Second Quarter 2015
Financial Statement Highlights

Lisa Drauschak
Controller
Finance Committee
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2Q15 Balance Sheet Highlights - Assets

(dollars in millions)	6/30/15 Balance	12/31/14 Balance	Change	
			$	%
Operating cash[(1)]	6	37	(31)	(84)

(1) Decrease in operating cash is primarily due to the $40 million decrease in member prepayments at June 30, 2015 as compared to December 31, 2014. The remaining difference is due to the timing of collections vs. expenditures.

2Q15 Balance Sheet Highlights - Liabilities

(dollars in millions)	6/30/15 Balance	12/31/14 Balance	Change	
			$	%
Accounts payable and accrued expenses (1)	50	36	14	39
Due to members (2)	21	61	(40)	(66)
Deferred regulatory liability – non-current (3)	11	11	-	-
Long-term debt (4)	28	35	(7)	(20)

(1) Increase is primarily due to the FERC fee accrual for the first six months of 2015.

(2) Decrease is due to lower member prepayments at June 30, 2015 as compared to December 31, 2014.

(3) The non-current portion of the deferred regulatory liability represents PJM's financial reserve at June 30, 2015 as defined in the stated rate tariff. PJM is not projecting any refunds during 2015.

(4) Decrease in long-term debt reflects the scheduled semi-annual debt payments under the seven-year private placement and the term loan. These payments are due March 15th and September 15th through 2016 for the private placement and through 2021 for the term loan.

2Q15 Change in Deferred Regulatory Liability

($ in millions)	Three Months Ended June 30, 2015	Six Months Ended June 30, 2015
Service Fees	63	137
Expenses, net	(68)	(138)
Contribution to Deferred Regulatory Liability	(5)	(1)

2Q15 Income Statement Highlights

(dollars in millions)	2Q15	2Q14	Change	
			$	%
Compensation[(1)]	63	59	4	7
Pension and postretirement healthcare benefits [(2)]	6	3	3	100

(1) Increase in compensation expense is a result of year-over-year benefit premium and merit increases as well as the timing of labor being capitalized into projects.

(2) Increase in pension and postretirement healthcare benefits is due to the decrease in the discount rate used to measure the associated liabilities at December 31, 2014.

2Q15 Cash Flow Statement Highlights

(dollars in millions)	2Q15	2Q14	Change	
			$	%
Operating Cash Flows [(1)]	18	41	(23)	(56)
Investing Cash Flows	(12)	(19)	(7)	(37)
Financing Cash Flows [(2)]	(38)	242	(280)	(116)

(1) The change in net cash provided by operating activities was principally driven by expenses being higher than revenues for the six months ended June 30, 2015 as compared to the six months ended June 30, 2014.

(2) The change in net cash provided by financing activities is primarily due to lower customer deposits as a result of decreased market activity during the first six months of 2015 as compared to the six months ended June 30, 2014. Also, member prepayments were lower during the same period.

Footnotes:

- Footnote 11 provides a summary of ongoing legal and regulatory matters.
  - Lehman Brothers Commodities Services Default – Cumulative $16.4 million (96%) recovery to date against $17 million claim. Additional bankruptcy payments anticipated.
  - Marginal Line Loss Surplus Payment Re-allocation – DC Circuit Court of Appeals remand order in August 2013 directed FERC to provide additional support for its determination to recoup the previously ordered refunds.