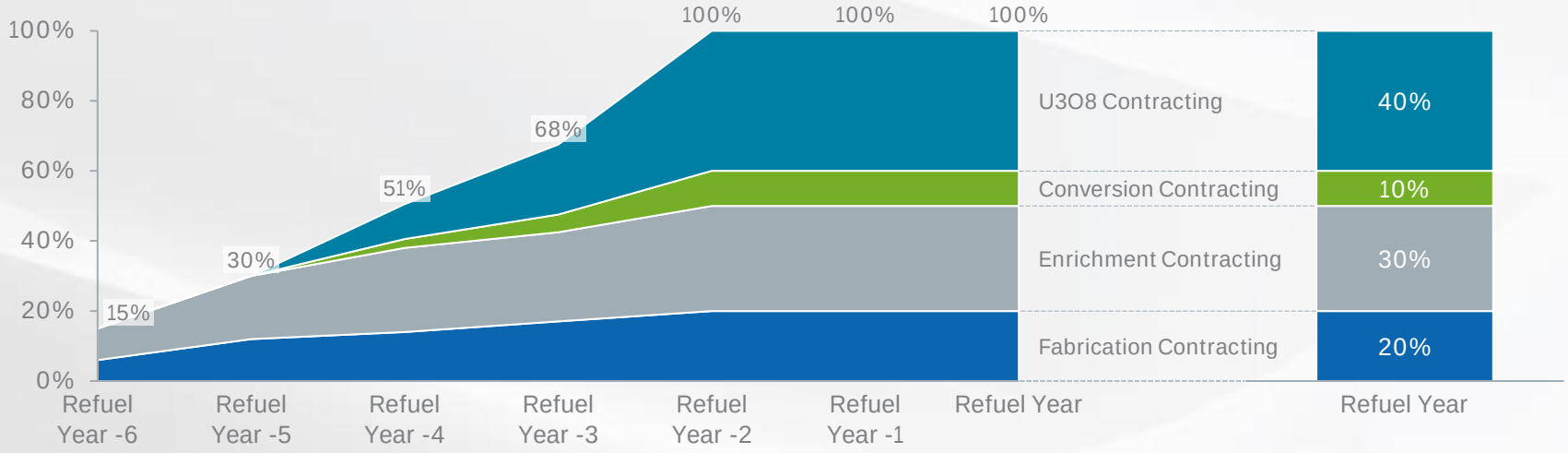
## Operational Risk Management

- Hedge well in advance to secure supply and avoid near-term costs variability
- Promote supplier diversity and competition while managing levels of concentrated risk to our partners
- Appropriately size inventory holdings and forward contractual requirements to protect against supply disruptions and price shocks while allowing capital flexibility

## Financial Risk Management

- Structure forward contracts to control price risk
- Establish metrics to measure and forecast cost variability
- Allow flexibility to pursue market opportunities and cost optimization
- Negotiate ceiling prices in market-related contracts and caps on references to inflation indexes
- Amortize fuel cost over the time the fuel is in the core

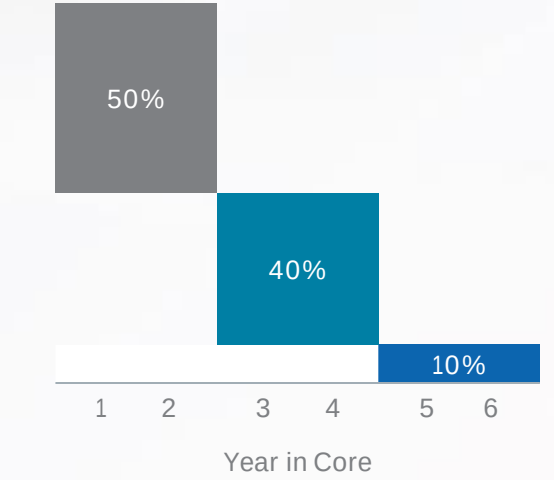
Constellation begins building contract book well in advance of refueling year




Cost by Fuel Cycle Component




New Fuel Cost Amortization Schedule




**Nuclear fuel is ~20% of operating costs and uranium is 40% of fuel costs**



Constellation

# Commercial Disclosures

November 30, 2021



Constellation®

# Portfolio Management Strategy

## Strategic Policy Alignment

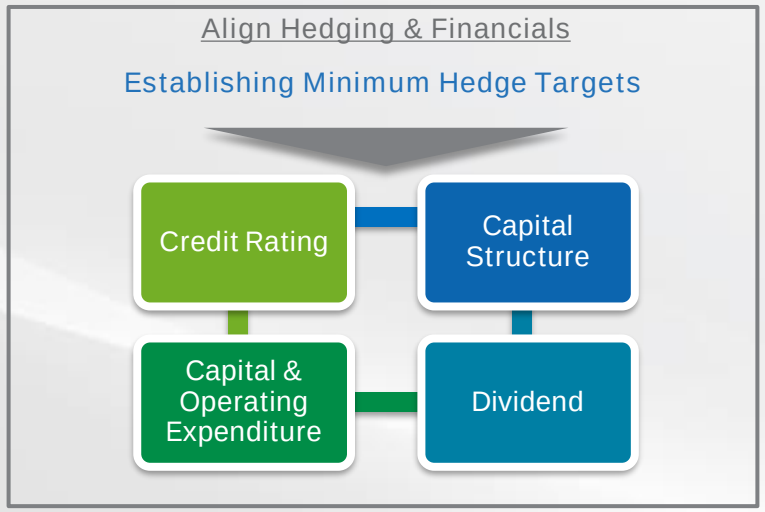
- Our portfolio starts in a position of already partially hedged, via longer term state programs such as the CMC in IL
- Aligns hedging program financial policies and financial outlook
  - Establish minimum hedge targets to meet financial objectives of the company (dividend, credit rating)
  - Hedge enough commodity risk to meet future cash requirements under a stress scenario

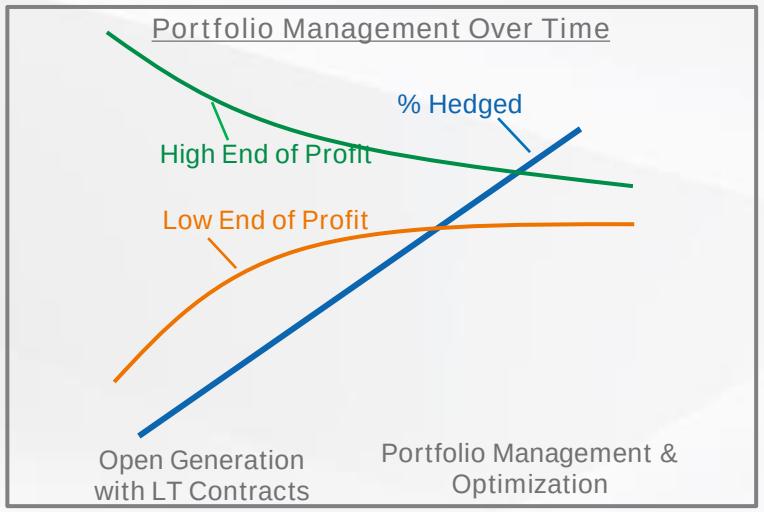
## Three-Year Ratable Hedging

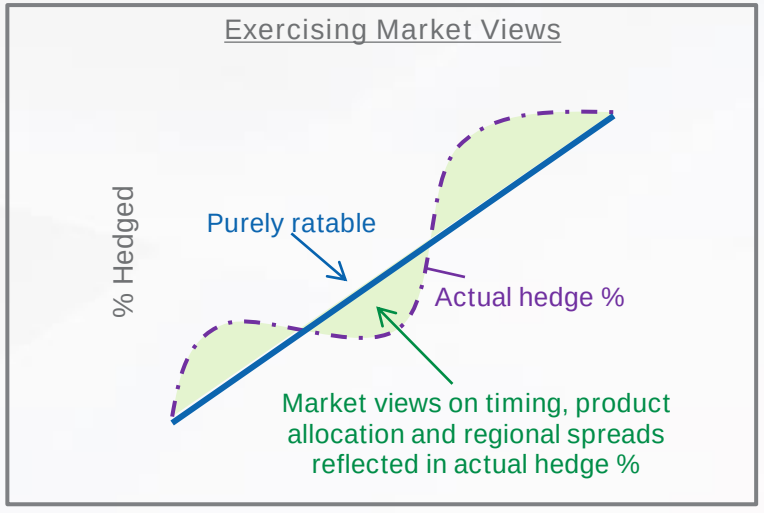
- Ensure stability in near-term cash flows and earnings
  - Disciplined approach to hedging
  - Tenor aligns with customer preferences and market liquidity
  - Multiple channels to market that allow us to maximize margins

## Bull / Bear Program

- Ability to exercise fundamental market views to create value within the ratable framework
  - Modified timing of hedges versus purely ratable
  - Cross-commodity hedging (heat rate positions, options, etc.)
  - Delivery locations, regional and zonal spread relationships




Protect Balance Sheet | Ensure Earnings Stability | Create Value



Constellation

# Components of Gross Margin* Categories

## Gross margin* linked to power production and sales

### Open Gross Margin*

- Generation Gross Margin* at current market prices, including ancillary revenues, nuclear fuel amortization and fuel expense
- Power Purchase Agreement (PPA) Costs and Revenues
- Provided at a consolidated level for all regions (includes hedged gross margin* for South, West, New England and Canada(1))

### Contracted Revenues

- Expected contracted revenues from CMC payments to eligible IL plants
- Expected capacity revenues for generation of electricity
- Expected revenues from Zero Emissions Credits (ZEC)

### MtM of Hedges(2)

- Mark-to-Market (MtM) of power, capacity and ancillary hedges, including cross commodity, retail and wholesale load transactions
- Provided directly at a consolidated level for four major regions. Provided indirectly for each of the four major regions via Effective Realized Energy Price (EREP), reference price, hedge %, expected generation.

### "Power" New Business

- Retail, Wholesale planned electric sales
- Portfolio Management new business
- Mid marketing new business

Margins move from new business to MtM of hedges over the course of the year as sales are executed(5)

## Gross margin* from other business activities

### "Non Power" Executed

- Retail, Wholesale executed gas sales
- Energy Efficiency(4)
- BGE Home(4)

### "Non Power" New Business

- Retail, Wholesale planned gas sales
- Energy Efficiency(3)
- BGE Home(3)
- Portfolio Management / origination fuels new business
- Proprietary trading(4)

Margins move from "Non power new business" to "Non power executed" over the course of the year

(1) Hedged gross margins* for South, West, New England & Canada region will be included with Open Gross Margin*; no expected generation, hedge %, EREP or reference prices provided for these regions
(2) MtM of hedges provided directly for the four larger regions; MtM of hedges is not provided directly at the regional level but can be easily estimated using EREP, reference price and hedged MWh
(3) Gross margin* for these businesses are net of direct "cost of sales"
(4) Proprietary trading gross margins* will generally remain within "Non Power" New Business category and only move to "Non Power" Executed category upon management discretion
(5) Margins for South, West, New England & Canada regions and optimization of fuel and PPA activities captured in Open Gross Margin*



Constellation

# Gross Margin*

| | November 30, 2021 | |
|---|---|---|
| Gross Margin Category ($M)[1] | 2022 | 2023 |
| Open Gross Margin (including South, West, New England & Canada hedged GM)*[2] | $6,200 | $4,450 |
| Contracted Revenues (Capacity, ZEC and IL CMC Plant Revenues)[3] | $2,450 | $2,850 |
| Mark-to-Market of Hedges[4] | $(2,150) | $(600) |
| Power New Business / To Go | $450 | $500 |
| Non-Power Margins Executed | $150 | $100 |
| Non-Power New Business / To Go | $250 | $350 |
| Total Gross Margin*[5] | $7,350 | $7,650 |

| Reference Prices[5] | 2022 | 2023 |
|---|---|---|
| Henry Hub Natural Gas ($/MMBtu) | $4.12 | $3.55 |
| Midwest: NiHub ATC prices ($/MWh) | $41.18 | $33.75 |
| Mid-Atlantic: PJM-W ATC prices ($/MWh) | $49.23 | $40.39 |
| ERCOT-N ATC Spark Spread ($/MWh) *HSC Gas, 7.2HR, $2.50 VOM* | $11.79 | $9.48 |
| New York: NY Zone A ($/MWh) | $37.83 | $32.93 |

(1) Gross margin* categories rounded to nearest $50M
(2) Includes gross margin for CMC plants through May 31, 2022
(3) Includes gross margin and CMC payments for CMC plants starting June 1, 2022. NY ZEC revenues reflect the expected NY ZEC payment as of current market forwards. Should market forwards exceed the ZEC reference index in New York, ZEC payments may decline.
(4) Mark-to-Market of Hedges assumes mid-point of hedge percentages
(5) Based on November 30, 2021, market conditions



Constellation®

# Generation and Hedges

November 30, 2021

| Generation and Hedges | 2022 | 2023 |
|---|---|---|
| Expected Generation (GWh)[1] | 199,000 | 196,000 |
| Midwest[2] | 96,500 | 95,300 |
| Mid-Atlantic | 55,700 | 54,600 |
| ERCOT | 21,400 | 20,300 |
| New York | 25,400 | 25,800 |
| | | |
| % of Expected Generation Hedged[3] | 91%-94% | 74%-77% |
| Midwest | 95%-98% | 86%-89% |
| Mid-Atlantic | 95%-98% | 69%-72% |
| ERCOT | 78%-81% | 54%-57% |
| New York | 78%-81% | 54%-57% |
| | | |
| Effective Realized Energy Price ($/MWh)[4] | | |
| Midwest | $27.00 | $27.00 |
| Mid-Atlantic | $33.50 | $34.00 |
| ERCOT[5] | $4.00 | $4.00 |
| New York | $24.00 | $24.50 |

(1) Expected generation is the volume of energy that best represents our commodity position in energy markets from owned or contracted for capacity based upon a simulated dispatch model that makes assumptions regarding future market conditions, which are calibrated to market quotes for power, fuel, load following products, and options. Expected generation assumes 11 refueling outages in 2022 and 14 in 2023 at Constellation-operated nuclear plants and Salem. Expected generation assumes capacity factors of 94.5% and 94.0% in 2022 and 2023, respectively at Constellation-operated nuclear plants, at ownership. These estimates of expected generation in 2022 and 2023 do not represent guidance or a forecast of future results as Constellation has not completed its planning or optimization processes for those years.

(2) Midwest expected generation includes generation from CMC Plants of 31,600 GWh in 2022 and 54,000 GWh in 2023

(3) Percent of expected generation hedged is the amount of equivalent sales divided by expected generation. It includes all hedging products, such as wholesale and retail sales of power, options and swaps. The Midwest values in the table reflect IL plants receiving CMC payments as 100% hedged. To align with the Midwest EREP, however, one should exclude plant and hedge volumes associated with CMC payments. Excluding CMC plant and hedge volumes, the Midwest is 93% to 96% hedged in 2022 and 69% to 72% hedged in 2023. We will hedge the residual merchant generation in line with our three-year ratable program.

(4) Effective realized energy price is representative of an all-in hedged price, on a per MWh basis, at which expected generation has been hedged. It is developed by considering the energy revenues and costs associated with our hedges and by considering the fossil fuel that has been purchased to lock in margin. It excludes uranium costs, RPM capacity, ZEC and CMC revenues, but includes the mark-to-market value of capacity contracted at prices other than RPM clearing prices including our load obligations. It can be compared with the reference prices used to calculate open gross margin* in order to determine the mark-to-market value of Exelon Generation's energy hedges.

(5) Spark spreads shown for ERCOT



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# Hedged Gross Margin* Sensitivities

| Gross Margin* Sensitivities (with existing hedges)[1] | November 30, 2021 2022 | 2023 |
|---|---|---|
| Henry Hub Natural Gas ($/MMBtu) | | |
| + $0.50/MMBtu | $65 | $140 |
| - $0.50/MMBtu | $(45) | $(135) |
| NiHub ATC Energy Price | | |
| + $2.50/MWh | - | $30 |
| - $2.50/MWh | - | $(30) |
| PJM-W ATC Energy Price | | |
| + $2.50/MWh | $5 | $40 |
| - $2.50/MWh | - | $(45) |
| NYPP Zone A ATC Energy Price | | |
| + $2.50/MWh | $5 | $25 |
| - $2.50/MWh | $(5) | $(25) |
| Nuclear Capacity Factor | | |
| +/- 1% | +/- $50 | +/- $30 |

(1) Based on November 30, 2021 market conditions and hedged position; gas price sensitivities are based on an assumed gas-power relationship derived from an internal model that is updated periodically; power price sensitivities are derived by adjusting the power price assumption while keeping all other price inputs constant; due to correlation of the various assumptions, the hedged gross margin* impact calculated by aggregating individual sensitivities may not be equal to the hedged gross margin* impact calculated when correlations between the various assumptions are also considered; sensitivities based on commodity exposure which includes open generation and all committed transactions.



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# Illustrative Example of Modeling 2023 Total Gross Margin*

| Row | Item | Midwest[2] | Mid-Atlantic | ERCOT | New York |
|---|---|---|---|---|---|
| (A) | Start with fleet-wide open gross margin* | ← | $4.45 billion | | → |
| (B) | Contracted Revenues | ← | $2.85 billion | | → |
| (C) | Expected Generation (TWh) | 41.3 | 54.6 | 20.3 | 25.8 |
| (D) | Hedge % (assuming mid-point of range) | 70.5% | 70.5% | 55.5% | 55.5% |
| (E=C*D) | Hedged Volume (TWh) | 29.1 | 38.5 | 11.3 | 14.3 |
| (F) | Effective Realized Energy Price ($/MWh) | $27.00 | $34.00 | $4.00 | $24.50 |
| (G) | Reference Price ($/MWh) | $33.75 | $40.39 | $9.48 | $32.93 |
| (H=F-G) | Difference ($/MWh) | ($6.75) | ($6.39) | ($5.48) | ($8.43) |
| (I=E*H) | Mark-to-Market value of hedges ($ million)[1] | ($195) | ($245) | ($60) | ($120) |
| (J=A+B+I) | Hedged Gross Margin ($ million) | | $6,700 | | |
| (K) | Power New Business / To Go ($ million) | | $500 | | |
| (L) | Non-Power Margins Executed ($ million) | | $100 | | |
| (M) | Non-Power New Business / To Go ($ million) | | $350 | | |
| (N=J+K+L+M) | Total Gross Margin* | | $7,650 million | | |

(1) Mark-to-market rounded to the nearest $5M
(2) Use the Midwest hedge ratio that excludes the CMC plant volume and hedges



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# Additional Constellation Modeling Data

| Total Gross Margin* Reconciliation (in $M)[1] | 2022 | 2023 |
|---|---|---|
| Adjusted Operating Revenues*[2] | $19,075 | $18,500 |
| Adjusted Purchased Power and Fuel*[2] | $(11,250) | $(10,375) |
| Other Revenues[3] | $(175) | $(175) |
| Direct cost of sales incurred to generate revenues for certain Constellation and Power businesses | $(300) | $(300) |
| Total Gross Margin* (Non-GAAP) | $7,350 | $7,650 |

| Inputs | 2022 |
|---|---|
| Avg. Shares Outstanding (millions)[4] | 326 |
| Effective Tax Rate | 25% |
| Cash Tax Rate[5] | 14% |

(1) All amounts rounded to the nearest $25M
(2) Excludes the Mark-to-Market impact of economic hedging activities due to the volatility and unpredictability of the future changes to power prices
(3) Other Revenues primarily reflects revenues from variable interest entities, funds collected through revenues for decommissioning the former PECO nuclear plants through regulated rates and gross receipts tax revenues
(4) Represents the estimated number of outstanding diluted shares of common stock upon consummation of the separation. The estimate is based on the number of shares of Exelon common stock outstanding on September 30, 2021 and applying the distribution ratio of one share of our common stock for every three shares of Exelon common stock.
(5) Cash tax rate excludes receivable from Exelon for tax credits. If receivable were to be included in calculation, cash tax rate would be 6%.



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# Appendix

# Reconciliation of Non-GAAP Measures



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# GAAP to Non-GAAP Reconciliations[1]

$$\text{S\&P FFO/Debt}^{(2)} = \frac{\text{FFO (a)}}{\text{Adjusted Debt (b)}}$$

$$\textbf{Moody's CFO Pre-WC/Debt}^{(3)} = \frac{\text{CFO (Pre-WC) (c)}}{\text{Adjusted Debt (d)}}$$

## S&P FFO Calculation[2]

GAAP Operating Income
+ Depreciation & Amortization
= EBITDA
- Interest
+/- Cash Taxes
+ Nuclear Fuel Amortization
+/- Mark-to-Market Adjustments (Economic Hedges)
+/- Other S&P Adjustments
= FFO (a)

## S&P Adjusted Debt[1]

Long-Term Debt
+ Short-Term Debt
+ Purchase Power Agreement and Operating Lease Imputed Debt
+ Pension/OPEB Imputed Debt (after-tax)
+ AR Securitization Imputed Debt
- Off-Credit Treatment of Non-Recourse Debt
- Cash on Balance Sheet
+/- Other S&P Adjustments
= Adjusted Debt (b)

## Moody's CFO Pre-WC Calculation[3]

Cash Flow From Operations
+/- Working Capital Adjustment
- Nuclear Fuel Capital Expenditures
+/- Other Moody's CFO Adjustments
= CFO Pre-Working Capital (c)

## Moody's Adjusted Debt Calculation

Long-Term Debt
+ Short-Term Debt
+ Underfunded Pension (pre-tax)
+Operating Lease Imputed Debt
+/- Other Moody's Debt Adjustments
= Adjusted Debt (d)

(1) Due to the forward-looking nature of some forecasted non-GAAP measures, information to reconcile the forecasted adjusted (non-GAAP) measures to the most directly comparable GAAP measure may not be currently available; therefore, management is unable to reconcile these measures
(2) Calculated using S&P Methodology
(3) Calculated using Moody's Methodology



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# GAAP to Non-GAAP Reconciliations(1)

$$\text{Debt / EBITDA} = \frac{\text{Net Debt (a)}}{\text{Adjusted EBITDA* (b)}}$$

$$\text{Debt / EBITDA Excluding Non-Recourse} = \frac{\text{Net Debt (c)}}{\text{Adjusted EBITDA* (d)}}$$

## Net Debt Calculation

Long-Term Debt (including current maturities)
+ Short-Term Debt
- Cash on Balance Sheet
= Net Debt (a)

## Net Debt Calculation Excluding Non-Recourse

Long-Term Debt (including current maturities)
+ Short-Term Debt
- Cash on Balance Sheet
- Non-Recourse Debt
= Net Debt Excluding Non-Recourse (c)

## Adjusted EBITDA Calculation

GAAP Operating Income
+ Depreciation & Amortization
= EBITDA
+/- GAAP to Operating Adjustments
= Adjusted EBITDA* (b)

## Adjusted EBITDA Calculation Excluding Non-Recourse

GAAP Operating Income
+ Depreciation & Amortization
= EBITDA
+/- GAAP to Operating Adjustments
- EBITDA from Projects Financed by Non-Recourse Debt
= Adjusted EBITDA* Excluding Non-Recourse Debt (d)

(1) Due to the forward-looking nature of some forecasted non-GAAP measures, information to reconcile the forecasted adjusted (non-GAAP) measures to the most directly comparable GAAP measure may not be currently available; therefore, management is unable to reconcile these measures



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# GAAP to Non-GAAP Reconciliation

| Adjusted EBITDA* Reconciliation (in $M)[1] | 2022 |
|---|---|
| GAAP Net Income | $250 - $550 |
| Income Tax Expense | $125 |
| Interest Expense | $275 |
| Depreciation and Amortization | $1,100 |
| Pension and OPEB Non-Service Costs | $(100) |
| Mark-to-Market Impact from Economic Hedging Activities | $525 |
| ERP System Implementation | $25 |
| Separation Costs | $150 |
| Decommissioning Related Activity[2] | $50 |
| Adjusted EBITDA* (Non-GAAP) | $2,350 - $2,750 |

Note: Items may not sum due to rounding
(1) All amounts rounded to the nearest $25M
(2) Includes NDT earnings and accretion on asset retirement obligations for unregulated units, in addition to earnings neutral items associated with contractual offset for regulated units



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# GAAP to Non-GAAP Reconciliation

| Free Cash Flow before Growth* (in $M)[1] | 2022 - 2023 |
|---|---|
| Adjusted Cash Flows from Operations* (Non-GAAP)[2] | $5,550 - $5,950 |
| Base and Nuclear Fuel Capital Expenditures[3] | $(3,100) |
| Reinvestment in Nuclear Decommissioning Trust Funds[4] | $(550) |
| Collateral activity | $600 |
| O&M related to Separation and ERP System Implementation | $200 |
| Other Net Investing Activities | $150 |
| Free Cash Flow before Growth* | $2,800 - $3,200 |

Note: Items may not sum due to rounding
(1) All amounts rounded to the nearest $50M
(2) Includes Collection of Deferred Purchase Price (DPP) related to the revolving accounts receivable arrangement, which is presented in cash flows from investing activities for GAAP. Cash flows from collection of DPP are not forecasted.
(3) Includes $275M of deferred capital expenditures shown on page 64
(4) Reflects reinvestment of proceeds from nuclear decommissioning trust funds that are presented in Adjusted Cash Flows from Operations*. Impact is cash flow neutral.



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# GAAP to Non-GAAP Reconciliation

| Adjusted O&M* Reconciliation ($M)[1,2] | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|---|
| GAAP O&M | $6,350 | $5,475 | $4,725 | $5,150 | $4,600 | $5,000 | $5,050 | $5,000 |
| Decommissioning[3] | $(200) | $(200) | - | $(200) | $(125) | $(175) | $(200) | $(200) |
| Plant Retirements and Divestitures[4] | $(100) | $(100) | - | $(475) | $575 | - | - | - |
| Asset Impairments[5] | $(450) | - | - | - | $(525) | - | - | - |
| Direct cost of sales incurred to generate revenues for certain Commercial and Power businesses[6] | $(450) | $(250) | $(275) | $(225) | $(275) | $(300) | $(275) | $(300) |
| Separation costs | - | - | - | - | $(50) | $(150) | $(50) | - |
| ERP System Implementation | - | - | - | - | - | $(25) | $(25) | - |
| Pension and OPEB Non-Service Costs[7] | $(25) | - | $50 | $50 | $50 | - | - | - |
| Other | $(150) | $(125) | $(75) | $(125) | $(100) | - | - | - |
| Adjusted O&M* (Non-GAAP) | $4,975 | $4,775 | $4,400 | $4,225 | $4,150 | $4,375 | $4,475 | $4,475 |

Note: Items may not sum due to rounding
(1) All amounts rounded to the nearest $25M. 2021 adjusted O&M* is estimated based on November 30, 2021 forecasts. Actual results may vary.
(2) Reflects CENG at 100% ownership in all years
(3) Includes earnings neutral O&M and accretion of asset retirement obligation on unregulated units; 2019 includes ARO update for TMI
(4) Reflects retirements of TMI in 2017 and Oyster Creek in 2018. 2020 includes ($500M) of impairment and ($25M) of one-time charges associated with retirement of Mystic 8/9. 2020 and 2021 include $325M and $500M, respectively, of accelerated earnings neutral O&M associated with the decision to early retire Byron and Dresden that cannot be reversed. The remaining amount primarily reflects the reversal of one-time charges resulting from the previous decision to retire Byron and Dresden.
(5) 2017 reflects an impairment of EGTP, 2021 reflects an impairment in the New England asset group, an impairment recorded as a result of the agreement to sell the Albany Green Energy biomass facility, and an impairment of a wind project
(6) Reflects the direct cost of sales of certain businesses, which are included in Total Gross Margin*
(7) Reflects impact from reclassing pension non-service costs from O&M to Other, Net consistent with future GAAP classification post-separation. Impact is earnings neutral.



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